Flows of Capitalists, Laborers, and Commodities

India was clearly the economic prize driving the transformations in sovereignty in the Red Sea, the Arabian Sea, and the Persian Gulf. As far as the Middle East was concerned, the British interest until the discovery of oil was primarily strategic. Yet in the late nineteenth century and the first three decades of the twentieth century, the trading and financial links of Persia, Iraq, and the various Gulf states with British India were also quite strong. Indian finance was of critical importance to the pearl economy of the Gulf, and the Oman-Zanzibar political connection had facilitated India’s economic links across the Arabian Sea with East Africa since well before the formal colonial conquest of that continent in the last three decades of the nineteenth century. During this period, too, early Indian involvement in the ivory and slave trade on the East African coast was replaced with a new, and a relatively more benign, engagement with the cloves export economy of Zanzibar.

Interregional trade and finance in the paracolonial setting of the western Indian Ocean exhibited some features that were different from the patterns on the eastern side, which bore clearer imprints of the priorities of British and other European colonial states of Southeast Asia. Indian intermediary capital was deployed in the form of credit to Burmese peasants to open up the rice frontier of Burma in the late nineteenth and early twentieth centuries and was made available as loans to migrant laborers on the rubber plantations of Malaya.

In the hundred years from the 1830s to the 1930s, nearly thirty million Indians traveled overseas and some twenty-four million returned. It is most accurate to understand flows of people of this kind as constituting a kind of circular migration instead of an emigration. Of the considerable number of Indians engaged in the process of circular migration during the one-hundred-year span, roughly 5 percent (or one and a half million) are estimated to have been engaged in commercial enterprises.

Histories of modern processes of economic globalization have tended to concentrate on the role of European and American capitalists. Yet there was no dearth of Asian capitalists with supralocal, if not global, ambitions. There were, for example, two networks of traders from Sind in colonial India whose business operations had a global scope. The land-based network of financiers and bankers from Shikarpur, which stretched northward through Kandahar to Central Asia and Iran, had roots going back to the Durrani empire of the eighteenth century. The sea-based network of Sind work traders and merchants of Hyderabad, by contrast, forged its eventual worldwide web by initially taking advantage of the British
colonial link between Sind and Bombay and then across the western Indian ocean between Bombay and Egypt. Indeed, an impressive array of evidence has been adduced to show how "South Asian merchant networks could operate with a certain degree of independence vis-à-vis European capital, although not in opposition to it."

The general drift of this argument broadly echoes the important thesis put forward by Rajat Kanta Ray on the role of Asian capitalists during the era of European colonialism in the Indian Ocean arena. It is necessary, however, to note clearly the important difference between the global and interregional roles of Indian capital. In terms of sheer geographical dispersion of Indian merchants and financiers, it may be tempting to align their story seamlessly with contemporary preoccupations about ties between the global and the local. Yet between the global and local milieus of influence and activity lay the overland and oceanic interregional arenas, which were the key spheres of operation of even the Sind traders despite their presence as far afield as Panama. So far as the large majority of Asian capitalists were concerned, Ray convincingly portrays "an encounter between a global system of credit and trade centered on Europe and an Indian Ocean financial nexus dealing in negotiable credit instruments on principles that had evolved independently of those of the Western banks."

Only one Baghdadi Jewish mercantile family, the Sassoons, who had established themselves in Bombay in the 1830s, were able to penetrate the echelons of high finance in London from the mid-1830s onward. Most Indian, Chinese, and Baghdadi Jewish capitalists could at best aspire to dominate the bazaar econ-

omy of the Indian Ocean interregional arena that stretched from the East African coast to the shores of Southeast Asia.

The Indian intermediary capitalists tended to be drawn from a number of communities in particular regions and localities of India. Capital and community, far from being in an antagonistic relationship, as is often supposed in studies of global capitalism, were intimately bound. In the western Indian Ocean the Bhatias and Memons of Kutch and the Bohras and Khojas from elsewhere in Gujarat came to the fore in three contiguous zones—the Gulf with its primary base in Muscat, the Red Sea radiating out of the British outpost in Aden, and East Africa, having its economic node on the bustling island of Zanzibar. The rise of Gujarati capitalists occurred in partnership with the Arabs from the turn of the nineteenth century and preceded the European penetration of Africa. By contrast, the expansion of the Nattukottai Chettiar capitalists of Tamil Nadu in the eastern Indian Ocean was much more closely enmeshed with European colonial conquest. Here too there were three primary zones—Ceylon, Burma, and the Malay peninsula—that came under British colonial rule, even though Chettiar economic activities extended to French Indochina, the Dutch East Indies, the U.S. colony of the Philippines, and the formally independent Thailand.

In addition to these significant flows of Indian intermediary capital, India was the source of some of the largest circular migrations of labor in the modern world. The abolition of slavery gave rise to insistent demands for Indian indentured labor from the 1830s onward. The pernicious recruitment patterns, the horrors on the sea voyages, and the dismal working
and living conditions on the plantations led some historians to believe that indenture and its associated forms of labor were no better than “a new system of slavery.” Aspects of this view have been effectively called into question. The depiction of women migrants, for example, as a “sorry sisterhood” of “single broken creatures” has been shown to be “simply a parody of the colonial discourse” on the social ills afflicting Indian society. Yet there seem to be no reasonable grounds for accepting an opposing claim that Indian indentured labor migration was more akin to the movement of free white labor to the dominions than it was to the journey of African slaves to the New World. Mortality rates on oceanic journeys were much higher for indentured Indian laborers than for free white labor but lower compared to those for African slaves. The prospect of real freedom following the term of the indenture contract was also severely constrained. In an effort to keep workers tied to the plantation system, the planters executed a “strategy of threatening the livelihoods of the ex-indentured market gardeners and hawkers, and organizing a new migrant stream to diminish the bargaining power of the existing plantation workforce.”

As with the movement of Indian capital, it is necessary to probe how significant the Indian Ocean interregional arena was at a time when migrant Indian labor traveled as far as the Atlantic and the Pacific. Within the Indian Ocean arena streams of colonially regulated Indian laborers were exported in the century spanning the 1830s to the 1930s. In particular, these countries received approximately the following numbers of workers: Ceylon, 2,321,000; Malaya, 1,911,000; Burma, 1,164,000; Mauritius, 455,000; Natal, 153,000; Réunion, 75,000; and East Africa, 39,500. The corresponding numbers of Indian laborers migrating to the Atlantic and Pacific worlds during this period were: British Guiana, 239,000; Trinidad, 150,000; Jamaica, 39,000; other British West Indies, 11,000; French Caribbean, 79,000; Dutch Guiana, 35,000; and Fiji, 61,000. There was a circular quality to Indian labor flows, especially in the Indian Ocean arena. Mauritius, for example, received some 455,000 Indian indentured laborers between 1834 and the end of indenture early in the twentieth century, of whom as many as 157,000 returned to India. There were undoubtedly certain analogies, if not global uniformities, of forms of labor in the plantation complex worldwide. Yet not only did much larger numbers of Indian laborers migrate and circulate in Indian Ocean rim countries, but the movements of Indian indentured workers in this zone also followed patterns of family and kin group recruitment that were different from those of laborers who went to the Atlantic or the Pacific. In this respect indentured labor on the sugar plantations of Mauritius resembled what has been called sardari (overseer-led) or kangan (sponsored) migration; that is, it was based on precapitalist forms of loyalty and reciprocity that coexisted with the capitalist contract. Marina Carter shows the “the Mauritian experience of Indian colonization” to be linked “more closely with inter-Asian migrations than with the Caribbean or Fiji.”

The Indian Ocean arena was connected, therefore, by specialized flows of intermediary capital and migrant labor in the age of global empire. To these were added streams of Indian professional people and service groups seeking opportunities
in colonies other than their own. These finely tuned networks of interregional specialization drew on earlier ties but were effectively forged during the nineteenth century. They were utterly indispensable to the working of global colonial capitalism and yet acutely vulnerable to its periodic downturns, especially the world depression of the 1930s.

Until the mid-nineteenth century, it may have been possible to advance for the eastern Indian Ocean a simple demographic typology of densely populated and sparsely populated zones. The rise of plantations and mines dramatically unsettled that dichotomy. They drew their labor from the long-settled, thickly populated agrarian regions, which were reinvigorated through this escape-hatch of migration. Large contingents of Tamil labor, for instance, moved to the tea plantations of Ceylon and the rubber plantations of Malaya. But the new concentrations of population also needed new sources of food, which the old rice bowls of Bengal, Tamil Nadu, Java, and northern Vietnam were in no position to supply. This spurred the opening of the rice frontiers of the Irrawaddy delta in Lower Burma, the Chao Phraya delta in Thailand, and the Mekong delta in southern Vietnam—a process largely financed by overseas Chinese and Indian capitalists. The triad of old agrarian zones, new plantations and mines, and newer rice frontiers linked by specialized flows of labor and capital remained in place from the mid-nineteenth century until the crisis of the depression decade arrested or reversed most of these flows.

The significance of these interregional ties in the modern history of the Indian Ocean arena and the ways in which they unraveled in the 1930s can best be captured not with an ex-

haustive history, but with a series of micro-histories. These "slices" of history have to strike a balance: they must avoid an exclusive obsession with the particular that leaves the whole out of view as well as sidestep an all-encompassing meta-narrative on networks of capital and labor that is insensitive to actual life experiences. By bringing together the histories of mobile peoples and some of the commodities with which their fortunes were linked, the larger history will be more richly, and truly, narrated.

The Pearl and Oil Connection: India and the Middle East

Ample evidence of British and Indian economic interests came to light during Curzon's primarily strategic exercise in the Gulf in 1903. During the viceroy's visit to Bahrain on November 26 and 27, 1903, the Hindu traders there presented him with a written petition. They had as early as 1864 opened trade relations with Qatif and "did large business there." But in 1895 one of them had been attacked, his right hand cut off, and pearls worth forty thousand rupees taken from him. Since Arab and Persian traders were now competing with the Hindu traders in Bahrain, the Hindus wanted to seek or renew other fields of operation and were "anxious to share in the growing trade of Qatif and Qatar." For this they needed the viceroy to appoint British officers or extend the protection of the British political agent in Bahrain to as yet unrepresented ports.44

The apparently obscure story of the trials and triumphs of Hindu traders in Qatif figures rather prominently in the Brit-
ish archives of that period. This was largely because prior to 1914 the Gulf had formed an uncertain frontier between the British and Ottoman Empires. Indian merchants and Arab customs agents were used by the two sides as pawns to probe for small advantages along this long, ill-defined border. The Indians and Arabs too sought special assistance from their respective imperial masters. In the 1880s Hindu merchants supplied Qatifs with rice, coffee, sugar, and cloth. Several Indians from Kutch, Veraval, and Porbandar on the Gujarat coast advanced money and came in Indian boats to purchase Qatifi dry dates. But then came the violence and the threats of further violence in 1895. In Qatar, too, Indian baniyas (traders) had until 1885 carried on a lucrative trade selling rice, cloth, coffee, sugar, and spices and buying pearls—that is, until their lives were threatened.

In 1903 the British political resident in the Persian Gulf and the consul in Basra not only took up with the administrators of Al-Hasa the question of the security of Indian traders, but also alleged overcharges of customs duties on dates being transferred from Qatif to Kutch. In 1905 the British found the export trade of Qatif to be in the hands of two local merchants, Mansur bin Juma Pasha and Ali bin Faras, to whom for the past dozen years the customs of Al-Hasa province had also been farmed out. The British claimed that the Porte, government of the Ottoman Empire, believed in “periodic bleeding of two monopolistic buyers [rather] than profits through free trade.” Anxious to get a foothold in this sector of the Ottoman-British frontier, the British officers made much of the offers made by Indian baniyas to pay the expenses for the ap-

pointment of more British officers in that region. They also tried desperately to track down the elusive Indian merchant Seth Tekchand Dwarkadass to get him to substantiate his claims of harassment and overcharging of duties at Qatif. Tekchand, who styled himself a pearl merchant and customs agent of Bahrain and Thatta (Sind), was away in Bombay and said his only proof was entries in his own account books, which he had conveniently left behind in Karachi. Tekchand eventually arrived in Bahrain in 1907 with his account books, which showed that the excess customs charge on the boiled dates he had bought from forty-nine Qatifi residents in 1903 was even greater than what had been reported before.

As part of its post-1908 reforms, the Turkish government abolished the system of farming out the duty of collecting customs in Hasa and Qatif, thereby curtailing extortion and fraud. The more level playing field was a boon for British Indian commercial interests. Seth Chotamal Tarachand, for example, who was a member of the leading Hindu firm of Bahrain, Messrs. Gangaram Tikambas and Company, went to Qatif in 1910 where he did a brisk business and was treated very well. Although Bin Saud's takeover of Qatif in 1913 led to speculation and uncertainty about trade in and around the city, Indian traders did not seem to be deterred. Even old Tekchand sought permission from the British to do business there."

At Muscat, Curzon had found in 1903 that there were no fewer than 1,300 British Indian subjects, most of whom had originally come “from the opposite shores of Sind and Kathiawar.” Muscat's trade was “not only for the most part
with India,” but it was “largely in Indian hands.” A deputation of more than thirty British Indian subjects and traders residing in Bandar ‘Abbās told Curzon that Indian merchants had “penetrated into the furthest towns of Central Persia.” The viceroy acknowledged that Bandar ‘Abbās was indeed “a very important outpost . . . of Indian trade.” In addition to underlining British political and military supremacy, Curzon’s cruise through the Gulf triggered the compilation of far better economic statistics than before of India’s trade—data that encompassed not just its trade with the smaller Gulf sheikdoms, but also its exchanges with the much larger economies of Persia and what was soon to become Iraq.

A detailed investigation of the foreign trade of three ports—Bahrain, Bandar ‘Abbās, and Būshehr—for 1905 and 1906 revealed that the United Kingdom and India had the lion’s share. They supplied 43 percent and 50 percent of Bahrain’s imports and took 63 percent and 62 percent of its exports in 1905 and 1906, respectively. They also provided 73 percent and 76 percent of the imports of Bandar ‘Abbās and acquired 82 percent and 82 percent of its exports in those years. And they supplied 65 percent and 70 percent of the imports of Būshehr and purchased 53 percent and 54 percent of its exports. For Persian trade as a whole there was stiffer competition from Russia, which commanded 47 percent of the share, compared to 13 percent for the United Kingdom and 8.5 percent for India in 1906–1907. The British and Indian figures, however, are probably underestimates because a large quantity of goods from these countries reached Persia via “Asiatic Turkey,” which was credited with the export.

In the period before World War I, British and Indian commercial interests had eyed Russian, German, and Turkish rivals with suspicion. After the war, too, the establishment of economic autonomy in Persia was seen to “impair” British influence in that country. The situation was counterbalanced, however, by the “extinction of Turkish sovereignty in all the regions of the Persian Gulf and ascendency of British influence in Iraq.” In addition, developments in the oilfields of Persia weighed in on the British side of the scale, and the danger posed by the German Drang nach Osten (drive toward the east) was deemed to be over. Given the well-established British influence in Baghdad, a railway line from there to Haifa was considered, in order to develop “the trade between the Middle East and India on the one hand and Central Europe and the Mediterranean countries on the other.” What was more, Britain and India had by the early 1920s turned the tables on Russia regarding trade with Persia. In 1913–1914 only 21 percent of Persia’s trade was with the British Empire, including India, while Russia commanded the lion’s share, 60 percent. Ten years later, in 1923–1924, it was the British Empire that had cornered 57 percent of Persia’s trade, leaving Russia with a mere 18 percent.

The mid-1920s marked the high point of Indo-Gulf trading links. The British Empire and British India supplied between 60 percent and 70 percent of the imports of Persia in the period 1925–1927, while in the same three years the United Kingdom and India consistently supplied well over 50 percent of the imports of Iraq. Muscat’s trade during these years was “almost wholly with India.” The chief imports from India
were rice, cotton goods, and coffee; the main exports were dates and dry sardines. India accounted for the bulk of imports into Kuwait and Bahrain and was also one of their most important export markets.\textsuperscript{11}

The onset of the Great Depression sundered these Indo-Gulf trading ties on both the Persian and Arab sides of the ocean. The year 1929 was “a black one in the annals of southern Persia.” Persian exports of carpets, gums, and boats dropped precipitously. So far as imports were concerned, “the piece-goods trade of Bushire, Shiráz and Isfahan passed almost wholly over to Moscow.” Indeed, “so cheap, so attractive and so fastly dyed [were] the Russian cottons” that the British products had been “rivalled in quality and defeated in price.” Moreover, the Russians obtained a temporary monopoly on the sugar trade. Trade in Bandar ‘Abbās had gone into “a steady decline,” as it had in Lingah. As for the import trade of Karman in piece-goods and sugar, 45 percent was reported to be in the hands of Hindus, 35 percent in the control of Russians, and the remainder was dealt with by Parsi and Persian traders—even though only “a few years ago Hindus held 75 percent of the trade.” In Trucial Oman, too, the pearl merchants were badly hit. One of the victims was the pearler Mohammed bin Ahmad Dalmuk, who because he had not received his money to equip his fleet had been “obliged to raise about Rs 200,000 from a Hindu merchant [obviously not a very far-sighted one!] at an interest rate of 36 percent.” In Bahrain, merchants were believed to have sold not even half of their pearl catch of the year. Most pearly in Kuwait were saddled with a catch of 1929 that remained “entirely unsold.”

The big firms in Europe had “neither sent their representatives to the Gulf nor showed any inclination to buy.”\textsuperscript{12}

The year 1930 turned out to be as bad, if not worse. But unlike the collapse in prices elsewhere in agrarian Asia, domestic prices rose in Persia, partly because like China its currency—the krān—was based on the silver rather than the more pervasive gold standard, and partly because Persian policy led traders to take losses on exports in order to get certificates for obtaining sterling (and they then tried to make up these losses by hiking the prices of import goods). The Russians, resorting to a barter system, made rapid strides in the markets of southern Persia, while the Japanese waited in the wings. The “lately success” of the Japanese in the Arab coast markets was achieved “almost entirely at the expense of British and Indian interests.” In Oman, pearl prices were 30 percent below the previous year’s level, causing much “distress” and leaving nakdās (boat captains) “unable to even pay for food supplied to their divers.” In Bahrain, pearls fetched only 30 percent of their 1929 value and there was “next to no buying.” In the midst of all this doom and gloom a “traffic in women from Malabar to Bahrain” came to light. Some were “repatriated,” others “found husbands.”\textsuperscript{13}

In the good old days of the 1920s, the big merchants or their representatives would arrive in the Gulf and buy pearls worth at least £2 million annually in Bahrain alone. There were some five hundred diving boats registered in Bahrain, and fifteen thousand of Bahrain’s inhabitants earned their livelihood by diving for pearls. Another fifteen thousand divers were engaged in the pearl industry off the coasts of Qatar and
Trucial Oman, while Kuwait employed approximately another five thousand men. The chief buyers were the continental pearl merchants Messrs. Rosenthal, Habib, and Pack, of Paris and Bombay, and Messrs. Mohammad Ali Zainal and Bienenfeld, of Paris, along with a couple of Indian and Persian merchants. They usually arrived just after the opening of the main diving season—the ghaus—and left one or two weeks after its close, their pockets bulging with pearls. The pearls would be “polished and graded in Bombay and then taken to Paris and London for sale to English and American buyers.” Zainal alone had taken £600,000 worth in pearls to Paris at the end of the 1927 season. Times had changed. The arrival at Bahrain of Victor Rosenthal and other reputed Paris dealers in September 1930 raised hopes. But when they departed having bought virtually nothing, “matters looked bad indeed.” The 1930 pearl season in Kuwait was a complete failure. By year’s end there was “the spectacle of wealthy pearl merchants, so poor that they could not pay nakhdas or divers their shares of the previous season’s catch, even though they had safes full of pearls.”

The year 1931 brought more of the same gloom to the economy of southern Persia. The prospects for British and Indian commercial interests looked “drearly.” The British political resident predicted, somewhat rashly, that Russia as a competitor had “come to stay,” that its position was “assured by treaty,” and that “being actuated by political rather than commercial motive” it could not “be opposed by the usual methods of commercial rivalry.” In Bandar ‘Abbás, all but two of the Hindu firms of long standing shuttered their operations in June 1931. Carpets from Karman were exported in high volume but at prices so low that merchants recorded inflated prices to obtain the certificates they needed to finance imports. In Oman a further fall in pearl prices meant that the “poorer classes were reduced to the brink of starvation,” while the merchants and boat captains defaulted on their obligations. In Bahrain the state of the pearl industry was even worse than the previous year. Had it not been for “a persistent demand from India for the cheaper grade of pearls,” the Bahrain economy would have ground to a halt. The “surprising demand” from India was attributed to “money not spent on better class textiles owing to boycott [during the civil disobedience movement] being expended on pearls.” Proceeds from gold sales after the devaluation of September 1931 may also have been partially channeled into investment in pearls. It was estimated that two-thirds of the pearl capital in Bahrain had “disappeared into the sea” over the previous three years. Qatif and Qatar were “ruined.” In Kuwait pearl merchants refused to advance pay to the families of divers and haulers, provoking their refusal to go out to sea. Eventually, the sheikh coaxed and cajoled the merchants to offer something to the families and ordered the ring-leaders of recalcitrant divers “to be flogged and cast into prison.”

In the clouds of “widespread economic depression,” silver linings appeared in 1932 in the form of a new civil air route and the growth of oil interests. In addition to being the civilian route to India, the airline and airfield infrastructure was, as the political resident noted, also “a strategical one.” But the sea lanes were still important for commerce and war alike. The
Japanese deployed the usual methods of commercial rivalry to outdo both the British and the Russians. The cotton piece-goods market of southern Persia was “flooded with cheap Japanese goods of a design suitable to Persian tastes.” The Russians, who had a couple of years earlier driven both Lancashire and Indian goods from the market, now met their nemesis in the Japanese, with whom they could not compete in price. The Japanese business was conducted “primarily through buying agents in Bombay where goods were transshipped to British Indian Steam Navigation Company’s boats.” The usual terms were 20 percent payment at the time of the order and the balance upon shipment of the goods. The Japanese allowed no credit, but offered attractive discounts between 10 percent and 40 percent. Faced with the Japanese onslaught, the venerable firm of Messrs. Zieglers had been unable to recover the cost of importing “one of their oldest and most stable lines, a white shirting made especially for them.” In Bandar ‘Abbās, one of the two Hindu firms that had survived until 1931 closed down and the remaining one planned to shut its doors after realizing irrecoverable losses. The import of tea, which was “almost entirely Indian,” had “fallen considerably.” With luxury goods having disappeared, observers toward the end of the year reported the “deadness” of the Shīrāz bazaar; even “casual visitors were struck by the emptiness of them and the forlorn look of the neglected shops.”

The situation on the Arab side of the Gulf was, if anything, even bleaker. The depression had “ruined” many local merchants and petty traders in Muscat. “Suffering and acute want among the lower classes,” it was reported from Kuwait, “was a new and pathetic feature, and showed itself in the form of gangs of beggars who ... roam[ed] the town”—this despite “a fair demand for second and third class pearls in India as well as pearls of large and perfect quality.” In Bahrain, where Japanese goods were beginning to make a spectacular entry, 31 percent of the imports were transacted by Hindu firms and another 7 percent by other Indian firms, a total of 38 percent for purely Indian firms. The bulk of the remaining trade either emanated from or was imported through Calcutta or Bombay. Although the pearl trade as a whole had declined, the British political agent corrected a misconception aired in a publication by the government of India that the trade had gravitated toward Europe and Indian interests had waned. In fact, the largest purchaser in 1932 was a Marwari named Gandmall Gashimal, who had bought twenty lakhs’ (two million rupees) worth of pearls. The only purchaser that year who sent any pearls to Europe was Sol Pack, who had bought a paltry amount. The “entire remainder of the season’s catch,” it was reported, would “gravitate to Bombay in the normal way, where they will be drilled, polished, prepared and sold to the pearl buyers of Europe.” Drilling of pearls was “an Indian monopoly except for one Parisian firm, Messrs. Bienienfeld.”

During 1932 there also was a rare instance of divers’ resistance, put down by a small contingent of “Indian sepoys.” Even in the best of times, the divers’ lot had been unenviable. They typically received advances or loans known as salaf. They typically received advances or loans known as salaf. They typically received advances or loans known as salaf.
who made the biggest profits. Hardly any of the divers operating within the salafieh system earned more than was necessary for bare subsistence. Often the better the diver, the greater was his debt because he was loaned more money “to put him into debt and bind him permanently to his Nakhuda.” Some of the worst horrors to which the divers were subjected had been mitigated somewhat by a set of reforms enacted in 1924, but their condition continued to be bad enough.

On May 25, 1932, a divers’ agitation in Bahrain for better salaf triggered a conflict. When some of the leaders of the movement were arrested, their followers stormed the police station at Manama and freed them. A confrontation ensued between some 3,500 divers armed with clubs and sticks, a company of Indian sepoys (soldiers for hire), and some local policemen equipped with guns and live ammunition. The British political agent suggested to the political adviser, Charles Belgrave, that the sepoys should rush the right flank of the crowd and take some prisoners. Belgrave “unfortunately knew no Hindustani” and could only communicate with the sepoys through one or two noncommissioned officers who knew Arabic. “This disability,” the agent commented, “also made itself felt later.” In the confusion there were bursts of fire, probably from the local policemen. The rioters eventually yielded “after some determined scrimmaging” by the sepoys, and “a number of men fled into the sea.” A “running fight now continued along the sea road” and “the rioters were gradually forced into the sea, except a few who were captured.” Although the divers “strewed the sea for a mile,” some had found “three jolly boats” and set sail in them for Muharraq. Two launches and the agency motorboat set out in hot pursuit.

At Muharraq, Belgrave’s men captured some of the rioters but “the majority disappeared into the town by the shortest possible route and the assembled crowds gave [the pursuers] no assistance.” It was then found, according to the resident, that “at some stage or another not known two divers were killed and another was found wounded in the chest.” Some three or four more wounded were discovered later and there were “doubtless others who prefer[red] not to disclose themselves for fear of punishment.” A German journalist reported, however, that five dead men and six hopelessly wounded men were brought out of the water. He also counted over thirty wounded returned to Manama, with three dead and many other wounded taken to Muharraq.

That night, another incident with the divers was to polarize Arab royalty in support of the British and “business as usual.” While returning from Manama, Sheikh Abdullah, brother of the ruler Sheikh Hamad, had encountered two boatloads of divers and ordered them to stop. Instead, “they jeered at him and lifting up their clothes shook their membra virile at him,” which apparently was “the highest insult” and set Abdullah “seething with rage.” The “jolly boats” were traveling at high speed because of the wind and were past him in a minute. The next morning, congratulatory letters arrived from Sheikh Hamad for Belgrave. Orders were also issued that a house used for divers’ meetings “be burnt to the ground” and that divers refusing to accept salaf be hauled before the government. The agent was “surprised at this energetic action” on the ruler’s part. It appeared that “what really roused him was the insult offered to his brother.” His attendant told Belgrave that had anyone done such a thing to him “he would have cut
him down with his sword, no matter who it was or where it was.” The agent thought it “odd that so curious an incident should be required to fire his resolution.” Thus not only did Indian financiers provide solid backing to merchants and boat captains during the profit-making decades of the pearl economy, but also Indian “sepoys” were deployed at its moment of crisis to snuff out an unusual protest by the hapless pearl divers.

During the years 1933 to 1935 the economy of the Gulf continued to be depressed. There were no more than marginal improvements in the value of exports and prices, and ordinary people continued to be distressingly poor. In early 1935 a comprehensive report by F. H. Gamble, *Economic Conditions in the Gulf*, was published by the Department of Overseas Trade in London and received a fair amount of British media attention. According to the report, in Iran trade had been hampered “by restrictions, notably the quota system and the obligation for importers to obtain export certificates before they could procure import certificates.” On both sides of the Gulf “money had been scarce,” the primary cause on the Arab side being the collapse in the pearl trade. Japan had carried out a “successful economic penetration” of Gulf markets at the expense of British commerce. The main Japanese commodities were piece-goods, chinaware, glassware, and haberdashery. In addition, Japan had competed with cement and matches and “even undercut Indian rice in Bahrain and Kuwait.” Russian trade, too, had receded in the face of the Japanese advance, especially once Iran had objected to Russia’s trading methods and charged them with dumping. Japanese competition

had “affected both the United Kingdom and India severely in the piece-goods market,” with “both countries losing ground heavily.” The magnitude of this phenomenon can be seen in Bahrain trade reports for this period.

The straitened economic circumstances of the depression decade stoked anti-Indian sentiment in many parts of the Middle East. Although there were no anti-Indian uprisings on the scale of what happened in Burma, resentment against intermediary Indian capitalists ran deep. In 1935 Aden was taken out of the jurisdiction of India’s government, much to the chagrin of the over seven thousand Indians living there. And at the triumphant moment of the Mesopotamian campaign in March 1917, it had been decided “to exclude Indians from employment in the local administration” and to put on hold the question of wider Indian immigration. The government of India responded in April 1917 that “any restriction of free Indian immigration for trade and other purposes into Iraq would cause bitter and legitimate resentment” and urged that if it had to occur, some “definite field” for Indian expansion be provided elsewhere, preferably East Africa. In the end, Indian immigration into Iraq was permitted due to the Iraqi need for labor in the postwar period.

Indian labor played a part in the rebuilding of Iraq until the onset of the depression. In 1936 Indians were “being driven out of Iran and Iraq” and were “keen to try their luck in Kuwait.” The pressure to leave had not come up before because it was “only recently that exclusion of Indians” had become “a serious part of the policy of Iran and Iraq.” But they were not welcomed by Kuwaitis, either. Indeed, Kuwait’s ruler
wished to “keep out prosperous Indians desirous of setting up as merchants” because he was afraid that “much of the profit that the Indians would make they would remit home.” Urged by an Indian friend in Iraq, the poet Rabindranath Tagore, who had made a very successful visit to Iran and Iraq in 1932, made a futile plea to make the Iraqis change their exclusionary policies.

It was only in the late 1930s that a rising oil economy began to offset the effects of the collapse in the commodities trade and the tightening of credit flows by creating a new sort of market for South Asian products, skills, and labor. The oil factor made the fundamental difference in the stories of interregional linkages between South and Southeast Asia, and South Asia and the Middle East, in both the eastern and western zones of the Indian Ocean. As early as 1935, Gamble had reported that “the loss of prosperity occasioned by the decline in the Bahrain pearl industry” had to some extent been alleviated by the high-wage employment given to many residents. The Bahrain Petroleum Company, a subsidiary of the Standard Oil Company of California, had made its first shipment of 25,000 barrels in June 1934. That same year, the sheikh of Kuwait signed an oil concession with an Anglo-American conglomerate. On the eve of World War II, Alan Villiers found Al-Kuwait “to be composed of some eight thousand houses and ... perhaps 70,000 or 80,000 people. Its roads were unmade (except for a brief mile or so running to the Sheikh’s town palace, at the eastern end): its narrow streets a windy, sanded maze, threading in and out among the low-walled houses and the roofed bazaars.” But, he noted, “half the sheikh-

Flows of Capitalists, Laborers, and Commodities

On November 16, 1939, the political agent of Kuwait wrote that the town and its hinterland had “been at a subsistence level since time immemorial” but was now going through the throes of “a fundamental change.” He continued: “As this port has always looked to India as its natural market both for buying and selling, it follows that now its importance to India is greater than ever before and is likely to become still more so.”

Responding to a statement by the Indian government that Indian interests in the Persian Gulf had declined and were still waning, the political resident maintained in 1938 that it was true for the Persian side but not for the Arabian side. In addition to the importance to India of the new air route and oil, he pointed to “an increasing market for Indian products and a small but potentially increasing field of employment for Indians.” Developments in the oilfields of Bahrain, Hasa, Kuwait, and Qatar suggested the likelihood of “important new markets” in the next two to three years, “possibly supplemented later by ‘oil-begotten’ markets on the Trucial Coast and in Muscat.” He foresaw a “fair amount of scope in the oilfields for Indians with some mechanical training.” On April 21, 1938, he also shot off an enthusiastic letter to the master of Corpus Christi College, his alma mater, seeking help to “get first class Cambridge men into this American oil company.”

By September 1939 it was believed that “a very substantial expansion in employment and trade, particularly in Bahrain and Kuwait, had taken place.” Once all the facts and figures had been collected from the political adviser, Bahrain Petroleum Company (Bapco), PCL, Eastern Bank, Gray MacKen-
zie, Mission, Imperial Airways, and Cable and Wireless Ltd., the value of the Arab side of the Gulf to India was found to be "startling." From employment of various sorts in this Arabian part of the Gulf, except through sources related to the government of India, Indian nationals earned roughly 1.35 million rupees a year. (This included 200,000 rupees in wages for Indians of the oil company in Hasa, which fell "very much within the Bahrain orbit.") Indian merchants in Bahrain proper earned 1.0 to 1.2 million rupees annually, and Indian nationals living in or on the border of Bahrain earned roughly 2.5 million rupees a year.

These figures did not include in any way profits made in India on exports to the area. Exports to Bahrain alone from India had risen from 4.2 million rupees in 1933–1934 to 6.4 million rupees in 1938–1939. (The figure reached 7 million rupees in 1937–1938, but this spike was due in part to a rather favorable flow of precious metals.) These figures did not take into account the value of exports to the Trucial Coast or the goods reexported from Dubai and other Trucial Coast ports from India to Iran.

The estimates of earnings for Bahrain seemed to be substantiated by the volume of remittances to India through the bank and the post office. From January 1938 to September 1939, the Eastern Bank had remitted to India just over 10 million rupees, and money orders issued by the post office to India averaged well over 400,000 rupees a year. The number of British Indians registered with the political agency in Bahrain increased from 450 in 1930 to 1,550 in 1938. The number was likely to increase. Oil prospects in Qatar looked promising,

while there were bound to be new oil developments along the Trucial Coast at war's end. These developments translated into increased opportunities for the employment of Indians. Soon after independence and partition, 219 shops in Manama bazaars were owned by South Asians, of whom 119 were Pakistani and 96 Indian.

The economic ruptures caused by the depression between South and Southeast Asia, as we shall see, took decades to repair fully. Indo-Gulf links of commerce and commodities suffered in the first half of the depression decade until the black gold began to forge new kinds of connections. On the placid waters of the Gulf, the era of the depression came to an end with at least a tiny wave of prosperity visible in the distance.

The Cloves Connection: India and East Africa

Growing up on the Gujarati coast, Nanji Kalidas Mehta had "heard the call of the sea" since his early childhood. When he was fourteen years old his family decided to send him to Madagascar with an older cousin. In late December 1900, Mehta boarded a dhow (a country craft) in Bombay. A journey by steamship from Bombay to Zanzibar would have cost thirty-five rupees and the Zanzibar-Majunga sector another eighty.

The fare on the dhow Phool-bhabhi ("Sister-in-law Flower"), with its heavy sails and hundred-ton capacity, was a mere ten rupees for the entire journey from Bombay to Majunga via Zanzibar. Both Phool-bhabhi and its captain, Megha, came from Kutch. Megha determined the ship's position at night by gazing at the stars, even though he used the mariners' com-
pass during the day. He also calculated distance on a slate by observing the reflected rays of the sun at noon with the help of large glasses. In twenty-six days Phool-bhabhi crossed 2,400 miles, making landfall at Mombasa on January 17, 2001. Mehta marveled at the sight: the “crystal-clear blue waters of Kilindini harbour touched the fringe of the rocky shore,” behind which “rose the jade green foliage of cocopalms and mango groves.” Mombasa at the turn of the century had a population of about 1,600 Indian traders—four hundred Hindus and 1,200 Muslims of the Bohra, Khoja, and Memon communities. The presence of Arabs, Syrians, Goans, and Europeans “lent an international colour to the cosmopolitan city.” The harbor, the railway line from Mombasa to Kampala, and the government offices were being built by Indian indentured laborers. “Indian laws, Indian currency and Indian postal stamps were in use,” Mehta writes in his memoirs, “and Mombasa almost looked like the counterpart of a big and flourishing Indian city.”

After a fortnight in Mombasa and having replenished its provisions, the dhow set sail once more. With a favorable tailwind, the boat covered the 120 miles to Zanzibar in a day. Zanzibar and Pemba together stretched 720 square miles and Mehta recounted that “these clusters of islands grew cloves which [were] supplied to the whole world.” There was a time when ships used to come straight from Mandavi, the oldest port of Kutch, to collect ivory and spices for the Indian market. “It is said,” Mehta writes, “that a hundred years before my visit, Zanzibar was a great centre of slave trade.” Now the Bhatia merchants from Kutch dominated the Zanzibar market and “flags of eighty-four nations fluttered on ships in its world famous harbour.” Sheth Ibi Shivji had collected the customs revenues for the Sultan until 1885 and another prosperous Indian merchant, Sheth Jetha Ladha Odadarwala, traded there. Some seven thousand Indians lived in Zanzibar at that time and the island was linked to India by a fortnightly steamer service. Mehta described Zanzibar as “one of the most beautiful islands in the world”—“a huge emerald set in a vast blue ring of the sea.”

Exemplifying the Indian penchant for circular migration, this was just the first of forty-five trips that Mehta would make between India and East Africa. On this first occasion, he left Zanzibar after twelve days, made a hazardous journey to Majunga where he learned the techniques of trade, and then returned to India. But he was soon back a second time accompanying some Bhatia traders from Karachi to Lamu and Mombasa, and worked for a while at the shop of Keshavji Anandji in Zanzibar. Mehta’s ambition was to go to South Africa. But having failed to get a permit, he decided to move toward Kenya and Uganda, where he rose to become one of the leading Indian merchants and industrialists of East Africa.* Mehta was following the path pioneered by the Khoja merchant Allidina Visram, who had migrated from Kutch in 1863 as a twelve-year-old. In 1906, approximately the time Mehta arrived to trade in East Africa, an Indian association was established in Nairobi with Visram as president.

Merchants had certainly preceded laborers on the journey from India to Africa. Between 1895 and 1914 nearly 39,000 indentured laborers were taken from India to Kenya and
Uganda along with more than ten thousand voluntary migrants. By the 1930s there were over a hundred thousand Indians in East Africa. Since only about a fifth of indentured laborers stayed on in East Africa after their contracts expired, a considerable proportion of this number was made up of Indian traders, professionals, and service groups. By the twentieth century many families in East Africa could trace their origins to both precolonial and colonial roots. One family, for instance, was descended on the one side from a saffron trader of the Kashmir valley who sailed in dhows from Bombay to the Middle East and East Africa with his parcels of saffron and brought back cloves from Zanzibar. On one of his voyages he decided to settle down in Zanzibar. He made one more trip back to India to marry a Kashmiri woman and bring her home to East Africa. On the other side of this family tree were two brothers whose father had left the vale of Kashmir for Punjab to escape the oppression of the Dogra maharaja and who had themselves migrated from Punjab as part of the colonial stream of the late-nineteenth and early twentieth centuries. Shams-ud-Deen initially joined the railway service in Kenya before making a mark in Kenyan politics, while Qamar-ud-Deen signed up for the police force in Zanzibar.52

Between 1820 and 1870, Gujarati merchants from the west coast of India had made their fortunes in Zanzibar through mostly dubious means. They were, for example, the chief financiers of the extensive slaving operations of the Imam of Muscat. By the mid-nineteenth century, however, they had turned to more legitimate forms of trade as well. In 1860 Lt. Col. C. P. Rigby found between five and six thousand Indian residents in the Zanzibar territories and the number was “annually increasing.” They included Hindu Bhatias from Kutch and Jamnagar as well as Muslim Khojas and Bohras from Kutch, Surat, and Bombay. They were “gradually acquiring all the wealth and property of the island.” The Banians [Bhatias] never bring their families or females from India,” Rigby wrote, “and always look forward to a return to their own country after having acquired a competence, but the Khojas and Bohras bring their wives and children, and become permanent settlers.” In 1873 Bartle Frere, a former governor of Bombay, was sent out to Zanzibar to finally stamp out the trade in slaves. But the 1873 antislavery mission must not lead us into any naive assumptions about British altruism. Frere had intricate financial ties with the shipping magnate William Mackinnon, one of the prime movers behind the British colonial empire in East Africa, whose British India Steam Navigation Company had received lucrative official favors in the 1860s, while Frere was governor of Bombay. Frere reported calculations by John Kirk, the British consul in Zanzibar, that Indian capital invested in Zanzibar alone amounted to £1,600,000. A single Indian firm based in Zanzibar had £434,000 invested in East Africa, of which about £60,000 had been advanced in a variety of ways to the sultan of Zanzibar and his family. Frere summed up what he saw in 1873:

In a word, throughout the Zanzibar coastline with numerous large and fertile islands, all banking and mercantile business passes through Indian hands. Hardly a loan can be negotiated, a mortgage effected or a bill
cashed without Indian agency; not an import cargo can be distributed nor an export cargo collected of which almost every bale does not go through Indian hands. The Europeans, Americans, Arabs or Swahilis may trade and profit but only as an occasional link in the chain between producer and consumer of which the Indian trader is the one invariable and most important link of all.55

While Frere could not “acquit any portion of the Indian community of indirect connection with the slave trade,” he found “the more respectable Indian houses in Zanzibar” keen to see an end to it. They realized that its continuation hampered all other trade and postponed “the full development of the unrivalled commercial capabilities of the coast.”56

As the slave trade died out in the last decades of the nineteenth century, cloves emerged as the most valuable item of international trade in Zanzibar. Along with nutmeg and mace, cloves had long been part of the romance of the European spice trade with Southeast Asia. First introduced in Zanzibar in 1818, cloves were “planted in picturesque bands streaking the red arillaceous hills and growing into a fairly tall, bushy and thick-foliaged tree, somewhat resembling a laurel.”57 Cloves were locally used as a condiment and medicine. Poor women wore them as ornaments in the form of necklaces and earrings. But the profits came from exports to the world market. By the close of the nineteenth century, Zanzibar and Pemba supplied 90 percent of the world demand for cloves. Indian merchants almost entirely financed its production. Clove stems were utilized in Europe as a mordant for dyeing silks. Low-grade cloves were required in the industrial markets of Europe and America, where they went into the manufacture of vanillin. Medium-quality cloves were exported to the Dutch East Indies, where they were consumed in cigarettes. The spice markets of India, meanwhile, demanded cloves of the very highest quality from Zanzibar.

From 1895 to 1929 the world prices of cloves were generally on a healthy upward trend. Indians, who dominated an interlinked product and credit market, made handsome profits, as they did farther south in colonial Mozambique, where they controlled the cashew economy. When Winston Churchill visited East Africa as undersecretary of state for the colonies in 1907–1908, he paid a rare tribute to Indians in this region:

It was a Sikh soldier who bore an honourable part in the conquest and pacification of these East African countries. It is the Indian trader who, penetrating and maintaining himself in all sorts of places to which no White man would go or in which no White man who would earn a living, has more than anyone else developed the early beginnings of trade and opened up the first slender means of communication. It was by Indian labour that the one vital railway on which everything else depends was constructed. It is the Indian banker who supplies perhaps the largest part of the capital yet available to business and enterprise and to whom the White settlers have not hesitated to recur for financial aid. The Indian was here long before the first British official.58
It was one thing to win accolades for their subimperial role from their colonial masters and be tolerated by African colonial subjects while times were good, but quite another to withstand discrimination from above and resistance from below when times were bad. As elsewhere in the Indian Ocean arena, the onset of the Great Depression spelled trouble for Indian intermediary capitalists.

When K. P. S. Menon, a civil servant from colonial India, visited Zanzibar in 1934, he found the “Indian community in a state of panic.”9 Clove prices had collapsed: from 15.08 rupees per frasila (about thirty-five pounds) in 1929–1930 to 6.18 rupees per frasila in 1933–1934 in Zanzibar, and 14.36 to 5.66 rupees over the same period in Pemba. In the name of coming to the aid of distressed primary producers, the Zanzibar protectorate had issued a battery of decrees on the subject of agricultural credit and marketing.9 Menon’s criticisms of these measures and the protectorate’s rebuttal provide fascinating insights into the strains imposed by faltering interregional links between India and East Africa. The laws had put severe restrictions on the alienation of land from Swahilis and Arabs to Indians. Menon complained that the legislation imported “the racial virus into this island.” He would not have objected so strenuously if the law had restricted the sale of land from agriculturists to nonagriculturists, as it had been the case in the Punjab since the turn of the century. Some Indians, Menon claimed, were settled agriculturists. He had even met one of them in Pemba, “an octogenarian” who told him that “the last occasion on which he was in India was when he underwent the ceremony of circumcision.”9 The Zanzibar authorities countered saying that “the Protectorate’s problem” was “essentially a racial one” and that the laws were “necessitated by the ‘racial characteristics of the Arabs and Africans’ who needed to be ‘protected against themselves.’” Surely the colonial government had to guard against the “prospect of an urban Indian oligarchy monopolizing the plantations and managing them through a dependent, indebted and spiritless tenantry of Arabs and Swahilis.” Just in case the colonial discourse on race failed to clinch the argument, clove estates were described as analogous to gardens or orchards, making any Indian precedents on alienation of agricultural land irrelevant to the issue at hand.9

Menon conceded the existence of indebtedness, which was in desperate need of a solution. But he claimed that Indians had “not shown any inclination to dispossess the Arabs or the natives of the land.” This was undoubtedly true in decades of good prices, during which the Indians were satisfied with the interest on the debt and the product. Menon was able to produce figures from 1922 to buttress his claim. These showed that Indians formed only 1.72 percent of the total plantation owners and possessed a mere 4 percent of the plantations and 5.08 percent of the trees.9 The Zanzibar government was armed with more up-to-date statistics, however, and presented convincing recent evidence of massive alienation of clove and coconut plantations from Swahilis and Arabs to Indians. In Zanzibar 1.9 million rupees’ worth of property was shown to have passed into Indian hands between
1936 and 1933. During the same period, Indians had made a net gain of a quarter of a million clove trees and 35,000 coconut trees in Pemba, which suggested an increase of Indian ownership from the 5 percent claimed by Menon to 17.5 percent in eight years."

While the Zanzibar government had the more recent facts and figures, Menon was on target in criticizing that government's attempt to create a European monopoly in the marketing of cloves by squeezing out "middlemen." The Clove Growers' Association established by one of the decrees was a complete misnomer; it did not have any clove growers as members. It was composed of three officials, a banker, and one C. A. Bartlett, "formerly a partner of Messrs. Grazebrook-Bartlett & Co., which used to compete, not too successfully, with Indian exporters in the clove trade." The Zanzibar government's lame defense of Bartlett's experience notwithstanding, Menon was probably not exaggerating when he charged the Clove Growers' Association as striking "Indian traders as a Leviathan, brushing them aside, casting them adrift and trampling upon that freedom of trade which they had enjoyed for generations." The tussle between the Zanzibar government and the Indian traders dragged on through the depression decade. On June 11, 1937, the Indian Opinion, a Natal paper founded by Gandhi, expressed solidarity with the Indians in Zanzibar: "We [the South African Indians] are not the only ones faced with the danger of being driven out of the Union or having to accept the status of helots ... the colonial officer ... is quite obviously intent upon making Zanzibar a white man's country. Indians in South Africa offer whole-hearted sympathy to their distressed brethren in Zanzibar and their moral support in their struggle for justice."

South Asian migrants in various occupations became the targets of conflicts sparked by economic and ethnic grievances during the 1930s. During the Afro-Shirazi riots of 1936, triggered by a dispute over the grading of copra, Qamar-ud-Deen, the Kashmiri police officer in Zanzibar, was following the European Chief Inspector in an attempt to quell the disturbances. He "saw a man pull out a dagger to stab the European and stepped out to stop him—and was killed in his stead." This individual tragedy contributed to the broader pattern of circular migration in the western Indian ocean. Qamar-ud-Deen's widow left Africa with their children to return to Bombay and after the partition of the subcontinent moved to Lahore in Pakistan."

Despite their difficulties in Zanzibar and elsewhere in East Africa, Indians were on the whole able to eventually ride out the crisis of the depression. This was partly because Indians had by then expanded their zone of operations from Zanzibar to Mozambique in the south and to Mombasa and Kampala in the north. The Indian "dukawalla" had penetrated deep into the continent and was the mainstay of the retail trade in consumer goods, whether of European, Indian, or Japanese origin. But the economic crisis of the 1930s had brought grim forebodings of the possibility of sharp conflicts along racial lines. This prejudice was to become a characteristic feature of the more bigoted forms of postcolonial nationalisms in Africa,
reaching its climax in Idi Amin’s expulsion of Asians from Uganda in 1972.

The Rice and Rubber Connection: India and Southeast Asia

In May 1916, on the first stop of his voyage to the United States, Rabindranath Tagore observed a distinctly Indian character in the Burmese capital:

The streets are straight, wide and clean, the houses spick and span; Madrasis, Punjabis and Gujaratis are wandering about in the streets and on the river banks. In the midst of all this if somewhere suddenly one spots Burmese men or women dressed in colorful silk, one imagines that they are the foreigners... the city of Rangoon is not a city of Burma, it appears to stand in opposition to the entire country.

The Bengali poet had set off on this long voyage from Calcutta on May 3, 1916, aboard the Japanese ship Tosamaru. Being primarily a cargo vessel, it had just a few cabins for passengers. But there were plenty of deck passengers, mostly “Madrasis.” These Tamils of south India, both Hindu and Muslim, moved in large numbers to Southeast Asia in the late nineteenth and early twentieth centuries as traders and laborers. Traveling on this route, Tagore encountered a mighty storm in the Bay of Bengal that left no dividing line between the clouds and the waves. Someone seemed to have opened the blue lid of the ocean and countless demons had emerged from below wrapped in grey coils of smoke, as in the Arabian nights, and were shooting up to the sky. After four days at sea the appearance of birds in the sky signaled that land was near. If the ocean was the domain of dance, its shores heralded a realm of music. As the ship moved up the Irrawaddy toward Rangoon, Tagore observed the row of kerosene-oil factories with tall chimneys along its banks, commenting that it looked as if Burma was lying on its back and smoking a cigar. Closer to the city, the long line of jetties seemed to him to be clinging to the body of Burma like so many hideous, giant, iron leeches. Other than the Shwedagon temple, Tagore did not find anything in the city that was distinctively Burmese. He lamented the cruelty of the goddess of commerce. “This city has not grown like a tree from the soil of the country,” he wrote. “I have seen Rangoon, but it is mere visual acquaintance, there is no recognition of Burma in this seeing.”

The wealthiest of the “Madrasis” whom Tagore would have seen on the streets of Rangoon were the Nattukottai Chettiaris, also known as Nakaratattars, of the Ramnad district and the Pudukottai princely state of Tamil Nadu. “Displaced from the credit markets of Madras,” writes David Rudner, “and displaced from British investment and exchange markets throughout greater British India, the Nakaratattars found a new niche in servicing the credit needs of the indigenous Southeast Asians and migrant Indians who fought with each other and with the British in a race to produce agrarian commodities for the European export market.” Having made their initial overseas foray by following the British imperial flag into Ceylon and...
the Straits Settlements in the 1820s and 1830s, they carved out their largest zone of operations in Burma following the colonial conquest of Lower Burma in 1852. The opening of the Suez Canal in 1869 dramatically expanded the European rice market and provided a major incentive to further colonize the rice frontier of the Irrawaddy delta from the 1870s onward. The area under rice cultivation in Lower Burma increased from 600,000 acres in 1852 and just over 1,100,000 acres in 1872 to more than eight million acres by the 1930s. The Nattukottai Chettiar of south India led the financing of this economic transformation. “Without their support,” the Burma Provincial Banking Enquiry Committee reported in 1929–1930, “the internal and external trade of the country would break down and the rice crop could not even be produced.”

In the 1890s the Nattukottai Chettiar community numbered about ten thousand, and by the early 1920s it had grown to about forty thousand. Besides a couple of hundred Chettiars who had bought into landed estates in Madras by the close of the nineteenth century, most members of this community were engaged in trade and finance either on their own or as agents of their caste patrons. Circular migration from south India to Southeast Asia was very much the pattern, with young Chettiar apprentices typically sent out across the Bay of Bengal for three-year terms. Kinship networks and marriage alliances were integral to their capitalist enterprise, even as they taught the intricacies of double-entry bookkeeping to their children from the age of eight. Religion, too, was as important as local origin and caste in cementing the sodalities that characterized their business organization. Even the name

Nakarattars referred to the structuring of the community into nine nakarams (towns) with a kovil (temple) presiding over each. “A Chettiar temple is always established,” the Burma Provincial Banking Enquiry Committee noted, “wherever a few Chettiars are doing business.” In Rangoon the temple was managed by representatives of the four oldest Chettiar firms. It was located in a building on Mogul Street between Dalhousie Street and Merchant Street. The temple and the six rooms below it constituted “the real Chettiar Exchange; that is to say the place where gossip is exchanged every morning before the main business of the day begins, and a general body of opinion as to the financial situation and appropriate measures is developed.”

In the 1920s there were some 1,650 Chettiar banking firms in Burma: 1,443 in Lower Burma (including 360 in Rangoon), 195 in Upper Burma, and 12 in the Shan states. In 1896 the total assets of the Chettiars had been estimated at 100 million rupees, which had increased eightfold by 1929. The capital they deployed all across the eastern Indian Ocean rim was considerably larger. In Burma alone this was estimated to be around 750 million rupees, of which 535 million constituted their own capital, 115 million were received as deposits from Chettiars, and 100 million were borrowed from non-Chettiar sources. In Upper Burma, 10 million rupees went into the agricultural sector and 30 million into trade. In Lower Burma, agriculture attracted the much larger share—450 to 500 million rupees, compared to 210 to 260 million rupees for trade. While Burma was the most important field of their operations, the Chettiars were also thought to have working capital of 250
million rupees circulating in the Federated Malay States and the Straits Settlements, 140 million rupees in Ceylon, 50 million rupees in Cochin-China, and 10 million rupees in Madras, amounting to a grand total of 1.2 billion rupees.86

In the Malay zone the Chettiaris began their operation in the 1820s by selling cotton piece-goods from the Coromandel coast. But the real breakthrough for Tamil capital in the Straits came with a waft of fragrant smoke and some notoriety, albeit not as sordid as the Gujarati involvement in the slave trade of East Africa. In the middle decades of the nineteenth century, the Chettiaris worked hand in glove with branches of various European exchange banks to finance the opium trade from India.

By the turn of the twentieth century, however, the financial opportunities came from the rapid expansion of rubber plantations and tin mines to meet the rising demand from the industrial West. The acreage under rubber increased tenfold from a mere five thousand acres in 1900 to over half a million acres within a decade and had crossed the three-million-acre mark by the 1930s. The Nattukottai Chettiaris made large loans secured by mortgages on rubber plantations during the first three decades of the twentieth century.77

Capitalists formed just one strand of the movement of Indians across the eastern Indian Ocean in the late nineteenth and early twentieth centuries. According to demographer Kingsley Davis's calculation, some 2,600,000 Indians participated in circular migration to Burma between 1852 and 1937.84 More than 60 percent of those who emigrated from India to Burma in the late nineteenth century were from Madras, and over 25 percent were from Bengal. A very large number in the post-1870 period were low-caste Tamil and Telegu laborers, which altered the religious composition of the immigrant population. In 1872 there had been roughly the same number of Hindus and Muslims, but by 1901 Hindus formed 67 percent and Muslims 31 percent of the Indian population in the Burma delta. The migrant laborers tended to stay in Burma from one to four years. Most resided in urban areas, especially the capital city of Rangoon, even though the proportion of agricultural to industrial workers increased over time. Yet within the urban population the ratio continued to tilt in favor of Indians compared to the Burmese. In Rangoon, Indians made up just over a quarter of the population in 1872, but more than half by 1901. The number of Indians in Lower Burma was found to be 297,000 at the time of the census of 1901 and rose to 583,000 in 1931. Most were laborers in the docks or the rice mills.77 In Malaya, Kernal Singh Sandhu estimates the total figure of Indian labor immigration between 1844 and 1941 to have been 2,700,000, of which 1,900,000 fell in the regulated and 800,000 in the unregulated category. The average number of Indian laborers annually going to Malaya rose from 15,000 in the 1890s to about 90,000 in the 1920s. A smaller, but significant, increase took place in the number of nonlabor migrants (from some 6,000 per year in the 1890s to 16,000 annually in the 1920s). The ratio of male migrants to female ones was approximately 9:1.88 Among the nonlaborers were capitalists, professionals, and service providers.

The interdependence that was forged between India and Southeast Asia was finely balanced, and with the onset of the depression “the structure of interdependence quickly fell apart.”89
Migrant Indians, Chinese, and Javanese had formed at least 10 percent of the working population in the eastern Indian Ocean during the first three decades of the twentieth century. The world depression either reversed or arrested these demographic flows. In 1929, as many as 346,000 Indians had entered Burma while 294,000 had left; in 1930 a smaller number of 301,000 arrived and a larger number of 314,000 departed. In 1931 the number of Indian emigrants exceeded the number of immigrants by 22,000. Although positive figures of net immigration were recorded once more from 1932 to 1938, the economics and politics of the depression era had made the condition of Indians in Burma tenuous. The patterns of migration to Malaya tell a similar story. In the 138 years from 1790 to 1927, the number of Indian departures exceeded arrivals in only two years—1914 and 1921. From 1928 to 1938 there was a net emigration, the gap being especially large in the early years of the depression. In 1930, 1931, and 1932 the numbers of Indians leaving exceeded those arriving by 66,079, 69,661, and 57,533, respectively.

As elsewhere in the Indian Ocean arena, the depression caused a catastrophic collapse in the prices of agricultural commodity exports and a dramatic shrinkage in the availability of credit. With the free fall in rice and rubber prices in Burma and Malaya, Indian financiers and moneylenders were unable to recover their debts. “Without the assistance of the Chettiar banking system,” Harcourt Butler, the governor of Burma, had claimed in December 1927, “Burma would never have achieved the wonderful advance of the last 25 to 30 years.” By 1929–1930, however, the perspective of a Karen witness deposing before the Burma Provincial Banking Enquiry Committee was very different:

Chettiar banks are fiery dragons that parch every land that has the misfortune of coming under their wicked creeping . . . They are a hard-hearted lot that will wring out every drop of blood from the victims without compunction for the sake of their own interest . . . the swindling, cheating, deception and oppression of the Chettis in the country, particularly among the ignorant folk, are well-known and these are, to a large extent, responsible for the present impoverishment in the land.

Thuriya, a Burmese newspaper, reported on February 19, 1930, that Chettis were buying up agricultural land from peasant debtors and having the land cultivated by tenants with no rights to it. The Nattukottai Chettis’ Association denied the charge in a letter to the newspaper on March 7, 1930, claiming that its members “had no desire to own paddy-land.” The group pointed out that during a temporary depression in 1890, land had passed into Chettiar hands but had been sold off after a year or two, as soon as prosperity had returned. The banking committee members were divided among themselves on this question. The majority agreed with the newspaper that the Chettis were of late showing a penchant to “seize land more readily” when loans were in arrears. The minority were persuaded by the Chettiar argument that the recent downturn may have caused “a temporary increase” in land alienation—one that did not indicate “a general change in policy.”
It is not difficult to see why the banking committee members were in disagreement. The Chettiars were typically uninterested in taking over land so long as their debts were serviced. They were even generally able to offer Burmese peasants more favorable rates of interest than other moneylenders while keeping them enmeshed in a cycle of debt. They made their profits by dominating an interlinked credit and product market and the profits were huge when rice prices soared worldwide. The years 1892 to 1902 had represented an "era of symbiosis" between Indian creditors and Burmese peasant debtors, albeit a skewed and unequal one. The two decades from 1908 to 1930, by contrast, could be seen with the benefit of hindsight as the period of a "closing rice frontier" preceding the decade of lengthy and unprecedented social and economic crises between 1931 and 1941. The tendency of the Chettiars to grab agricultural lands in the 1930s proved to be much different from the "temporary" alienation of 1890. As the economy slid into a long and deep depression, Chettiars foreclosed on mortgages to recover what they could before getting out of the quagmire of the Irrawaddy delta. In 1930 the Chettiar moneylenders owned only 6 percent of the land occupied in Lower Burma and 19 percent of the land held by nonagriculturists; by 1938 the same figures were 25 percent and 50 percent, respectively.76

The immediate consequences of the depression in colonial Malaya were not very different from those in Burma. The fall in tin and rubber prices led to default on loans, foreclosure on mortgages, and "transfer of property to Nakarattar banking firms," which the colonial government sought to stem by enacting the "Small Holding (Restriction of Sale) Bill" of 1931.77 Colonial economic policy attempted to segregate the subsistence-oriented rice economy—where Malays were granted "reserved" lands—from the export-oriented tin and rubber sectors, in which Europeans, Chinese, and Indians played dominant roles. Malaya, therefore, did not experience the large-scale alienation of rice lands of the sort that occurred in Burma. Rice, in any case, was the key export commodity in Burma, which it was not in Malaya.

During downward fluctuations in the export-oriented rubber economy in Malaya, the colonial rubber restriction schemes were typically designed to protect the interests of the larger European-owned rubber plantations, not those of the small-holding Indian rubber tappers. Rubber prices fell by 1932 to one-fortieth of the peak it had reached in 1925. Consequently, the number of Indian workers on the larger rubber plantations was halved from at least 206,000 in 1929 to 104,000 in 1932. Indeed, between 1930 and 1932 more than 190,000 unemployed Tamil laborers were repatriated home.78 The slump also led to widespread Chinese unemployment as many people were thrown out of work in the tin mines. The colonial government attempted to thwart Chinese attempts to "squat" on land reserved for Malays. The reservations policy, while certainly protecting Malay peasants from suffering the fate of their Burmese counterparts, became "an agent of economic fossilization." The colonial government's cynical attempts to make the Chinese scapegoats for the Malays' economic woes made it "guilty of contributing to racial polarization and discord." "Looking back," Lim Teck Ghee con-
cludes, “it might not be too unkind to regard the Japanese invasion of the Peninsula as a timely and a positive factor, notwithstanding its hardships, in the course of Malayan history.”

It was in Burma, however, that racial polarization and discord became most explosive during the depression decade. In addition to the gathering resentments of Burmese peasants against Chettiar moneylenders, increasing joblessness made the urban centers new battlegrounds between Burmese and immigrant Indian workers. On May 6, 1930, Telegu workers in Rangoon harbor went on strike to protest the arrest of Mahatma Gandhi in India and to demand better wages. The shipping firms decided initially to replace the striking workers with eager Burmese recruits, but after a few weeks they were generally more inclined to reinstate the Indians once they had resolved to return to work. On May 26, 1930, rioting broke out near the docks between crowds of Burmese and Telegu workers, which were, according to Michael Adas, “almost wholly expressions of communal hostility produced by economic competition.” Burmese laborers “made numerous forays into the Indian quarters, where they burnt homes, looted shops, and killed Indians whenever they could find them.” A week’s violence left an official toll—almost certainly an underestimate—of 120 persons dead and 900 wounded. Simmering tension in Rangoon and other towns of Burma during the depression decade erupted once more in late July and early August of 1938. On this occasion 204 persons were killed, over a thousand were injured, and property worth more than two million rupees was destroyed.

On December 22, 1930, the most spectacular of all the depression rebellions in the Indian Ocean arena broke out in the Tharrawaddy district of Lower Burma. It was led by Saya San, a charismatic monk who portrayed himself as both “the Setkya-min (the avenging king of Burman legend) and the Buddha Yaça (the divinely sent creator of a Buddhist utopia).” The Saya San rebellion undoubtedly had a staunchly anticolonial character and was directed against British rule. The main unifying issue was the highly regressive and inflexible capitulation tax that was due to the colonial government at the end of the calendar year. Yet with its strong Buddhist millenarian overtones, the movement was also directed against the migrant moneylenders from the land of the Buddha, who were seen as the immediate quill drivers of colonial oppression. Some of the worst attacks against Indians in the Burmese countryside simply took advantage of the general turmoil unleashed by the rebellion and were not orchestrated by its leaders. The promised millennium without colonial taxes would also be free of debts owed to the Chettiar.

The Saya San rebellion spread to twelve of the twenty districts of Burma. Five districts of Lower Burma—Hanthawaddy, Insein, Pegu, Pyapon, and Myaungmya—were home to especially large-scale attacks on Indians. Indian moneylenders were robbed and Indian shops looted. But migrants were not safe in Upper Burma either. In the Prome and Maubin districts Indian homesteads were attacked and, in a few instances, entire families were killed. If some Burmese nationalist leaders preferred to concentrate their fire on the British, others like U Saw were not of a mind to spare the Indians. In a pamphlet analyzing
the Saya San rebellion in 1931, U Saw described the Indians as "birds of passage who have come to this land to exploit by fair means or foul in the fields of labour, industry and commerce."

The rebellion that began in December 1930 continued until June 1932 as a series of loosely coordinated local revolts. It had massive popular support, even though the precise targets of rebel anger varied according to the particular circumstances of the various districts. Before it was finally crushed, 9,000 rebels had been imprisoned, 3,000 killed or badly wounded, and 350 executed. Saya San himself was hanged in 1937 after a lengthy trial at which he was defended by the nationalist leader Ba Maw.

If Indian moneylenders were attacked by the rebels, Indian soldiers played the crucial role in putting down the rebellion as they had done in the late 1880s. Two divisions were specially brought from India to douse the flames of resistance. "The outcome was never in doubt," James C. Scott observes, "as poorly armed rebels, trusting in their amulets and tattoos, fell in waves before the Lewis guns of the British Indian Army."*

The Saya San rebellion in the countryside and the urban conflicts along lines of race contributed to the net emigration of Indians from Burma in the 1930s. Another exodus took place in December 1941 and early 1942 in advance of the Japanese sweep into Burma and their capture of Rangoon in March 1942. Perhaps 400,000 Indians attempted a perilous trek over land from Burma to India, among them the principal characters of Amitav Ghosh's historical novel *The Glass Palace*:

They found a boat that took them upriver, through Meiktila, past Mandalay to the tiny town of Mawlaik, on the Chindwin river. There they were confronted by a stupefying spectacle: some thirty thousand refugees were squatting along the river-bank, waiting to move on towards the densely forested mountain ranges that lay ahead. Ahead there were no roads, only tracks, rivers of mud, flowing through green tunnels of jungle.*

Yet for all those Indians who left, many more remained behind in Burma, where they would become players in one of the more fascinating dramas of diasporic patriotism that took place during World War II.