

Imperialism and De-Industrialization in India

By Whitney Howarth

How did India go from producing clothing, to producing cotton? Doing business with Britain seemed like a good idea at the time, but one country's industrial advances can have the reverse effect on another.



Before 1750, much of the world went shopping for textiles (cloth) in India. Some historians believe that India was the most important manufacturer in world trade, producing about 25 percent of the world's industrial output at that time. After 1750, this changed dramatically, and by the mid-nineteenth century, most textile production had shifted to Britain. A key part of that story is the de-industrialization of India.

India's strong economy was based on the exports of the cotton textiles manufactured there. It was devastated by European industrialization and the commercial changes this inspired. India's impressive textile output had relied on hand-loom technology, but that part of the process was now done by machines in Britain 4,500 miles away. The Indian economy collapsed. Millions of laborers lost their jobs and had to work in cash-crop agriculture—specifically, raw cotton—to survive. So instead of exporting cloth (a manufactured good) India became an exporter of cotton (a raw material). This process, which took a hundred years, is what we mean when we say “de-industrialization”. It meant a lot of the profit for turning the cotton into the cloth now went to Britain instead of to India... where the cotton was.



A fine cotton morning coat, produced in India for sale to a wealthy French aristocrat. Before de-industrialization, India produced much of the finest finished textiles in the world. Cleveland Museum of Art. Public domain.

Shifting Global Patterns of Production

By mid-eighteenth century, more and more English merchants were arriving on the shores of India demanding raw cotton instead of textiles. They shipped it back to English mills where machines spun it into yarn and threads to mass produce textiles. The result? Tons of inexpensive factory-made textiles flooded the markets in England, Europe and India. Sellers of handmade fabrics in Indian markets could not compete with the lower priced English cloth that was suddenly too abundant. Indian weavers and those who sold their products were put out of work.

This shift in production negatively impacted India's long-term industrial development. De-industrialization resulted in wide-spread famines, mass migrations (as weavers sought new jobs) and the de-stabilization of markets throughout the region. Hundreds of thousands of displaced, now jobless textile laborers were evicted from their lands or unable to eat as wages declined, taxes increased, and the cost of rice and other foods rose.

The Decline of the Mughal Empire

Let's look at some of the political history behind this change in production and distribution. One reason for India's early domination of global textile manufacturing and trade had been its stability as a community. Before the eighteenth century, the Mughal Empire had created a vast and safe infrastructure that supported a strong export trade system of cotton cloth. Indian silks, jute¹ and Kashmir cloths were used or worn in lands as far as Persia and China. This long period of prosperity ended by the mid-eighteenth century. The centralized authority of the Mughal Empire slowly lost its grip as rival leaders and European merchants gained more control of the region.

¹ Jute is a rough fiber used for making rope, and can be woven into sacks and matts.

For 200 years the Mughal state had been able to provide safe ports for international business. It encouraged private traders to expand trade networks. The state worked through a complex political alliance system to collect taxes. These taxes were used to develop military and public works. They built safer roads, bridges, water systems and port cities. Trade expanded and the region's economy was strong.

As the Mughal state declined in the mid-eighteenth century, increasingly independent merchants and leaders in each region of India began forging new commercial alliances. They did business with Portuguese, Dutch, French and English trade companies and merchants. Some Europeans arrived as independent merchants employed by private joint stock trading companies. The English East India Company (E.I.C.), established in 1600, was one of them. Others came as representatives of foreign governments to trade on behalf of monarchs. In either case, local governors and princes did not think their commercial contracts with Europeans were political. Nor did they consider their partnerships with European agents any threat to their power or to the authority of Mughal state. Similarly, wealthy Bengali bankers were willing to extend a credit line to Englishmen in service of the English East India Company.

Through these merchants and bankers, lots of money was now flowing around the local economy. Much of it was in the form of silver and gold originally from the Americas. But this cash wasn't staying in India. It was going to foreign companies who were buying cash crops like cotton in India, but then turning them into finished products in Europe. Some of it was also being used to pay foreign mercenaries. That included the troops of the East India Company, who fought the wars that happened as the Mughal Empire was breaking up. It was kind of like a deer, annoyed by ticks, hiring a lion to pick them off.

From Merchants to Colonizers

Let's talk about those hired troops. Little did the Mughal state realize that by granting trade companies, like the E.I.C., the rights to trade, they were also inviting more European political involvement.

European merchants traveled with the troops they employed to protect their goods. These armies grew even bigger than many national armies back home. The merchants also recruited local soldiers, called *sepoys*. As more European troops were stationed in port cities along the coast of India, it was obvious that their military strength could become a commercial advantage. Europeans became more involved in local politics and in local military rivalries in order to gain greater access to the goods and land they wanted.

Because they had so many troops, the East India Company secured a treaty with the Mughals to appoint men to political offices, control native military forces, and collect taxes in the province of Bengal. This gave them direct authority to control agricultural lands and the crops grown on them in this province. Soon, they expanded their control to other provinces. Slowly but surely, parts of India were absorbed into the British Empire, one piece at a time. By rejecting



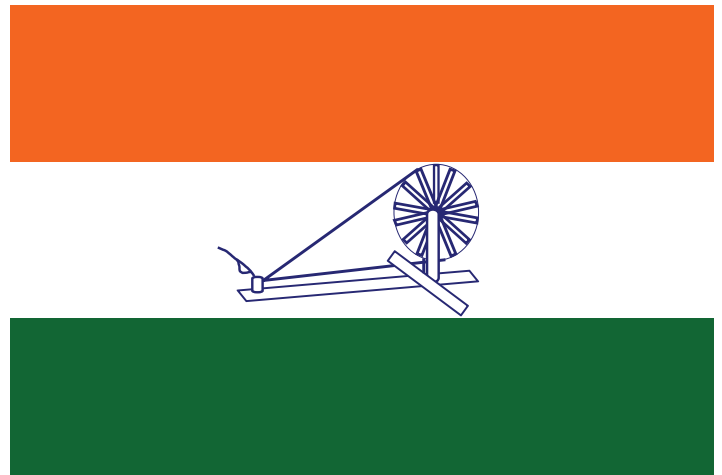
An East India Company officer around 1750, by Indian artist Dip Chand. Courtesy of the Victoria and Albert Museum. Public domain.

older indigenous traditions about how land was owned and used, and re-organizing the tax system, the British government created conditions that helped their commercial goals, but hurt the Indian people. Small rice farmers who could not pay their taxes were evicted and larger plantations were created where more cotton could be grown to feed the textile mills of England. Convincing the Indians that they had to wear British factory-made pants, vests and bowler hats in order to be truly “civilized” also insured greater commercial profits. The shift in political control was now paving the way for de-industrialization.

The Results

As cotton fields replaced rice fields, the cost of food rose. A series of crippling famines hit India in 1769, 1783, and 1791, which resulted in about 30 million deaths. Famines are usually linked to environmental factors like drought, but most historians agree it wasn't just that. Indians had less access to food because of the dramatic shifts in the economy. The East India Company had focused on profitable cotton more than on food. This further weakened the region, and paved the way for formal British colonial rule.

Later, in the twentieth century, when Indian nationalists organized a campaign against British rule, they saw this period of de-industrialization in the eighteenth century as the beginning of their own conquest. Educated people in India identified the economic practices of the British Empire as extractive and exploitive. They saw their hope for greater political independence linked to greater economic self-reliance, a concept they called *swadeshi*. Nationalists framed this struggle symbolically to inspire people from all backgrounds to participate in mass protests. Many students and laborers took action, first in Bengal and then elsewhere. They heaped British factory-made pants, vests, coats and bowler hats into piles in the streets and burned them. Non-violent freedom fighters like Gandhi encouraged Indians to wear home-spun cloth (*khadi*) in traditional styles. No more mimicking Westerners and their fashions. Gandhi even promoted the use of spinning wheels in every home, by men and women alike. In 1931, the first flag adopted by the Indian National Congress featured a spinning wheel in celebration of India's proud industrial past.



The Swaraj Flag, officially adopted by the Indian National Congress in 1931. Public domain.

Sources

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Cover: Robert Clive (1725-1774), British governor of India receives from Shah Alam, the Mughal Emperor of India, a decree conferring upon the East India Company the administration of the revenues of Bengal, Behar and Orissa. © Photo by Hulton Archive/Getty Images

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