

# Relations of extraction, relations of redistribution: Empire, nation, and the construction of the British welfare state

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## Abstract

The consolidation of the British welfare state in the mid-twentieth century did not only coincide with the systematic dismantling of the British Empire but was significantly shaped by the empire that preceded it. The story that tends to be told about the welfare state, however, situates it firmly within the national context. Such understandings go on to shape contemporary political debates centered on questions of entitlement and concerns over legitimacy. In this article, I reassess the standard accounts of taxation and welfare that are claimed to be central to the construction of the nation to demonstrate how taking the empire into account offers the possibility of a different political response to the challenges we are faced with today.

## KEYWORDS

colonialism, empire, nation-state, taxation, war, welfare

## 1 | INTRODUCTION

The British state emerged through an Act of Union between the Kingdoms of England and Scotland in 1707. The long-standing personal union of the Kingdom of England with the Kingdom of Ireland was later formalized through the 1800 Anglo-Irish Act of Union following the brutal repression of the 1798 Irish rebellion. Whereas Ireland had been “a separate, albeit dependent, kingdom within a wider British composite state,” it was now formally integrated into the United Kingdom of Great Britain and Ireland (Walsh, 2013, p. 632). This also incorporated Ireland

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into the broader project of British Empire in complex ways—"as an old adage about the empire implied: 'The Irish fought for it, the Scottish and Welsh ran it, but the English kept the profits'" (Cook, 1987, p. 509). Although, it is important to note that the English were not the sole beneficiaries.

The composite nature of the British state is part of the reason why a simple presentation of a *national* history is not possible; its national histories are several. Another reason is the broader colonial entanglements that come to constitute the British state. By the late eighteenth century—in the aftermath of the loss of the Thirteen Colonies of the US—the Home Office and Foreign Office were established as distinct administrative units within the British state. Responsibility for the remaining colonies was initially located within the Home Office; that is, under the remit of domestic, and not of foreign, affairs (Sainty, 1975). This continued for twenty years until a separate War and Colonial Office was established in the early nineteenth century, followed by the India Office in the mid-nineteenth century when the British state formally took over control of the subcontinent from the East India Company—although the East India Company had been turned into a colonial ministry as early as 1784 (Richards, 2006).

All this is to say that the territorial boundaries of the British state, as well as its organizational structure, have never been congruent with what many see as the imagined nation and, at times, the imaginary of the state has also extended to include territories beyond the island or islands. In a similar way, the populations that inhabit the variety of territories encompassed within the British state have been differentially included in understandings of national identity. It is not clear that many of the inhabitants of the islands were always regarded as British, but rather only came to be systematically included towards the end of the nineteenth century, just as the claim to that identity will be removed from others in the late twentieth. But, in this article, I am less interested in the identity of the state, or the identities of its inhabitants, than in the practices and structures that constitute it. My concern is with how we have come to a national framing of the state and its political community in the present, notwithstanding the wider relationships that have historically defined it (Bhambra, 2016).

In brief, my argument here is that the British state was an imperial state with a national project at its heart. The imperial state was constituted, in part, through "relations of extraction"—to use Daunton's (1996a) resonant phrase for taxation—while the national project comes into being through "relations of redistribution," or welfare. The asymmetry between these relations, I argue, calls into question the dominant conceptualizations within social science of issues of distributive justice and welfare; both historically and in the present.

## 2 | RELATIONS OF EXTRACTION

The "relations of extraction"—or taxation—that bind together rulers and ruled are central to the social contract deemed, from Locke onwards, to be at the heart of the modern state (see Bhambra & Holmwood, 2021). The idea that citizens and their property were to be protected and, in their turn, they provided financial support to the state to do so through taxes—and that the levels of both were to be determined through some form of deliberation, usually via a legislative assembly—has come to be commonplace. As the authors of a call for a new fiscal sociology set out: "Taxes formalize our obligations to each other. They define the inequalities we accept and those that we collectively seek to redress" (Martin et al., 2009, p. 1). Martin et al. (2009, p. 3) go on to argue that taxation is crucial in the development of the "imagined community" of the nation to the extent that it "enmeshes us in the web of generalized reciprocity."

A focus on taxation—and the distributed returns to citizens of that taxation—then, clarifies the nature of the state, its limits and its boundaries. While taxation was initially seen to be a significant factor in the state's ability to wage war, by the mid-twentieth century it became more extensively bound up with its execution of domestic issues of welfare. This can be seen in the shift from Charles Tilly's pithy statement that, in the early modern period "war made the state and the state made war" (1975, p. 42) to the claim by Titmuss (1958) that, by the mid-twentieth

century, we can see how modern war had had a profound influence on social policy as demonstrated by the emergence of the welfare state (see also Mann, 2012). What is at issue is what sort of state was made by imperial wars and whose welfare did those wars secure.

Income tax had first been raised in Britain in 1798 to cover the costs of its wars with revolutionary France. After the end of these wars in 1815, however, it was discontinued as a consequence of strong public opposition to it. Income tax was not reintroduced in Britain until the mid-nineteenth century. First, as a temporary measure by Peel in 1842, before coming to be an established part of the social contract of the state through Gladstone's reforms in 1853. These also brought Ireland into the income tax regime following the earlier Act of Union that established the United Kingdom of Great Britain and Ireland. During this period, and through to the end of the nineteenth century, the "fiscal constitution" of the state—with its emphasis on a judicious balance of taxes and taxpayer consent—has been regarded as being remarkably successful by historians of British taxation (Kanter, 2012).

One such, Martin Daunton for example, argues that the tax system was designed "to be carefully balanced to ensure proportionality ... to be a means of integration and not conflict" (1996b, p. 173); as such, "no group or interest felt it was unduly burdened" by taxation (1996a, p. 885). In this way, the British state is seen to have established a high level of trust in the central state and fellow taxpayers. But, as Douglas Kanter argues, one of the problems with this narrative is that the UK was not just "British," but also included Ireland and "Irish fiscal policy fits uneasily into this account" (2012, p. 1123). At the very outset of reintroducing income tax into the British state, Peel omitted Ireland from any obligation to pay due to a concern with exacerbating opposition to the Act of Union. However, when the famine occurred in 1845, there was then resistance to the provision of relief by central government due to the Irish being deemed to have not paid their share of taxation.

The grants that were provided for famine relief were converted to loans, which accrued interest, increasing "the total sum owed by some 75%" (Kanter, 2012, p. 1139). Later negotiations around the partial remission of these consolidated annuities turned on the requirement to bring Ireland into the income tax regime. There was a belief among many in Ireland that not only should famine relief have been a moral responsibility of the central government, but that the new regime of taxation would generate a surplus that would be used to reduce taxes in the rest of Britain; that is, as Kanter (2012, p. 1151) argues, that the poorer periphery would subsidize tax breaks at the wealthier center.

The consensus on taxation that Daunton otherwise represents as a feature of the British state, then, did not exist in Ireland where the debate on fiscal policy—in particular arguments about over-taxation—remained a strong feature in movements for Home Rule from the mid-nineteenth century onwards. Such debates find their parallel, Kanter (2012) suggests, within the wider empire, where arguments about economic justice intersect with those of social entitlement in movements of colonial opposition. This was particularly the case in India, as Bayly (2000), among others, has also suggested.

One of the key expenses of the state, for which income tax was initially raised, was war. However, over the nineteenth century, the military costs of the British state were largely exported to the wider empire and specifically to India. As Bayly notes, both through indirect means of "tribute" as well as "directly through the overseas use of the Indian Army," the company-state sustained the domestic military-fiscal machine (1994, p. 15). The Indian peasant, he goes on to argue, "bore a heavy part of the costs of Britain's world role which the British people were not prepared to bear" (1994, p. 16). The standard idea of the "nation-at-arms," then, should actually be understood as the empire-at-arms as both personnel for the army and the costs of war through colonial taxation were increasingly borne by the wider empire. This reduced the claims of the British state on the national economy to below the levels of the eighteenth century and eased the burdens of domestic taxation. It also removed any requirement for national military conscription and allowed "the domestic state to disarm and 'civilianize' itself" (Bayly, 1994, p. 18).

One consequence of this was that while continental Europe was convulsed in revolutions in 1848, Britain, in contrast, saw the demise of equivalent struggles, such as Chartism. One explanation for this, as Daunton suggests, is that the rhetoric of equity and the generally low levels of domestic taxation "meant that the working class was assimilated to the state rather than viewing it as coercive or exploitative" (1996a, p. 885). Similarly,

Miles Taylor argues that “by displacing the tax burden from metropole to periphery” and generally facilitating an improvement in living conditions, working-class discontent in Britain during this period was eased (2000, p. 158). However, while there was no fiscal revolt in Britain, Taylor notes that there was an eruption of serious discontent across the empire: with riots and rebellions in “Ceylon, the Ionian Islands and the Orange River” together with fiscal crises across the wider empire, including in the Caribbean (2000, p. 152). A major uprising was temporarily averted in the Punjab, but not stayed. The subsequent events of 1857 were precipitated by factors that had mitigated against such disturbances domestically—primarily a sense of an unfair burden of taxation.

During the latter half of the nineteenth century, within Britain, there was a single rate of income tax imposed upon the domestic population. Those earning below £160—which was four times the national average wage of around £40 in 1900—received a full abatement and did not pay any income tax. Those earning up to £400 “were granted an abatement of £160, which fell to £70 on incomes between £600 and £700” (Daunton, 1996b, p. 176). In 1909, a super-tax was introduced on large incomes, over £5,000—the salary of a high court judge or the Chancellor of the Exchequer—and “a tax-free allowance of £10 was introduced for children under 16” (Daunton, 1996b, pp. 176–177). The abatements together with the tax-free allowances for children meant that the working class and much of the middle class did not pay any income tax at all until the First World War.

Considerations around the proper balance of taxation operated somewhat differently in the empire. The East India Company, after the defeat of the local rulers at the Battle of Plassey in 1757, had, in 1765, obtained the right to collect taxes in the Provinces of Bengal, Bihar, and Orissa. The Company initially maintained the structures of the existing taxation regime, with land revenue forming the bulk of its taxation income, but this was diversified over time to include new taxes such as the salt tax and the opium tax (Richards, 2006). An income tax was explicitly implemented after the British Crown took over direct rule a century later.

The Indian Income Tax of 1860 was closely modelled on the British version; except, as the Governor of Madras, Charles Trevelyan noted, while the financial system was transplanted to India, “a basic requirement of that system, representation of taxpayers, was wanting” (Bhattacharya, 2005, p. 52). There was an exemption for those earning less than Rs. 200 a year, but there was no system of abatement such that tax was paid on the whole income once it reached the taxable minimum. There was also no allowance for children. The average income at the time was around Rs. 20–27 which meant that the exemption limit was at eight to ten times the national average. The exemption limit was raised to Rs. 1,000 by 1903, which at the time, was over twenty times the average income of Rs. 45. This led to some within Britain arguing that India was lightly taxed. However, by examining the revenue raised in taxation as a proportion of national income, Naoroji (1901) demonstrated clearly that India bore the heavier burden. Further, if land revenue was considered as a form of taxation rather than rent, which many argued that it should be, then the recognized tax burden would have significantly increased.

There were a series of full exemptions from income tax. However, these all fell “on the side of government servants, pensioners, ... foreign shipping concerns, tea agents, and the holders of sterling debt rather than in favour of the general taxpayers” (Pagar, 2012 [1920], p. 98). Further, as Pagar (2012 [1920], p. 187) sets out, no tax was deducted from the salaries of employees of the India Office in London despite those salaries being paid out of Indian revenues—this included the Secretary of State for India whose £5,000 salary would have put him amongst the highest earners in the entire empire. While there is much to discuss about the forms and rates of taxation, the central issue for my purposes here is the following, paraphrased from Naoroji: not only was India more heavily taxed than Britain, but there was another additional circumstance; the whole of British taxation returned entirely to the people themselves from whom it was raised, but that which was obtained out of India did not all return to them (1901, p. 314).

As George Wingate wrote in 1859 and whom Naoroji quotes: “Taxes spent in the country from which they are raised, are totally different in their effect from taxes raised in one country and spent in another. In the former case, the taxes collected from the population at large ... are again returned to the industrious classes. ... But the case is wholly different when the taxes are not spent in the country from which they are raised. In this case, they constitute no mere transfer of a portion of the national income from one set of citizens to another, but an absolute

loss and extinction of the whole amount withdrawn from the taxed country" (1859, pp. 57–58). To put it in anachronistic, Keynesian, terms, the "multiplier" has its effects elsewhere while the extraction depresses activity locally.

What we see through this discussion is (a) that Britain established domestic legitimacy and quiescence through imperial revenue; and (b) that that imperial revenue included the taxes extracted from a colonized population. In the following section, I go on to discuss the "relations of redistribution" more explicitly in terms of their construction as welfare and examine the extent to which "the web of generalized reciprocity" applied to all those under British rule.

### 3 | RELATIONS OF REDISTRIBUTION

Scholars of distributive justice, such as Walzer (1983), argue that redistribution presupposes a bounded world. Collective solidarity relies on an understanding of "us," as insiders, as opposed to "them," as strangers. Such a demarcation determines who ought to be seen as the legitimate beneficiary of the distribution of collective goods and social entitlements. This is a widespread and commonplace understanding of welfare systems which are understood to pool and redistribute wealth raised through taxation for the benefit of the members of the political community. While the necessity of boundaries to the possibility of just distribution is regarded as self-evident, what is rarely considered is where the resources that are to be redistributed come from. Further, and relatedly, there is little discussion of what the entitlements are of those broader constituencies who have contributed to the building up of those collective resources, but who are under the rule of the political community without being seen to be part of it.

The community constituted through the relations of political extraction is much more extensive than that which comes into being through the relations of redistribution. This raises the further question of how legitimacy comes to be established for using the resources extracted from the imperial community and redistributing them solely to the national community. The provision of welfare in Britain in the eighteenth and nineteenth centuries, for example, occurred through a "mixed moral economy" of limited state interventions supplemented by the work of voluntary organizations, friendly societies, and private charitable activity (Johnson, 1996). The low burden of domestic taxation, made possible through the imperial relations of extraction, meant that, until the twentieth century, the state had less involvement in the direct provision of national welfare. For example, as Thane (1996) notes, at the end of the nineteenth century it is estimated that more money was transferred to the poor through charities in London alone than was expended nationally via the Poor Laws.

While much is written about how charities were organized, who benefitted from them, and the relations of deference they created, there is remarkably little systematic work on where the money that was disbursed through philanthropic initiatives came from. There is a separate literature on the extent of money brought back to Britain from empire, but the connections between the two are rarely made. The salaries paid to those working for the East India Company, for example, were exceedingly high and regardless of rank all employees received an annual pension of £1,000 so long as they had completed between 25 and 35 years of service. In addition, there were various allowances—not to mention the private investments, or loot as William Dalrymple has called it—which meant that they were able to retire well on their return to Britain. As an example from Margot Finn and Kate Smith's edited volume on the *East India Company at Home*, David Williams writes: "John [Melvill] spent the whole of his working life as a civil servant and judge in India before retiring back to England in 1813 with sufficient funds to purchase an 8,200-acre estate in Sussex" (2018, p. 390).

The "Nabobs," as returning East India Company employees were known, were recognized as part of Britain's growing philanthropic community. As Tillman Nechtman notes, for example, "[n]ewspaper subscriptions show that Company employees were substantial donors to charities" (2007, p. 76); but scholarship on the relationship between charity and welfare rarely acknowledges this association with imperial wealth. An exception to this is a recent chapter by Andrew Mackillop which make a more substantial connection between the circulation of imperial

wealth and charitable initiatives within early modern Scotland. Mackillop sets out how wealth made in the empire was deployed to secure status back at home through charitable activities such as contributing to the poor relief of a parish, funding hospitals and infirmaries, and donating to institutions of learning. To give one example that highlights the extent of the money being disbursed, Mackillop writes: The Bombay opium, textiles, and shipping entrepreneur John Forbes donated £10,000 for the construction of Aberdeen's new asylum in 1819. This made up 76% of its entire costs (and would be close to £1 million in today's money) (Mackillop, in press). Further, he also shows how an imagined community of belonging was often mobilized to elicit charitable donations from members across empire for national welfare projects.

The situation was somewhat different in terms of charitable initiatives in relation to issues of colonial welfare. As Andrea Major argues, "British philanthropic interest in the subcontinent tended to be more concerned with its moral rather than its material condition" (2020, p. 230). This was despite the fact that across the period of British rule—from the East India Company onwards—India faced a series of devastating famines and periods of food scarcity. One of the most intense periods of famine and scarcity was from 1860 to 1910—coinciding with the implementation of the income tax in India. During this period, it is estimated that over 14 million people died of starvation; they died in the context of grain being exported by rail from the famine regions and taxes continuing to be collected even in the worst affected areas.

While environmental factors, such as the failure of the monsoon, contributed to food shortages in specific areas, these shortages were never absolute. As Ajit Ghose argues, in the latter half of the nineteenth century India was a food-surplus country; the issue was that "[e]xports of foodgrains were taking place even in years when thousands, or perhaps millions, were dying of starvation" (1982, p. 378). The maintenance of exports was a consequence of what were presented as colonial *laissez-faire* policies which prevented officials from interfering in the natural operation of free trade. These policies did not, however, prevent them from collecting tax from an impoverished population; tax in such circumstances was coercive and in breach of the voluntarism otherwise inscribed in the idea of *laissez-faire*. Famines were products of colonial public policy.

Decisions on famine policy, as Kate Currie notes, reflected broader policy struggles "over the efficacy or otherwise of state intervention ... within the spheres of the market and taxation" (1991, pp. 26–27). Deliberations by British civil servants in India tended to go along the following lines: around 80% of the people dying from starvation come from the laboring classes and do not earn sufficient to pay taxes; to keep them alive through famine relief would stretch the wage funds of the tax-paying population and lead to a further increase in the population at the lowest levels; this would put further pressure on the food supply and lead to further famines; such a course of action would demoralize the population and increased debt together with taxation would be more fatal to the country than famine itself (Ambirajan, 1976). Public finance trumped public health in such considerations; especially as any measures to avert deaths in the colony would have had an impact on imperial finances and the preferred activities that this income was to support—that is, celebrations in India to proclaim Victoria Empress of India and preparations for the war with Afghanistan funded by Indian taxes (Davis, 2002).

Discussions about whether Indian subjects were entitled to any relief from the government occurred in the context of earlier arguments about the Poor Laws in Britain and Ireland. Apparently, the encouragement of idleness in the local population, as a consequence of providing any material relief in times of food shortages, had to be avoided as a priority. In addition, there were increasing discussions about over-population and famines were regarded as one way in which such concerns could be addressed. Perhaps more pertinently, the case against famine relief was made in the fear that if the arguments for such relief at such times were accepted, then that would lead to arguments for the permanent maintenance of the Indian poor, that is for their inclusion within the generalized web of reciprocity. The 1880 Famine Commission, for example, set out the following: "The doctrine that in time of famine the poor are entitled to demand relief ... would probably lead to the doctrine that they are entitled to such relief at all times, and thus the foundation would be laid of a system of general poor relief, which we cannot contemplate without serious apprehension...." (quoted in Davis, 2002, p. 33).

This was at a time when general poor relief was provided as a legal right to the destitute poor in Britain—whether deserving or undeserving (Shilliam, 2018). While provisions made through the Poor Laws were not regarded as particularly generous, they were deemed, as Boyer argues, to be “enough to ensure that unemployed workers and their families could subsist in good health” (2004, p. 432). Further, Lorie Charlesworth (2010) argues that had Poor Law entitlements in England and Wales not been protected as legal rights, then the level of relief would have been as little as it had been in Ireland in the 1840s. During the Irish famine, she argues, the British Government and its Irish administration were permitted, as a consequence of the limited poor law structures introduced into Ireland, “to legally abdicate responsibility for preventing deaths by starvation” (2010, p. 179). Mike Davis similarly draws the links between Ireland and India stating that in both contexts, they were turned into laboratories for utilitarianism, “where millions of lives were wagered against dogmatic faith in omnipotent markets” (2002, p. 31).

As such, not only was there not a general commitment to the alleviation of poverty in India, but even calls for the mitigation of the worst effects of famine were denied as they could potentially lead to calls for a more general entitlement. One of the few dissenting voices in such discussions by British officials in India was that of James Caird who “drew attention to the fact that India spent on famine relief less than two per cent of what Britain spent annually in relieving the poor” at home (Ambirajan, 1976, p. 11). As a final note, a Famine Fund was started after the 1880 Famine Commission had recommended that extra taxation should be imposed on the Indian population for the purpose of raising money that could then be stored up for the specific purpose of providing for future famines. This Fund was maintained at around £1 million annually, but when there was need to call on it in relation to a future famine, the money was found not to be available, having been expended on the Afghan War among other non-famine related activities (Davis, 2002).

The relations of extraction—both political and economic—explicitly bound India into the British polity and were implicated in its general conditions of immiseration. There was little acceptance, however, that these relations generated “a web of reciprocity” in terms of equivalent relations of redistribution. Indeed, actions were taken specifically to limit any reciprocity arising motivated out of private philanthropy or individual charitable concern. Classical liberal theory may have enunciated a principle of voluntarism applied to the recognition of the distress of others and eschewed what it regarded as compulsion in the provision of relief. However, in the case of the recognition of the distress suffered by subjects of empire, voluntarism was strongly dissuaded under accusations that it would undermine the Government of India (Currie, 1991). The hypocrisy of the Government’s attitude under such privation brought forth a stinging satire by William Digby (1878) that it was as if it had passed an Act criminalising voluntarism.<sup>1</sup> The issues of asymmetry were to become even starker across the twentieth century highlighting further what King (1999) calls the illiberalism of the liberal state.

#### 4 | IMPERIAL REVENUE AND NATIONAL WELFARE

The balance that Daunton argued had been so central to the deliberations and domestic activities of the British state in the nineteenth century came to be significantly disrupted by the wars of the subsequent one. The burden of taxation increased during the period of the First World War as “the heavy interest payments to holders of the national debt came into conflict with demands for increased expenditure on education, health and housing” (Daunton, 1996a, p. 884). Military conscription was brought in in 1916 and the level of income-tax exemption was cut from £160 to £130 which drew many more people into the payment of income tax. Within a couple of years, however, the number of taxpayers was reduced again “by raising the tax-free allowance for children and extending it to wives” (1996a, p. 889). It was with an eye to this particular history of balance that, in the immediate aftermath of the First World War, there were a number of debates among welfare economists about the feasibility of setting up a system of national welfare to be funded through taxation.

One such was Bowley (1919), who sought to ascertain the amount of money that could be taken from the rich and added to the wages of the poor such that it would both alleviate poverty and not be an undue burden on the rich. In making his calculations, Bowley determined the national income, which was made up of the total income of people within the United Kingdom as well as income received from abroad, deducted the amount that would be necessary for running the government and then divided the remainder by the population of the UK. The national dividend, then, that was to provide the economic basis for welfare provision was, as Pigou writes, “the objective income of the community, including, *of course, income derived from abroad*” (1929, p. 31, my emphasis). The national dividend was explicitly an imperial dividend distributed nationally.

As Temple (1884) had noted in his earlier presentation of the “General Statistics of the British Empire,” of the £203 million at the disposal of the British state for general government £89 million came from the UK, £74 million from India, and £40 million from territories and colonies in the rest of empire. Over half the money at the disposal of the government at Westminster came from the labor, resources, and taxes of those within empire and beyond the national state. The taxes and resources of colonized subjects were taken into account when making calculations about the feasibility of national welfare provision in the metropole (i.e., in terms of calculating the size of the national fund) without ever taking them—colonized subjects—into account as the recipients of the distribution of that fund; not even in the most extreme cases of famine and starvation.

It goes without saying that these resources were then also used to fund such schemes as they came into being in the twentieth century, just as they had been used to fund the infrastructure of the state over the previous two centuries. Indeed, no less a figure than Winston Churchill, as Chancellor of the Exchequer, stated the following: “The income which we derive each year from commission and services rendered to foreign countries is over £65 million. In addition, we have a steady revenue from foreign investments of close on £300 million a year ... That is the explanation of the source from which we are able to defray social services at a level incomparably higher than that of any European country ... These resources from overseas constitute the keystone ... of our economic position” (April 15, 1929).

This statement was in response to an interjection by Ellen Wilkinson MP in the House of Commons claiming that the post-war sacrifices that Churchill was calling to be made were “class sacrifices, not national sacrifices.” As Churchill sets out, while there were disparities among the classes in Britain, all classes benefitted from overseas resources, especially as these were used to defray the costs of social services. Radical arguments about class were countered by conservative claims about the nation, but each was belied by the colonies and empire—and their “classes”—that underlay both claims. This common erasure comes to be central to the development of politics oriented to the welfare state (Noble, 2015).

It was the shared experience of “total war,” that, according to Asa Briggs among others, “forced politicians to consider the ‘community’ as a whole” and to deploy communal resources “to abate poverty and to assist those in distress” (1961, p. 226, 228). Warfare and welfare, then, were conjoined in bringing together the idea of citizens as a nation. This was reinforced through the processes by way of which material resources “were distributed and redistributed within national boundaries” (Mann, 2012, p. 463). As such, the national frame can be regarded as explicitly coming into being in terms of determining the population to whom recompense was to be made in the aftermath of two devastating wars in the context of a growing national electorate able to lobby for such demands.

However, not only were the wars fought by the British Empire, and not simply the British nation, but they were also significantly funded by that wider population through increased taxation. The “small wars” of empire across the nineteenth century had been almost entirely fought and funded by India, as mentioned earlier; and Indian troops were also used in the Crimean War and African soldiers in the Boer War. During the First World War, over one million Indian soldiers served overseas and over two million fought for the Allies in the Second World War, where India's contribution “roughly equalled that of South Africa, Canada, New Zealand, and other Commonwealth territories put together” (Singh, 1982, p. 569).

In addition, as Anita Singh sets out, India was “a financial reservoir for imperial defence” (1982, p. 569). During both wars, the Home Charges that India paid to Britain for colonial rule were dramatically increased as was expenditure on the military. After the First World War, India provided a coerced gift to Britain of £100 million to aid



the war effort and Britain's debt to India of £55 million was unilaterally erased through currency manipulation. During the Second World War, alongside the increase in military expenditure attributed to the Indian budget, India further supported the British war effort through a series of "forced loans" that provided goods and services to the British in return for "I.O.U.s," that is, sterling balances. As Aditya Mukherjee states, the rapid expansion of the currency—together with the fact that nothing returned to India for the goods and services provided—"led to severe shortages and runaway inflation" in India (1990, p. 231).

In earlier discussions about how the war was to be funded, Keynes had argued that one option was to let prices rise more than real wages. This would redistribute incomes away from wages to profits, which could then be taxed in order to pay for the war. Such a scheme, however, would disproportionately hurt the poorest classes and in order to ensure domestic working class support it was disregarded in favor of a system of graded taxation (Patnaik, 2017, pp. 206–207). However, the scheme which was regarded as too regressive for implementation in Britain was, as Utsa Patnaik argues, implemented in India upon "a colonised population with one-thirtieth of the per head income" and which, in 1943, led to the deaths of over 3 million civilians in the Bengal famine (2017, p. 208). This was a consequence of public policy decisions made in Britain which again valued national lives differently from the lives of those in the colonies.

Britain, in contrast, was able to contain inflationary pressures at home and was also able to develop and implement welfare policies. Policies, which, as Noel Whiteside argues, had as their objective "to protect the whole population—but particularly the working population—from the consequences of the conflict" (1996, p. 87). Specifically, there was a concern to redistribute national income through cost-of-living subsidies as well as providing other social services. How this was to be paid for, however, was a real issue given that in the immediate post-war period "the Labour government faced enormous economic difficulties" including a "lack of raw materials, productive capacity and financial resources" (Whiteside, 1996, p. 86). The balance of payments crisis, of 1947–1948, further exacerbated these issues.

Britain emerged from the Second World War owing more than £3 billion to her creditors while also being committed to the construction of the welfare state (Newton, 1984). How this was to be managed was how Britain had always managed its domestic responsibilities—by turning to the empire. The two primary ways in which Britain did this was: first, it ran down the amount it owed to India and Pakistan after independence; and second, it subordinated the economies of its remaining colonies to its national concerns. In other words, the imperial dividend continued after the end of empire and was integral to the construction of the post-war welfare state.

By the end of 1945, Britain owed India £1.3 billion, "a third of the total built up by Britain ... [and] almost one-fifth of Britain's net receipts from the United States under Lend-Lease" (Balasubramanian & Raghavan, 2018, p. 82). From the outset, British officials sought to write down the balances owed, given that they could not unilaterally write them off, even though this had initially been attempted (and had actually been done after the First World War). de Paiva Abreu (2017) sets out the many ways by which Britain managed what was called "concealed cancellation": the lower rates of interests on the loans obtained by Britain from India, higher pension charges including liability for all pensions of civil and military personnel working in India prior to independence, and perhaps most importantly, the devaluation of sterling in 1949, which occurred without a gold clause such as that which had protected creditors like Argentina and Brazil. Officially, there was a cancellation of around a third of outstanding Indian balances, although this figure is considered a serious underestimation all things considered (Balasubramanian & Raghavan, 2018).

In addition to cancelling a significant amount of its debt to India, Allister Hinds (1999) argues that Britain also harnessed colonial resources from its remaining empire and aligned colonial fiscal and monetary policy to the needs of its own national economy. As he sets out, "Malaya was the most valuable of Britain's dollar earning colonies"—with its exports of rubber and tin—closely followed by the Gold Coast, to become Ghana, and Nigeria (1999, p. 107). The dollars earned by these countries, through sale of their raw products, were put into a "dollar pool" controlled by Britain. The dollar earning capacity of the colonies that remained under Britain's control was central to Britain's domestic recovery. In this way, as David Fieldhouse argues, British colonies were made to tie up funds that they might have otherwise used for their own development "in order to give Britain cheap credit" and "to subsidize Britain's post-war standard of living" (1984, p. 96).

While the British government maintained a “benevolent rhetoric of economic development” toward its remaining colonies, the reality, as Fieldhouse argues, was rather one of “economic exploitation” (1984, p. 95). From 1946 to 1951, for example, “the colonies were lent or given some £40 million” through the Colonial Development and Welfare Acts and, at the same time, were required “to lend or tie up in London about £250 million” (1984, p. 98). The colonies were thus used “to protect the British consumer from the high social price which continental countries were then paying for their post-war reconstruction” and were unable to use their own funds to pay for development at home (Fieldhouse, 1984, p. 99). Britain's policies were condemned by a variety of figures and the Nigerian newspaper, the *West African Pilot*, ran an editorial stating: “Colonial socialism is aimed at developing the resources to expand the production of foodstuffs and raw materials which Britain needs badly to carry out her socialism at home” (quoted in Hinds, 1987, p. 160). As such, the health of the sterling area in the post-war period can be seen to have been “central to the [possibility of] success of the Government's domestic programme” (Newton, 1984, p. 392).

The development of the British welfare state in the post-war period, then, depended on the writing down of the debt that Britain owed to newly independent India and Pakistan, appropriating the dollar-earnings of its remaining colonies, and subordinating the economic development requirements of those colonies to its own needs. The economic health of the British state relied on these relations of economic and political subordination and yet there is almost no discussion of them in the literature discussing the emergence of the domestic welfare state.

## 5 | CONCLUSION

As John Hills argued, in an altogether different context but useful for my purposes here: “the redistributive effect of the welfare state cannot be judged just by looking at who benefits from it ... One also has to look at who pays for it through the tax system and in other ways” (1995, p. 33). Once we consider the state to have been an imperial state and not just a national state, we come to understand the deeper inequalities that the welfare state represents that we have not yet systematically thought about let alone come to terms with how we might provide reparation. The relations of extraction of the British state constituted it as an imperial state; its relations of redistribution exemplified the national project at its heart. The asymmetry here is reproduced within mainstream social science every time the nation-state is taken as the unit of analysis and not the wider empire, or imperial state. The injustice embodied in that asymmetry is central to arguments about the legitimacy of the white working class and is reproduced in discourses and practices that privilege national citizens over others.

The historical provenance of the material resources available to be redistributed was broader than the nation; it was imperial. Yet, the imperial community is neither acknowledged in terms of the contributions it has made to the resources appropriated by the state, nor is it regarded as a legitimate beneficiary of the distribution of those collective resources. There were both direct and indirect benefits to the domestic population of taxation within the wider empire. The direct benefits resulted from the simple accrual of additional wealth and resources for domestic purposes, including the reduction in the domestic tax burden of the national population and increased social services available to them. The indirect benefits involved the compounded loss suffered by the colonized populations and the global patterns of inequality that continue through to the present (Bhambra, 2021). The end of empire did not bring an end to the legacies of its social structures, including their modes of legitimation.

My call here is for a better social science, located in a more adequate understanding of the shared histories that have configured our present, in order to find more expansive and generous solutions to the problems that face us. That “us” must be inclusive of those currently presented as “other” and outside the webs of reciprocity in which obligations are recognized—both historically and contemporaneously. The imperial relations of extraction maintained the standard of living of the national population at the expense not only of the livelihoods of colonial subjects, but often their very lives. The recurrence of famine throughout the period of British rule was a consequence of colonial policies of extraction for which there was no mitigation and no consideration that there ought

to be any mitigation through systematic welfare provision to these taxpayers. While it may have been the metropolitan bourgeoisie that explicitly exploited colonized populations, as Aditya Mukherjee argues, “metropolitan society as a whole benefit[ed] at the cost of the entire colonial people” (2010, p. 76).

There is an urgent need for us to reconsider the broader, shared histories of the polity undivided as central to the future possibilities of the welfare state. This will involve a reconfiguration of our disciplines, what I have elsewhere called epistemological justice, as well justice through material reparations.

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## ENDNOTE

- <sup>1</sup> William Digby (1878) provides a text of a draft of an 1877 Act against Humanitarian Practice – sometimes also called The Anti-Charitable Contributions Act – offered as published in the *Government Gazette*. It is a satire equivalent to Swift’s earlier ‘A Modest Proposal’ on British policy in Ireland.

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**How to cite this article:** Bhambra, G. K. (2022). Relations of extraction, relations of redistribution: Empire, nation, and the construction of the British welfare state. *The British Journal of Sociology*, 73, 4–15. <https://doi.org/10.1111/1468-4446.12896>