**India, World War II, and the Bretton Woods System, 1939-71**

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This paper makes a preliminary attempt to link India’s macroeconomic history to the wartime and post-war international monetary order during the period of Nehruvian socialist planned economy. The period from 1947 onwards has been conventionally thought of in nation-state narratives of one where India became economically disconnected from the rest of the world. The paper examines connections between India, war, the Bretton Woods system and its institutions (the World Bank and IMF). Connecting national political economy and international economic history helps paint a picture of how India and the international monetary system affected each other. This sheds light on the persistence of Indian five year planning, the contours of American hegemony in the post-war financial order, and the economic aspects of the Cold War. By complicating the story of India’s period of ‘import-substituting industrialisation’ and placing it more firmly in the context of international currents and her own historical role in the international financial order, we come to a clearer picture of how Indian economic policy evolved. India’s historical role as an export-led economy and liquidity provider for the international monetary system slowly evolved into an import-substituting industrialising nation with a focus on capital goods borrowing from the world to finance its Five Year Plans. The country influenced the evolution of the global financial order just as the global financial order influenced India. In attempting to present Indian postcolonial economic history as part of a global story, the paper hopes to lay bare some of the tensions and complexities facing national and international political economy in the post-war age. By linking colonial and postcolonial economic history of the nation-state to the world, it also hopes to show how colonial experiences left a deep imprint both on the financial position and the mind of official policy, while exposing its contradictions.

Part One briefly reviews India’s relationship to the global financial order from the mid-nineteenth century to the inter-war period. Then, it delves into a discussion of how World War II transformed India’s economy and balance of payments status. The emergence of the sterling balances and their negotiation first at the Bretton Woods Conference and then with the British were key events in Indian financial history. Part Two considers external financing of Indian Five Year Plans during the era of import-substitution and protective tariffs and promotion of heavy industrial development. Part Three considers the breakdown of this system and the advent of the Greeen Revolution. The troubles of Indian planning coincided with the collapse of the Bretton Woods System. This also paralleled a leftward turn in Indian economic policy which only began to be counter-acted substantially in 1985.

Part One: India and the Monetary System up to Bretton Woods

India played a crucial role in the consolidation of Britain’s global financial hegemony during the period between 1850 and 1914.[[1]](#footnote-1) During this period, the introduction of railways integrated local markets into regional and international networks of exchange.[[2]](#footnote-2) Bilateral financial relations between India and the UK also became systematised during this period. The administration of the British Empire in India was paid for by home charges, mainly interest on debts incurred by the Raj, pensions of former Indian civil servants living in England, payments to the war office for the upkeep of the army, and purchases of material in England on the Raj’s account. Moreover, Indian reserves were parked in London, providing a key source of collateral against which extra securities lending operations could take place until about 1920. Commercial banking did not exist to any significant measure within the subcontinent. The introduction of council bills around 1900, paper bills to be exchanged for gold-backed rupees, prevented the outflow of bullion from England. This mechanism allowed Great Britain to emerge as a net creditor to the rest of the world despite possessing just a fraction of its own money supply in gold reserves.[[3]](#footnote-3) To use the characterisation of neoclassical economics, India was a small, open economy, making it a ‘price taker’ in international markets and therefore leaving it vulnerable to shocks from global trade disruptions.[[4]](#footnote-4)

From 1900-13, India’s economy grew a by about 25%, fuelled by the increase in global demand for export commodities, in particular jute.[[5]](#footnote-5) With the coming of World War I, the period of the first gold standard ended as Britain removed its peg; because of its fixture to sterling via gold exchange standard, this meant the same for the rupee. Imperial financial arrangements helped Britain meet the cost of war. The Government of India also bore some of the costs over and above that of the war effort in India, on the order of £100m (in 1919 prices).[[6]](#footnote-6) The import of gold from England was prohibited.[[7]](#footnote-7) Wartime inflation paralleled global trends.[[8]](#footnote-8) Aside from pursuing these policies in the sphere of currency and credit, the imperial government also began to take a much greater role in building up the country’s infrastructural base to produce for the war effort. Import-substitution and tariffs were erected to help this effort. The emerging pattern of protectionist economic policy helped to build up indigenous industry. Despite this emerging decoupling from the international monetary system, in the inter-war period, the dry-up of liquidity in the international monetary system and the Great Depression affected India severely. India’s share of world trade declined by about a third. [[9]](#footnote-9)

The Second World War fundamentally altered the contours of India’s relationship to the international monetary order. During this period, India became the arsenal for Britain’s war in Asia. The Government of India and London arranged for India to bear all the costs of war being fought within its boundaries, while costs incurred on behalf of other parts of the empire would be repaid at a later date.[[10]](#footnote-10) This change in part stemmed from the rising tide of anticolonial nationalism and the unpopularity of the unilateral declaration by Britain of India’s participation in the war.[[11]](#footnote-11) The other factor contributing to this change in policy was the considerable increase in the magnitude of the war effort.

Output could not increase nearly fast enough given the demands of wartime production. The Indian railways, the engines of market integration and goods transport, were put under severe stress. The number of passenger miles travelled over six years during war equalled all the miles travelled in all the time since 1850. The tonnage of goods transported by the railways increased by 32%.[[12]](#footnote-12) Coal could not be mined at the required rate to fuel these railways. The coalfields in Bengal and Bihar were under constant threat of attack by the Japanese. As a result, labourers fled. Coal production dropped by approximately 15% in 1942-3. Extraction could not meet the demands of the railways.[[13]](#footnote-13) Finally, the war effort created an unprecedented demand for wood; this was exacerbated by the Japanese occupation of Burma, which ceased the import of teak. By 1942-3, the production of timber had to be tripled from its 1940-1 level.[[14]](#footnote-14) The real-time cost of war had to be borne by India as they accumulated as sterling balances in London. War was financed by a combination of three measures, each contributing to roughly one-third of the required expenditures: taxation, increase of the money supply, and borrowing.[[15]](#footnote-15) The price level more than doubled between the beginning and end of war.[[16]](#footnote-16) In part due to the arbitrary redistributive effects of inflation, the ‘exchange entitlements’ of Bengalis declined, culminating in the approximately 3 million deaths of the Bengal Famine.[[17]](#footnote-17) Bonds issued for the war effort were floated at 3.5% but traded at a discount until the end of war. This resulted in borrowing costs being greater than the floated value and bonds being under-subscribed.[[18]](#footnote-18)

By 1943, India had for the first time, become a creditor to Great Britain.[[19]](#footnote-19) Within two years, India’s sterling balances amounted to £1.3 bn.[[20]](#footnote-20) Parked in London, these amounted to 35.8 percent of the balances accumulated by creditors to Britain worldwide. By contrast, Argentina, Australia, Brazil, New Zealand, and South Africa represented 2.6 percent, 3.7 percent, 1.1 percent, 2 percent, and 1 percent respectively.[[21]](#footnote-21)To place this amount in perspective, the entire sterling balances figure was about 16 percent of the Lend-Lease loan by America of £7.5bn and roughly equivalent to the amount of the Anglo-American Loan Agreement, which carried 2 percent interest.[[22]](#footnote-22)

At the Bretton Woods Conference in 1944, Indian delegates made the equitable settlement of the sterling balances a key part of their agenda. The only imperial dependency that enjoyed representation, India sent five delegates to the conference. This included Sir Jeremy Raisman, a British subject and the head of the delegation and Sir Theodore Gregory, a former academic at the University of Manchester. The native Indian delegates included Sir R.K. Shanmukam Chetty, who would go on to become India’s first Finance Minister, A.D. Shroff, a stock market whiz and co-author of the recently released Bombay Plan, and Chintaman Deshmukh, then Governor of the Reserve Bank of India.[[23]](#footnote-23)

Of the three native representatives, Shroff raised the most polemical voice. He strove to use the forum of the international conference to help negotiate the equitable liquidation of these balances, sensing that a multilateral solution to her problems rather than a bilateral one might help secure a fairer settlement with Britain. He clamoured for free convertibility of the balances into other currencies as soon as the Fund began its operations, so as not to lose time in negotiations when exchange rates and domestic conditions could change unfavourably. When the delegate from the United Kingdom rejected this possibility, he noted with dismay that ‘The reply has been heard and understood, but unfortunately it is not very satisfactory.’ His comment prompted laughter.[[24]](#footnote-24)

Shroff also proposed that the IMF’s mandate include the following: ‘to shorten the periods and lessen the degree of disequilibrium in the international balance of payments of members.’ Responding to the contention of the United States Delegation that the IMF did not have enough resources to handle such questions, he responded that ‘you are starting to make a dreadful mistake…It appears to me you are just sending out a jellyfish to tackle a whale.’[[25]](#footnote-25) He proceeded to attack the contradictions the discussions laid bare in his mind:

It may be unfortunate that situated as we are politically, perhaps the ‘big guns’ in the conference may not attach that great importance to a country like India. But I am bound to point out this, if you are prepared to ignore a country of the size of India, 400 million population with natural resources in my judgment thought not incomparable to the natural resources of some of the biggest powers on this Earth, you do not expect that contribution to the strengthening of the resources of the Fund which you will otherwise get…You want to facilitate the expansion and balance of international trade. You, incidentally, want to help build up a higher level of employment and income throughout the world as a whole. Mr Morgenthau, in his very fine opening address, said poverty is a menace wherever it is found in the country. Do you expect to fulfil the main objectives of this Fund is you allow large countries to be festered with this sort of poverty? (…)I am sure everybody here needs collaboration of everybody else, but if that collaboration has to be obtained unrealistically, you will make it impossible for all countries in the world to be associated with you.[[26]](#footnote-26)

His powerful rhetoric challenged the legitimacy of the conference. In the name of international cooperation and global re-adjustment, the wartime Allies threatened to undermine the countries they depended on to fight their wars. Keynes acknowledged Shroff’s concerns but replied that the matter was ‘between those directly concerned,’ or bilateral. This was not entirely true. Although each sterling balance account was bilateral, Great Britain had accumulated them with multiple countries. Although any counterfactual is necessarily speculative, it might be suggested that had the creditor nations consolidated their critiques, this may have formed ground for greater pressure on the Anglo-American leadership of the discussions.

In what would have confirmed his views, Shroff’s proposal was voted down by France, Great Britain, and the United States, ‘powers that be’ by any definition. At other points during the conference, Shroff proposed that the IMF mandate include ‘the settlement of abnormal indebtedness arising out of the war.’ This was applauded by Egypt, the second largest holder of sterling balances. However, the amendment was again perceived to be outside the ambit of the IMF and rather an issue for the World Bank. Finally, India’s quest to have an Executive Director on the Board of the Fund failed; this was only achieved later when the Soviet Union chose not to take up its spot. The Indian delegation did have some success in amending the proposed wording of the Articles of the IMF to include an emphasis on balanced trade for all countries. Shanmukam Chetty had pushed this forth to emphasise ‘economically backward countries,’ but again the language was tweaked to reflect the view that the IMF served all countries with payments issues, not merely developing countries as suggested.[[27]](#footnote-27) With the assistance of Keynes, India also negotiated the sixth largest quota in the Fund, of $440m (£110m), higher than the original proposal made by America of $300m (£75m). Still, however, the amount was less than China, at the time less well connected to the global economy.[[28]](#footnote-28) To place these numbers in perspective, it is worth noting that India’s sterling balances, at £1.3bn, were about 60% of the capital of the IMF, which stood at £2.2bn, and 43% of the entire Marshall Plan’s £3bn.[[29]](#footnote-29)

Sterling balance negotiations officially began around 1947, with the transfer of power as India moved towards independence. Britain failed to make sterling convertible that year. An interim agreement in 1948 prohibited India from drawing more than £40m per year until 1951.[[30]](#footnote-30) This amounted to less than 3 percent of the holdings. Ultimately, the sterling balance discussions turned out to be settled in multilateral forum. The United States had by then emerged as the leader in international monetary negotiations and supervised these discussions as well. In 1949, India began to face a balance of payments crisis; this led to rapid reduction of the balances as the country spent reserves to defend the currency.[[31]](#footnote-31) Also at this time, the pound devalued by 30 percent, imposing an effective haircut on creditors.[[32]](#footnote-32)At the Colombo Plan Conference of January 1950, the British government began the process of negotiations with India and Commonwealth countries on the topic of resolving the sterling balances. What emerged instead was a 1952 agreement that India would keep £310m in London for the next five years as reserves and draw down £35m per year. The blocked accounts would be spent by the Colombo Plan, a Britain-led and America-financed Commonwealth development organisation, to assist development efforts in Asia.[[33]](#footnote-33) The Anglo-American Loan Agreement of 1945 had prohibited Great Britain from using any part of the loan to settle sterling balances. If one accounts for the interest rate on these assets earned as being far less than the 3% market rate, the sterling devaluation, sale of Indian gold at sub-market prices to quell inflation (with the profit accruing to Her Majesty’s Government rather than the Government of India), and the transfer of ownership of capital goods assets at inflated prices (without accounting for their depreciation), the loss on the remaining balances stands on the order of £400m. If one also considers that it was precisely the accrual of the sterling balances that caused wartime inflation, the losses appear worse.[[34]](#footnote-34) Placed in an international context, India’s losses were noteworthy because of the substantial British ownership of capital assets in India, the valuation of which could not be debated equitably with the impetus to negotiated the transfer of power in a timely fashion. Again, counterfactuals are laden with problems, but one can see the wisdom of Shroff’s concern that a lengthy negotiation process could adversely affect India and that a multilateral forum for discussion of debt resolution could create more equitable standards. And while it is important to note the precarious status of Great Britain’s economy after the War, the coercive aspects of the Anglo-American settlement of India’s sterling balances merit historical exposition. India provided immediate resources and liquidity for the British war effort about which the Government of India had not even been consulted. And yet, when the settlement of these debts took place, several accounting sleights of hand and illiquid asset transfers helped impose a large haircut on a largely poor country. These negotiations help contextualise India’s post-war relationship to the Bretton Woods System and its institutions.

India, Foreign Aid, the Bretton Woods Institutions, and Five Year Plans, c. 1945-65

India’s exposure to the volatility of international markets left a sour taste in the mouths of policymakers. Scepticism about trade, known as ‘export-pessimism,’ came to permeate policy. Manmohan Singh, in the preface dated April 1963 of his book *India’s Export Trends and the Prospects for Self-Sustained Growth* noted:

One often finds far-reaching policy recommendations being made for the strategy of Indian economic development on the assumption of ‘stagnant’ exports—as if the stagnation of India’s export earnings was an inescapable phenomenon. Therefore an attempt to study the empirical foundations of “export fatalism” should prove of interest to those entrusted with the framing of Indian economic policy, if only to fortify them in their present largely unverified convictions.

With this in mind, argued for greater export promotion.[[35]](#footnote-35) The dislocations outlined in the previous section, which combined with what has been incorrectly labelled as ‘free-trade’ when it really meant larger export markets for British goods, contributed to an inward-looking trade policy. As a result, some of the prospective benefits of trade had been ignored entirely. Even though India had pursued a strategy of postcolonial economic development focused on import-substituting industrialisation, as Singh’s monograph concluded, even the meagre export requirements for self-sustained growth or ‘self-sufficiency’ of the nation-state would not be met. The country would fall a third short of the goal of Rs 15bn annual export earnings by 1971, he predicted.[[36]](#footnote-36) One way to help reach the target was regional economic cooperation with reciprocity built in to agreements. By reciprocity, he meant ‘all countries must get opportunities to increase their exports to one another, and these must not be at the cost of their exports to countries outside the region.’ Singh invoked Robert Triffin’s warning that tariffs, restrictions, and bilateralism had to be operated alongside ‘parallel agreements of a more positive nature about mutual assistance or escape clauses in case of difficulties’ and ‘harmonization in the area of internal economic policies.’[[37]](#footnote-37) Seeing that regional trade in Asia made up just 12% of Indian exports, he saw further scope for improvement. But blanket international trade policy neglected these possibilities.

In the sphere of private investment, the Industrial Policy Resolution of 1948 confirmed India’s official scepticism. Such investment was subjected to heavy regulation. New foreign investment in India could only take the form of minority ownership in joint ventures.[[38]](#footnote-38) Capital inflows to India between 1948 and 1953 totalled a mere $270m, half of this amount was due to investment in oil drilling.[[39]](#footnote-39) Chester Bowles, Ambassador to India between 1951-3 (and then from 1963 to 1969), was deeply sensitive to the challenges facing the newly independent nation and the attitudes to foreign capital. He noted the historical legacies of a negative orientation towards private foreign capital. In one letter, he referred to this as the ‘monopoly-cartel type’ of capitalism. In another, dated just five days later, he wrote that ‘The Indians’ experience with capitalism has been thoroughly unpleasant. British monopolistic capitalism has been bad enough but even worse has been the capitalism which the British exported to India.’[[40]](#footnote-40)

If private foreign capital investment and export earnings did not figure prominently in Indian economic policy, this did not mean Indian economic policy and development had nothing to do with international markets and the Bretton Woods institutions. To maintain the sterling peg of 13 rupees to the pound, India’s reserves position dropped precipitously from 1947 onwards. This forced drawings of $115m (80.3% of reserves) from the IMF in 1956-7. The country further borrowed $122.5m from the IMF during 1961-2 and $100m in 1962-3.[[41]](#footnote-41) India also possessed an important relationship to the World Bank also, as its single largest borrower worldwide. The Bank’s soft loan window, the International Development Association, provided 45% of its total loans in the 1960s to India (roughly $800m).[[42]](#footnote-42) Most money supported infrastructural development and transportation. And from 1958, many of the loans were mobilised and coordinated through a consortium that provided supplemental lending, called the Aid-India consortium.[[43]](#footnote-43) And beyond these monetary links, several senior figures in Indian economic policymaking like I.G. Patel learned the nuts and bolts of their future jobs in India at these Washington institutions.[[44]](#footnote-44) And although India normally was successful in negotiating minimal loan conditionality, by 1961, the World Bank had pressured India to drop the minority-ownership restriction of foreign capital investment.[[45]](#footnote-45) Foreign capital streamed in.[[46]](#footnote-46)

India’s Five-Year Plans depended on deficit financing to be plugged by foreign aid. The ratio of foreign aid to new private capital investment between 1948 and 1961 was 6:1. One of the largest donors to India was the United States, which contributed between 1954 and 1967 some $3.8bn of PL480 food aid.[[47]](#footnote-47) This helped allow India to focus Plan expenditures on heavy industrial development and fund deficits of expenditures over receipts. Although phrased rhetorically as part of American generosity, provided a convenient way for the United States for disposing of agricultural surpluses and protecting agriculture prices for the influential farm lobby.[[48]](#footnote-48) The Soviet Union also provided its own form of arms and heavy industrial aid to India. The quantity was much smaller but more well-publicised, and India was allowed to emerge as a key site of superpower competition.[[49]](#footnote-49) Walt Whitman Rostow, an influential economist and adviser to American governments from Eisenhower to Johnson, stressed the importance of keeping up levels of foreign aid to India as part of Cold War objectives.[[50]](#footnote-50) J. William Fulbright pushed the case for foreign aid in the American Senate from year-to-year, although these discussions became increasingly contentious over time. Non-alignment, India’s official foreign policy, allowed India to cleverly play both sources for aid.

In the 1960s, these dynamics began to shift. American dollar hegemony began to come under strain as the fixed exchange rate regime came under pressure. The agricultural surpluses of the immediate post-war era had diminished. America aimed at multilateralization and movement of more development assistance to the Development Assistance Committee of the OECD. West Germany and France, now prosperous nations, were pressured to increase their contribution to foreign aid. By 1961, America had abandoned the policy of local currency repayment for dollar loans.[[51]](#footnote-51) The troika of the United States, the World Bank and the IMF, sought to persuade India to ‘devalue, liberalise, imports and give higher priority to agriculture.’[[52]](#footnote-52) This was characterised by one history of the World Bank as ‘the Bank’s most significant attempt to use the leverage of its lending to modify macroeconomic policies in a major member country.’[[53]](#footnote-53)

By the mid-1960s, debt multilateralization mediated through the IMF and World Bank had virtually taken place. The bilateral aid relationship between India and America had come under strain, not merely because of the pressure on American gold reserves and the diminished agricultural surplus, but also because of India’s rather vocal discomfort with the Vietnam War and her status as leader of the Non-Aligned World.[[54]](#footnote-54) What a close study of the documentation of this period confirms is that American officials were routinely frustrated by Indian unwillingness to bend foreign policy towards sympathy to American Cold War efforts. A frustrated Lyndon Johnson noted in 1966 that ‘I would think they could help us if they could understand our objectives in the world and our viewpoint, and try to be a little more sympathetic in recognising them. I don’t say just rubber-stamp anything we do, but I don’t think they need to denounce us every day on what we’re doing in Vietnam.’[[55]](#footnote-55) Dipesh Chakrabarty has characterised this as reflective of the ‘pedagogical’ nature of modernisation efforts, with their implication of Asian backwardness and Western modernity, being revised as a more ‘dialogic process.’[[56]](#footnote-56) Nevertheless, the political solidarity with the Non-Aligned World and Asia had not manifested itself in economic cooperation. The Five-Year Plans, as much a part of the nation-building process of the Indian government as vehicles for economic development, persisted in their focus on import-substituting industrialisation during this period.

Part Three: Conditionality, Cracks in the System, and Crisis (c. 1965-1971)

The crisis in India’s Five-Year Planning came on the heels of the suspension of American aid during the 1965 War with Pakistan. Domestically, a more pro-private enterprise Prime Minister, Lal Bahadur Shastri had taken the helm after Jawaharlal Nehru’s death in 1964.[[57]](#footnote-57) He introduced some exemptions for industrial licensing and the decontrol of steel distribution. The Swatantra Party, ‘the first political organisation devoted almost exclusively to the furtherance of private enterprise’ in the opinion of one observer, had been formed in part by many from the dominant Congress Party’s right.[[58]](#footnote-58) This reflected a kind of convergence in national and international trends and a mood more sympathetic to economic liberalisation.

A balance-of payments crisis hit India in 1966 on the back of poor monsoon rains and resulting famine. America played a key role in helping India combat its negative effects, mobilising PL 480 aid. The Aid India Consortium was frequently consulted to negotiate increased allocations. The IMF and World Bank gave aid conditional upon devaluation of the currency, liberalisation of imports and industrial licensing. The sterling peg of Rs 13 per pound was changed to a dollar peg of Rs 7.5 to the dollar and the rupee’s value revised 37% downwards. Writing in 1968, the economists Jagdish Bhagwati and Padma Desai hailed this moment in June 1966 ‘perhaps the most dramatic episode in the shift of Indian economic policies towards a greater and more sophisticated reliance on the market mechanism.’[[59]](#footnote-59)

The disintegrating Bretton Woods order helped bring about the Green Revolution. America could no longer feed the world. Norman Borlaug, an American scientist and M.S. Swaminathan had helped to develop higher-yielding varieties of wheat to be combined with fertilisers and irrigation that might help India feed herself. The Indian Food Minister, C. Subramanian courted the collaboration of USAID and the Rockefeller Foundation to help promote these agricultural reforms. The Fourth Five-Year Plan (1969-74), re-allocated Plan expenditure towards agriculture and helped to bring about a process that culminated in food independence. It also decentralised the planning process by reducing the power of the Planning Commission in Delhi and giving more autonomy to states. We would suggest that in part these reforms happened because the old mechanism of foreign aid financing heavy industrial-development no longer could be feasible.[[60]](#footnote-60) By 1971, Nixon could justify a vast reduction of foreign aid to India.[[61]](#footnote-61) The implementation of the Green Revolution was based far more on technical cooperation rather than foreign aid (although USAID did play a role in financing related projects). The know-how the Rockefeller Foundation had adopted from its efforts in Mexico was brought into a new developing country context. The dialogic and truly international nature of this effort helped India to overcome one of its largest development challenges.

Conclusion

After 1971, Indian economic policy moved leftward again, and Indira Gandhi brought forth a renewed promise of nationalisation-backed socialist transformation of the economy. The liberalisation of economic policy took a back seat. However, the oil shocks of the 1970s forced India to begin to draw from the IMF again. By the late 1970s, the IMF was conceiving of the structural adjustment loan. In 1981, India negotiated the largest ever IMF loan of $5bn, and wrote up most of the loan conditions on her own.[[62]](#footnote-62) The post-1971 period, however, is beyond the scope of this study.

In this short study, we have tried to bring to light a few points. First, how the three phases covered show the movement from bilateral to multilateral negotiations as America’s post-war financial hegemony of the world slowly diminished. Second, how decolonisation produced political dynamics that allowed India to more actively negotiate aid to pursue self-sufficiency from the unreliability of volatile international markets. Ironically, import-substituting capital-goods led industrialisation concretised in Five Year Plans involved foreign-aid dependence. Intellectually, it also created a bloc that prevented India from making better use of regional economic possibilities for trade. Third, how the disintegration of the Bretton Woods order coincided with the most innovative and successful case of sustainable growth promotion. This was based on information sharing about the experiences of another country, technology and cooperation. However, there were also limits to what this disintegration offered. Regional economic cooperation in Asia did not make its way into these agendas.

1. This is a standard periodization of the pre-1914 gold standard, ‘with London as its pivot.’ For just two examples of a vast literature, see M.J. Daunton, ‘Britain and Globalisation Since 1850: Creating a Global Order, 1850-1914,’ *Transactions of the Royal Historical Society* 16 (December 2006), pp. 1-38; A.G. Ford, ‘Notes on the working of the gold standard before 1914,’ in Barry Eichengreen and Marc Flandreau eds. *The Gold Standard in Theory and History*, 2nd ed. (London: Routledge, 1997),  pp. 116-134, 116. [↑](#footnote-ref-1)
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3. David Sunderland, *Financing the Raj: The City of London and Colonial India, 1858-1940* (Suffolk: The Boydell Press, 2013),p. 5. [↑](#footnote-ref-3)
4. Marcello de Cecco, *The International Gold Standard: Money and Empire* (London: Frances Pinter, 1984), pp. 62-76; G. ‘Introduction,’ in idem. *India and the World Economy, 1850-1950: Debates in Indian History and Society* (New Delhi: Oxford University Press, 2003), pp. 1-46. [↑](#footnote-ref-4)
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8. McAlpin, p. 892. [↑](#footnote-ref-8)
9. Tomlinson, *The Political Economy of the Raj, 1914-47: The Economics of Decolonisation* (Cambridge: Cambridge University Press, 1977) [↑](#footnote-ref-9)
10. Ibid. [↑](#footnote-ref-10)
11. F.E. Grist to L. Courtney of the Air Ministry, 21 December 1941, IOR/L/F/7/2860. The outbreak following the War declaration is well-known. Metcalf and Metcalf, *A Concise History of Modern India* (Cambridge: Cambridge University Press, 2006), p. 204. [↑](#footnote-ref-11)
12. Avinash Celestine, “State Power and the Collapse of a Colonial War Economy: India 1939-45”, (MA Thesis, London School of Economics, 2007), pp. 28-32. [↑](#footnote-ref-12)
13. Bishwa Mohan Prasad, *Second World War and Indian Industry 1939-45: A Case Study of the Coal Industry in Bengal and Bihar* (Delhi: Anamika Prakashan, 1992), pp. 232-3.  [↑](#footnote-ref-13)
14. E.P. Stebbing, *The Forests of India: Volume IV, ‘Being the History from 1925 to 1947 of the Forests Now in Burma, India, and Pakistan* (London: Oxford University Press, 1962), p. 145-63. [↑](#footnote-ref-14)
15. N.C. Sinha and P.N. Khera, *Indian War Economy: Supply, Industry and Finance* (New Delhi: Combined Inter-Services Historical Section India and Pakistan, 1962),  [↑](#footnote-ref-15)
16. *Statistics Relating to India’s War Effort* (New Delhi: Government of India, 1947), Table 46, 47. [↑](#footnote-ref-16)
17. Amartya Sen, *Poverty and Famines: An Essay on Entitlement and Deprivation* (New York:

    Oxford University Press, 1981) [↑](#footnote-ref-17)
18. Abhik Ray, *The Evolution of the State Bank of India Volume 3 1921-1955* (New Delhi: Sage, 2003), pp. 244, 247, 252, 256-8. [↑](#footnote-ref-18)
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