
UNIT 9 PATTERNS OF COLONIAL DOMINATION-II

Structure

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Emergence of Semi-Colonialism
 - 9.2.1 Free Trade
 - 9.2.2 Preference for Indirect Rule in Complex Situations
 - 9.2.3 Reconciling Conflicting Imperial Interests
- 9.3 Indirect Rule: Case Studies
 - 9.3.1 China
 - 9.3.2 Latin America
 - 9.3.3 The Ottoman Empire
 - 9.3.4 Iran
- 9.4 Let Us Sum Up
- 9.5 Answers to Check Your Progress Exercises

9.0 OBJECTIVES

This Unit will enable you to learn about the:

- nature of the indirect rule;
- factors leading to the emergence of this form of rule; and
- actual working and the impact of indirect colonial rule in many regions of the world.

9.1 INTRODUCTION

While large parts of Asia and Africa were brought under direct colonial rule, there were other areas where colonialism took an indirect form. What do we mean by indirect rule? This form of rule, which is also sometimes called semi-colonialism was one in which the actual process of running a country remained in the hands of the local rulers, however weak and inefficient they might be, while the imperialist powers concerned themselves with obtaining the maximum economic gain by extracting raw materials according to their requirements and carving out a market for their manufactured goods.

In economic terms the indirect rule can also be referred to as semi-colonialism. For the purposes of our study, we shall use the term semi-colonialism more frequently than indirect rule. This is because the category of semi-colonialism brings out better the unequal nature of the relationship between the Imperialist powers and the less developed world which was brought within the orbit of capitalism. The relationship was clearly exploitative — one in which, through different strategies and clever moves, the economies of the semi-colonies were

made to yield benefits to the metropolis — i.e., the imperialist power. Some historians use the categories of ‘formal’ and ‘informal’ empire to distinguish direct from indirect rule.

9.2 EMERGENCE OF SEMI-COLONIALISM

The various factors which contributed towards the emergence of the system of indirect rule can be said to be the rise of multilateral trade, provision of avenues to accommodate conflicting imperialist interests and the cost-effectiveness of the indirect rule in comparison with the direct rule in certain situations. If we look at the period in which semi-colonialism emerged, we notice that it was by and large after the 1860s. This was the great age of multilateral trade. The economic stimulus given by the American Civil War and the construction of the Suez Canal were important contributory factors. The technological revolution in overseas transportation led to a general reduction in ocean freight rates. By this time the Belgians, the French, the Americans, the Germans and the Russians were all at different stages of industrialization and anxiously looking around for sources of raw materials and markets for their industrialised products. As a result, what has been described as one of the most unhindered periods in world trade began.

In this phase it was difficult for any one Imperialist power to acquire exclusive control of a particular territory and since England subscribed to the principle of free trade, a sharing arrangement between the major Imperialist powers had to be worked out.

9.2.1 Free Trade

The doctrine of free trade proved to be as harmful for the semi-colonies as it was for the full colonies. When Britain achieved the position of economic preponderance in the Western world due to the success of its Industrial Revolution, it began to talk of laissez faire or free trade which meant the removal of all tariff and customs barriers between trading countries. As has been pointed out by several political economists, the concept of free trade was a misnomer. It was England alone which stood to gain from free trade. This was bound to happen because free trade can work ideally only in a situation where all the countries participating in it have reached a comparable level of economic development. In the nineteenth century, free trade was virtually imposed on the backward economy of Asia and Africa whose products, such as handloom goods, could not compete with the machine-made textiles from England’s industries. Soon, the colonies and semi-colonies were flooded with cheap textiles from Lancashire and Manchester, virtually ruining the indigenous economies.

9.2.2 Preference for Indirect Rule in Complex Situations

Indirect rule was adopted in areas where there were diverse groups of people with different ethnic backgrounds and varying cultural and political practices as in the Ottoman Empire or China. This was because, in such areas, it was easier for the imperialist powers to deal with one centralised administration than with numerous provincial dynasts and notables. This point will be illustrated in greater detail when we take up the Ottoman Empire for detailed

consideration. For a sharing arrangement between the Imperialist powers to work smoothly, it was best that the running of the country be left in the hands of an indigenous dynasty or potentate. The ruler, whether in China, or in the Ottoman Empire should be efficient enough to run the country in an orderly fashion, but he/she should not be too independent either, the kind of ruler who was most desirable was one who would be pliable and willing to follow the dictates of the external powers. He or she should be encouraged to undertake some amount of political and economic modernization within his/her territory. Thus, from the 1830, the tanzimotor political reordering of the Istanbul regime (Ottoman Empire) was actively encouraged by the European powers. This reordering involved the Westernization of government structures and the recentralisation of the state apparatus. So was the self-strengthening movement under Empress Tsu-Hzi in China from the 1860s.

Indirect rule was more convenient for the imperialist powers since they did not have to assume responsibility for the government, even though they did not hesitate to dabble in the internal politics and disputes of the semi-colonies. This is not to say that direct rule did not have its advantages. Direct rule or full colonialism allowed the Imperialist power to use extra-economic means to secure its interests more easily. It could cut off trade and investment by other industrialised countries; it could raise taxes from the local population and transfer large sums of money to the home country more easily. In the semi-colonial situation the Imperialist powers developed strong indigenous allies who helped in the promotion of their interests. Thus in Chile for instance, the indigenous mining, large landowning and import merchant groups played a collaborative role with British and U.S. imperialism in what Andre Gunder Frank has referred to as the “development of underdevelopment”.

9.2.3 Reconciling Conflicting Imperial Interests

The rivalries between the Imperialist powers also paved the way for the emergence of semi-colonialism. In the case of the Ottoman Empire, the conflicting imperial interests of Britain and Russia could be best reconciled and accommodated by continuing to keep the “sick man of Europe”, viz, Turkey alive. This was also true of China, where the Russians in particular were keen to keep alive the tottering Manchu regime rather than have it removed, since an ouster would strengthen the British hold over China. The Japanese and the German also had their own interests there. In Latin America, the USA wanted to assert its predominant position and it, therefore, tried to force the others out.

Check Your Progress 1

- 1) Discuss in 100 words the main characteristics of semi-colonialism or the indirect rule.

.....

.....

.....

.....

9.3 INDIRECT RULE: CASE STUDIES

All the countries on the periphery had certain common experiences but, as the historian, Sevket Pamuk has pointed out in his study: “within this unity there existed a good deal of diversity. In terms of the specific forms of interaction with the rest of the world economy and in terms of the resulting structures, the history of each country was unique.” Pamuk divides the four examples that we are going to study, namely China, the Ottoman Empire, Iran and Latin America into two categories. The first three, which he puts in one group, had relatively strong state structures with centralised bureaucracies. Within these areas there was often a struggle between the bureaucracy and those social classes which wanted a more rapid and direct integration into the world economy; the export-oriented landlords for instance. The imperialist powers, themselves in a state of mutual rivalry, had more to do with the bureaucracy than the social classes, however. They extended political, military and financial ‘support’ to the centralised structures which at this time were feeling themselves to be weak and inadequate. In return for such support, the imperialist powers obtained commercial privileges or concessions to undertake a major investment project. In the case of Latin America, on the other hand, one imperialist power, namely America, exercised influence. The patterns of trade and foreign investment were dominated by that power, which ensured that the ruling groups in the various Latin American countries secured its interests.

9.3.1 China

We shall first take up the case of China to see how semi-colonialism was established. The Manchu regime of China was, from the very beginning, bitterly opposed to the western powers, who were referred to as the “barbarians”. The Chinese Emperor tried by all possible means to restrict the foreigners to a limited area of China and for years, from the 18th century onwards, European merchants were allowed to trade with China only through the city of Canton, which was situated at the opposite end of the empire from Peking. They were also subject to numerous restrictions and exactions. Western traders could only have relations with Chinese merchants and not with the government officials. The leading Chinese exports, silk and tea, had to be carried over land for a distance of at least 500 miles to Canton since the Chinese Government suspected that the traders would evade excise duties if they were allowed to bring the goods by boat along the coast. European traders were allowed to come to Canton only during the winter months, they were not allowed to bring their women with them or employ Chinese servants or ride in sedan chairs. They were also expected to perform the “kowtow” or Chinese custom of kneeling and touching the ground with the forehead before the Emperor, much to their resentment. Similarly, the “ping” or practice of petitioning the Emperor for concessions was greatly resented by the European traders but the Chinese authorities insisted on it. However, in spite of all this opposition and the fact that in the early years the Chinese did not even require or desire any Western goods, so that Chinese tea and silk had to be paid for in Western gold and silver, China was ultimately reduced to a position of economic subservience to the Western imperialist powers.

The despicable system of opium trade was evolved by the British East India Company to turn the balance of trade in England's favour. The opium trade involved Britain, India and China. Under it, opium was grown extensively in parts of India under British supervision and then shipped to China in order to obtain Chinese tea for the European market. No effort was spared to make the Chinese people addicted to opium and gradually a vibrant and intelligent people were dulled into apathy through extensive imbibing of opium. The Chi-officials realised the harmful effects of the opium trade and tried in all possible ways to stop, or at least to restrict it. The governor-general of Hu-Kwang warned that if opium was not suppressed, in a few decades China would have no soldiers to fight the enemy with. There would also be no money to maintain an army.

The attempts by the Chinese authorities to restrict the entry of opium resulted in the famous Opium Wars of 1839-1842. But the wars only revealed the weakness of the Chinese military system. In fact, China's defeat in the Opium Wars marked the beginning of a new phase of Western intervention in China. By the 13 articles of the Treaty of Nanking signed on 29 August 1852, virtually at gunpoint, five ports were opened to British trade, the port city of Hong Kong was ceded to the British and the Chinese had to pay an indemnity of \$ 21 million to the British. Thus Britain obtained the most favoured nation status and also gained the rights of extra territoriality, which meant that foreigners accused of crime would not have to be tried by Chinese tribunals but could be tried in their own courts. The new tariff system which was worked out, where by the import duty was fixed at 5% (higher than the existing rate and therefore seemingly beneficial to the Chinese) proved, in the long run, to be more beneficial to the British than the Chinese. This was because, by fixing the tariff for all time to come, the Chinese lost the prerogative of raising tariff levels at any time in the future.

Once the British had obtained these concessions, the French and the Americans began demanding similar treaties. Since the Chinese did not want any more conflicts, they agreed to the American and French demands. They also reasoned that granting these demands would only cut into the British profits and would not harm the Chinese. On 3 July 1844 the Treaty of Wanghsia was signed with the US and on 24 October 1844 the Treaty of Whampoa with the French. The same concessions of most-favoured nation treatment, extra-territoriality and fixed tariff were granted to these countries as well. With the loss of these three national rights, China was reduced to the status of a semi-colonial state. The fixed customs rate made it easier for foreign goods to enter China in large quantities and the Chinese handicrafts were ruined. In this respect, the consequences of semi-colonialism were hardly different from those of full colonialism. The foreign powers had been involved in more hostilities with the Chinese government. In 1858, following a misunderstanding about the route that the foreign representatives were to take to Peking, the British and the French forced their way to the capital. The emperor fled to Manchuria. When this war was ended in 1860, a fresh set of treaties opened China even more widely to Western penetration. Opium trade was legalised and a tax was imposed on it, eleven more ports were added to the list of authorised trading centres, and foreigners were granted the right to travel in all parts of China.

Once these treaties had been concluded, the Western powers realised that if they were to continue to enjoy their concessions the Ch'ing dynasty would have to be made to last. In any case, after 1864, the Ch'ing court began to display a "remarkable spirit of resurgence". They initiated a self-strengthening movement which entailed the adoption of western military and technological devices. The power of the state was firmly in the hands of the Empress Dowager Tzu-hsi, who ruled on behalf of the young Emperor Tung-chih, a minor during eleven of his thirteen reigning years and a weakling for the remaining two (1862-74). This period saw the introduction of modern shipping, railways, mining and the telegraph system. Some cotton textile mills, match companies and iron factories were also set up. Of course, most of this was done with foreign assistance. The British minister at Peking and the inspector-general of customs, Robert Hart were important functionaries. (The post-1860 scenario was one in which the higher personnel of the Chinese customs service were always composed of foreigners and the inspector-general would always have to be a British subject). However, the efforts at modernization were largely superficial and Western political institutions were not adopted. All these efforts did not ultimately shore up the tottering Manchu regime.

During the last quarter of the nineteenth century the proverbial carving of the Chinese melon began. Besides the older aggressor nations, Germany and Japan were also involved in the race for concessions in China. It all began with China's loss of substantial territories to Russia after 1860, enabling the latter to surround Manchuria and control the entire Asiatic sea coast north of Korea. By combining diplomatic and military methods, France acquired control over all of Indo-China (Vietnam and Cambodia) with the exception of Siam (Thailand). Following the murder of a British explorer in China's south-western province of Yunan, Britain demanded sovereignty over Upper Burma from the Chinese. It had to be conceded in 1886. The Japanese claimed suzerainty over the Ryuku islands (in the East China Sea) in 1881. In 1887 the Portuguese, who had interests in Macao for over 300 years, now acquired full control. After China's defeat in the Sino-Japanese War of 1894-95 its weakness was laid bare before the whole world. The five great powers: Russia, Britain, France, Germany and Japan responded by carving up the major part of China into "spheres of interest" among themselves. China thus became an economic dependency of the great powers.

9.3.2 Latin America

Latin America suffered imperialist exploitation precisely in the period during which it became "independent", i.e. after it had shaken off the yoke of Spanish or Portuguese direct rule in the first two decades of the nineteenth century. However, the geographical location of this continent, its proximity to the United States which had recently gained its independence, made it susceptible to U.S. dominance. Indirect rule was naturally preferred here, since the Americans, having just thrown off the yoke of British rule, could not justify colonization of any other area by themselves. But the exercise of the Monroe Doctrine ensured that no other Western power could tread on what was considered to be America's backyard. This Doctrine, promulgated in 1823, stated that the United States would be opposed to the creation or expansion of any old colonial regime in Central and South America. Any attempt by a

European power to “extend their system to any portion of this hemisphere” would not be tolerated.

When we refer to Latin America, we are concerned with what now comprises some twenty countries belonging to Central and South America. When these regions got their independence, there were 9 sovereign states. By 1860 the number had increased, through division, 17.

Latin America had a unique position in terms of the richness of its natural resources. The range of minerals that this continent possessed was mind-boggling. Brazil, which occupied virtually half of South America, and has sometimes been described as a continent within a continent, produced gold, iron, phosphates, lead, platinum, bauxite, nickel, zinc, tin, chrome, cobalt and an entire range of radio-active minerals. Chile produced nitrates, which for a long time in the nineteenth century helped to improve agricultural fertility in England.

What was the nature of development in nineteenth century Latin America? In **World Civilizations** Volume C (co-authored by Edward Mc Nall Burns, Philip Lee Ralph, Robert E. Lerner and Standish Meacham) (Delhi 1991) we get a glimpse of the major trends. As in the case of all backward colonies coming into contact with the industrialised world in the nineteenth century, there was technological modernization in Latin America as well. Electricity was introduced, as also steamships on the waterways, telegraph lines were laid and a railway network created, which linked the interior regions to the coast. However, these railway lines only facilitated the movement of exports and internal communication did not undergo much change.

The impact of imperialism upon agriculture was manifold. Railway construction encroached on farm and pasture land. To finance the cost of the railways, more taxes were levied on the farmers. As farmers took more and more to the export market, they produced less and less food for the local market. This made them deeply vulnerable to the fluctuations of the international market.

At different points of time, different products from the Latin American countries had assumed prominence in the international market. Let us take up the products of Brazil for instance. When it was first “discovered” by the Portuguese in 1500, its red wood, the pau brasil, which was used for dyeing, was in great demand. A century later, from 1600-1700, Brazil provided Europe with most of the sugar it used. The sugarcane fields, which virtually ate up all the fertile lands, were cultivated largely by a slave labour force brought in from Sudan, Guinea, the West coast of Africa and even Angola. Finally, competition from the West Indies put an end to the era of sugar in Brazil. But that did not reduce Brazil’s economic worth. Through the 18th century Brazil became the chief provider of gold to the world. It is said that in 1762, when the Portuguese capital of Lisbon was destroyed by an earthquake, Brazil despatched one and a half tons of gold to finance the rebuilding! Gold in turn was followed by iron, phosphates, lead, platinum and several other minerals. However, at any one point of time, the economy of Brazil, as of several other Latin American countries, was precariously balanced because of its extreme dependence on the export of one or two raw materials. The market for these exports was unstable in the extreme and sometimes a crash in international prices would spell the ruin of an entire nation’s economy.

In the case of Chile, its wheat exports were adversely affected by the sudden closing of the wheat markets of California and Australia between 1858 and 1861. This resulted in financial bankruptcy for business groups within Chile.

In the case of practically all the Latin American countries, there were and still are local economically powerful groups which were allied to the imperialist powers. Andre Gunder Frank has provided evidence to show that in Chile, for instance, until the 1929 depression, the Chilean economy was dominated by “three legs of the national economic table” namely the mining exporters of the north, the agricultural and livestock exporters of the south and the large import firms which were usually located in the centre, in Santiago and Valparaiso, but which operated in the whole country. They lived a life of luxury, imitating the lifestyle of the elite in Europe. None of the three groups had the least interest in developing indigenous industries. They were committed to free trade and to the development of more and more trade rather than any internal development. They dominated the economic, political and social scene until the 1930s. Gunder Frank has termed them the “pseudo- capitalist bourgeoisie” who replicated the same metropolis-satellite relationship within the colony vis-a-vis the ordinary Chilean people.

Latin America has one of the worst records as far as liberal democracy is concerned. Though there have been several revolutions, they have in most cases only succeeded in establishing dictatorships. The kind of bloodshed that has accompanied these revolutions is perhaps unprecedented in world history. It is particularly ironic that these areas, under the U.S. sphere of influence, should not have imbibed the principles of Western democracy. The question that naturally arises is: was the United States of America opposed to the growth of democracy in these areas for fear that it might clash with their imperialist interests?

It is not as though the countries of Latin America were not capable of independent economic progress. Let us take up the case of Paraguay for instance. Situated roughly in the centre of South America, it is surrounded by the huge land masses of Brazil on the north and Argentina to the south. Between 1819 and 1870, under the rule of three successive caudillos (tyrants), Paraguay achieved self- sufficiency in food. Large private estates were confiscated and rented out to small farmers. Railroad and telegraph lines were laid and a modern steam-operated navy set up, all without the help of foreign loans. However, the growing prosperity of Paraguay was viewed with increasing hostility by Argentina and Brazil, which finally, along with the help of Uruguay waged war on Paraguay, which lasted for six years (1864-1870). At the end of the war 90 per cent of Paraguay’s adult male population had been killed. For the next five years there was military rule, during which all the popular institutions of Paraguay, were dismantled, foreign capital began pouring in and large landed estates reappeared. Paraguay, in the words of Burns, Ralph, Lerner and Meacham, “entered the twentieth century as one of the most backward and impoverished of Latin American states.”

9.3.3 The Ottoman Empire

The Ottoman Empire comprised of Anatolia (present-day Turkey), the Balkans (Greece, Serbia, Bosnia, Herzegovina, Moldavia, Wallachia, Albania and

Rumania), Egypt and Syria. It has been generally maintained that the Ottoman Empire was in a state of decline from the seventeenth century onwards. But, as Pamuk points out, this seems to have been more of a political than an economic decline. In any case, the diversity of the regions which constituted the Ottoman Empire makes generalisations difficult. While there was a decline in handicraft production, especially in the Anatolia region during the late 16th and 17th centuries, the volume of agricultural exports to Europe from the Balkans, Western Anatolia and Syria increased during the 18th century. After the Napoleonic Wars, there was a sharp increase in the volume of trade with Europe. However, even here, it was not the Empire as a whole which participated in the expansion of European trade: it was the Balkans and Egypt to a greater extent. In Anatolia, there was comparatively less participation. As a result, agricultural production in this area remained largely small-peasant, whereas in the Balkans and Egypt, powerful landlord groups were emerging, which were carving out large estates for themselves and responding increasingly to the agricultural demands of the European markets. In the nineteenth century it was these landed interests which struggled with the centralised state structure of the Ottoman bureaucracy.

The Free Trade Treaty of 1838, signed first between the Ottoman Empire and Britain and later with other European countries, reminds us of the treaties signed in China between 1842 and 1844. It opened the Ottoman economy to foreign trade, which, in the second quarter of the 19th century, grew phenomenally. This resulted in an increase of agricultural production for the world market and an almost simultaneous decline of handicraft production, especially of textiles, because of the competition from Western goods. However, all these trends were more pronounced in the coastal areas. Even in the mid-1870s, only 12-15% of agricultural production catered to the export market.

From the 1850s, the Ottoman state began borrowing heavily and under very unfavourable terms from the European financial markets. Much of this European money was used to buy military equipment from abroad. Some consumer goods were also bought. The imperialist powers also brought in capital directly for the construction of railroads, especially in the coastal areas, from the 1850s. In 1863, the monopoly to print paper was transferred to the foreign-owned Ottoman Bank, thereby linking the Ottoman Empire to the gold standard system. In 1866, foreigners were allowed to buy agricultural land in the Ottoman regions. Thus, while political modernization was proceeding under the tanzimat between the 1830s and the 1870s, there was a simultaneous process of economic 'modernization' — or incorporation of the Ottoman Empire into the world economy — or the opening up of the Ottoman economy to foreign trade and investment. The political process helped the economic penetration. The Great Depression of 1873 which hit the European financial markets had its impact on the Ottoman Empire. It brought to a halt the exports of capital and financial lending to the Empire. At the same time, i.e., 1873-74, there was a severe famine in Central Anatolia. The war with Russia from 1877-78 ended in defeat and the loss of substantial areas of the Ottoman Empire. All this resulted in a serious financial crisis, the Ottoman Empire began defaulting on external loan payments. The volume of Ottoman foreign trade also decreased as the production in the industrialised countries

slowed down due to the Great Depression. In 1896 there was a sharp fall in international wheat prices because of the entry of American wheat into the world market. Not only were the Ottoman landlords unable to export their produce, they were also threatened with internal competition from American wheat imports. As export-related incomes declined, handicraft production in the country was also affected, since there were fewer buyers for their products.

A decline in world prices also meant that the Ottoman Empire had to pay more in terms of currency, for its external debt. More money had to be borrowed for this repayment. This led to an internal fiscal crisis and made it easy for European capitalism to penetrate the Ottoman economy.

By the end of the nineteenth century, Britain's advantage as an imperialist power was over and a period of sharp rivalry between Britain, France, Germany, Russia and even Italy began. The Ottoman Empire was one of the stages on which this rivalry was played out most intensely, while Britain continued to hold the largest share of Ottoman foreign trade until World War I, British investments in the Ottoman Empire virtually ceased after the 1870s. When the Ottoman Empire handed out railroad concessions to the Germans and the French, it was virtually partitioned into French and German spheres of influence. The coming of the railways, combined with a lifting of the economic depression in Europe, led to a second wave of expansion in foreign trade from the mid-1890s. Since internal revenues were not enough to meet the increasing costs of military expenditure, the Istanbul regime continued to borrow larger and larger sums of money from the European powers. This made it easier for the powers to gain influence over the Ottoman Empire. As investments in the Empire increased and more and more profits were generated, larger and larger sums were transferred from the Ottoman Empire to Europe. By the beginning of the 20th century different parts of the Ottoman Empire were being pulled into the spheres of influence of Manchester, Hamburg and Marseilles. The internal links of the Ottoman Empire were becoming weaker and weaker.

9.3.4 Iran

The fortune of Persia (as Iran was then called) and the Ottoman Empire ran along parallel lines. In medieval times, the Ottoman and the Persian empires were two of the most powerful Muslim empires. In the 16th century, when European merchants appeared in the Eastern markets, the Iranian shahs like the Ottoman sultans welcomed them because of the boost that they would give to trade. Agreements were made between the European powers and the regime at first on equal terms. But as the balance of military power began changing to the advantage of the West, foreign domination ensued. The Iranian rulers were keen to introduce European military and civilian technology into their territories but this technology was expensive. To meet the costs, they had to borrow from foreign banks. Gradually the Iranian government became indebted to British and Russian banks. Foreigners were placed in charge of customs and appointed as advisers to the Iranian Ministry of Finance.

As in the case of China, Iran escaped conquest only because British and Russian power and mutual distrust balanced each other. This enabled the Iranian rulers to play the one Imperialist power against the other to some

extent. However, as the eminent historian, Hugh Seton-Watson has put it, “The Anglo-Russian balance of power served chiefly to preserve Iran in a condition of social and cultural stagnation”.

At the end of the nineteenth century, Western capitalism began to penetrate Iran on a serious scale. This was not without resistance from the Iranians, however. In 1892 the ruler, Nasiruddin Shah had to withdraw a tobacco curing and sale monopoly that he had granted to a British company because of local agitation against it. Despite this the volume of imports to Iran steadily grew and caused considerable damage to the fortunes of Iranian merchants.

Check Your Progress 2

- 1) Discuss the system of semi-colonialism in China.

.....
.....
.....
.....

- 2) In what respects was the semi-colonial rule in Latin America different from others?

.....
.....
.....
.....

9.4 LET US SUM UP

Did indirect rule bring about the modernization of the areas that came under it? This issue has been greatly debated and is very controversial. Those, like Paul Baran and Andre Gunder Frank, who strongly believe that capitalism is inherently exploitative, argue that all forms of Colonialism were inimical to development and modernization. In Gunder Frank’s words what happened was the “development of underdevelopment”. This is certainly true of Latin America, where the growth of democracy and independent capitalist development has been greatly thwarted. It is also true of Iran to a certain extent. Gunder Frank goes on to say that only if a nation succeeds in breaking out of the capitalist network, could it hope to develop a strong economy. The success of China can be understood in terms of the strength of the indigenous communist movement, which was able to secure its independence from the forces of world capitalism. As for the Ottoman Empire, its various component units have come under either the socialist or capitalist spheres of influence. One may hazard the theory that, from the point of view of the colony, semi-colonialism was preferable to full colonialism. It seems to have left some space for the indigenous government to try and resist some of the oppressions of the exploiters. In the case of direct rule, this space never opened up since there was no indigenous government. Thus the Ottoman state between 1860 and 1908 tried to raise import duties and offer some protection to its indigenous manufacturers. In other respects the consequences of semi-colonialism were

hardly different from that of full-blown colonialism. In fact, because there were indigenous groups collaborating with the forces of imperialism, it was more difficult for the people under semi-colonialism to perceive their economic exploitation than those under direct rule. All the above-mentioned areas bore the deep scars of imperialism well into the twentieth century — whether in the form of ruralisation of their economies and the relatively low rate of industrial development, or in terms of a weak democratic structure, paving the way for the growth of fundamentalism in some form or the other.

9.5 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) See Section 9.2

Check Your Progress 2

- 1) See Sub-section 9.3.1
- 2) See Sub-section 9.3.2



ignou
THE PEOPLE'S
UNIVERSITY