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INGLORIOUS EMPIRE

What the British Did to India

'Slices straight to the heart of the darkness that drives all empires'

Financial Times

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THE LOOTING OF INDIA

In 1930, a young American historian and philosopher, Will Durant, stepped onto the shores of India for the first time. He had embarked on a journey around the world to write what became the magnificent eleven-volume *The Story of Civilization*. But he was, in his own words, so 'filled with astonishment and indignation' at what he saw and read of Britain's 'conscious and deliberate bleeding of India' that he set aside his research into the past to write a passionate denunciation of this 'greatest crime in all history'. His short book, *The Case for India*, remains a classic, a profoundly empathetic work of compassion and outrage that tore apart the self-serving justifications of the British for their long and shameless record of rapacity in India.

As Durant wrote:

> The British conquest of India was the invasion and destruction of a high civilization by a trading company [the British East India Company] utterly without scruple or principle, careless of art and greedy of gain, over-running with fire and sword a country temporarily disordered and help-less, bribing and murdering, annexing and stealing, and beginning that career of illegal and 'legal' plunder which has now [1930] gone on ruth-lessly for one hundred and seventy-three years.

The Conquest of India by a Corporation

Taking advantage of the collapse of the Mughal empire and the rise of a number of warring principalities contending for authority across eighteenth-century India, the British had subjugated a vast land through the power of their artillery and the cynicism of their amorality. They displaced nawabs and maharajas for a price, emptied their treasuries as it pleased them, took over their states through various methods (including, from the 1840s, the cynical 'doctrine of lapse' whenever a ruler died without an heir), and stripped farmers of their ownership of the lands they had tilled for generations. With the absorption of each native state, the Company official John Sullivan (better known as the founder of the 'hill-station' of Ootacamund, or 'Ooty') observed in the 1840s: 'The little court disappears—trade languishes—the capital decays—the people are impoverished—the Englishman flourishes, and acts like a sponge, drawing up riches from the banks of the Ganges, and squeezing them down upon the banks of the Thames.'

The India that the British East India Company conquered was no primitive or barren land, but the glittering jewel of the medieval world. Its accomplishments and prosperity—'the wealth created by vast and varied industries'—were succinctly described by a Yorkshire-born American Unitarian minister, J. T. Sunderland:

> Nearly every kind of manufacture or product known to the civilized world—nearly every kind of creation of man's brain and hand, existing anywhere, and prized either for its utility or beauty—had long been produced in India. India was a far greater industrial and manufacturing nation than any in Europe or any other in Asia. Her textile goods—the fine products of her looms, in cotton, wool, linen and silk—were famous over the civilized world; so were her exquisite jewellery and her precious stones cut in every lovely form; so were her pottery, porcelains, ceramics of every kind, quality, color and beautiful shape; so were her fine works in metal—iron, steel, silver and gold.
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> She had great architecture—equal in beauty to any in the world. She had great engineering works. She had great merchants, great businessmen, great bankers and financiers. Not only was she the greatest shipbuilding nation, but she had great commerce and trade by land and sea which extended to all known civilized countries. Such was the India which the British found when they came.

At the beginning of the eighteenth century, as the British economic historian Angus Maddison has demonstrated, India's share of the world economy was 23 per cent, as large as all of Europe put together. (It had been 27 per cent in 1700, when the Mughal Emperor Aurangzeb's treasury raked in £100 million in tax revenues alone.) By the time the British departed India, it had dropped to just over 3 per cent. The reason was simple: India was governed for the benefit of Britain. Britain's rise for 200 years was financed by its depredations in India.

It all began with the East India Company, incorporated by royal charter from Her Majesty Queen Elizabeth I in 1600 to trade in silk and spices, and other profitable Indian commodities. The Company, in furtherance of its trade, established outposts or 'factories' along the Indian coast, notably in Calcutta, Madras and Bombay; increasingly this involved the need to defend its premises, personnel and trade by military means, including recruiting soldiers in an increasingly strife-torn land (its charter granted it the right to 'wage war' in pursuit of its aims). A commercial business quickly became a business of conquest, trading posts were reinforced by forts, merchants supplanted by armies.

The first British 'factor', William Hawkins, found himself treated with scant respect, his king mocked and his assets scorned. When the first British ambassador, Sir Thomas Roe, presented his credentials in 1615 at the court of the Mughal Emperor, Jehangir, the Englishman was a supplicant at the feet of the world's mightiest and most opulent monarch. The Mughal empire stretched from Kabul to the eastern extremities of Bengal, and from Kashmir in the north to Karnataka in the south. But less than a century and a half later, this Mughal empire was in a state of collapse after the spectacular sacking of Delhi by the Persian Nadir Shah in 1739 and the loot of all its treasures. The Mughal capital was pillaged and burned over eight long weeks; gold, silver, jewels and finery, worth over 500 million rupees, were seized, along with the entire contents of the imperial treasury and the emperor's fabled Peacock Throne; elephants and horses were commandeered; and 50,000 corpses littered the streets. It is said that when Nadir Shah and his forces returned home, they had stolen so much from India that all taxes were eliminated in Persia for the next three years.

Amid the ensuing anarchy, provincial satraps asserted control over their own regions, and rivals for power (notably the Maratha and later the Peshwa dynasties) asserted themselves at the expense of the central authority, many calling themselves maharajas and nawabs while owing nominal allegiance to the Mughal emperor in Delhi. In 1757, under the command of Robert, later Lord, Clive, the Company won a famous victory in Plassey over a ruling nawab, Siraj-ud-Daula of Bengal, through a combination of superior artillery and even more superior chicanery, involving the betrayal of the nawab by one of his closest nobles, Mir Jafar, whom the Company duly placed on his throne, in exchange for de facto control of Bengal. Clive soon transferred the princely sum of £2.5 million (£250 million in today's money, the entire contents of the nawab's treasury) to the Company's coffers in England as the spoils of conquest.

In August 1765, the young and weakened Mughal emperor, Shah Alam II, was browbeaten into issuing an imperial edict whereby his own revenue officials in the provinces of Bengal, Bihar and Orissa were replaced with the Company's. An international corporation with its own private army and princes paying deference to it had now officially become a revenue-collecting enterprise. India would never be the same again.

In the hundred years after Plassey, the East India Company, with an army of 260,000 men at the start of the nineteenth century and the backing of the British government and Parliament (many of whose members were shareholders in the enterprise), extended its control over most of India. The Company conquered and absorbed a number of hitherto independent or autonomous states, imposed executive authority through a series of high-born governors-general appointed from London, regulated the country's trade, collected taxes and imposed its fiat on most aspects of Indian life. In 1803, Company forces marched into Delhi to find the old and terrified Mughal monarch cowering under a royal canopy. During the following decades the Company's domains absorbed several Indian principalities. In the eight years after he took over as the Company's Governor-General in 1847, Lord Dalhousie annexed a quarter of a million square miles of territory from Indian rulers.

Till an open revolt occurred against them in 1857—the so-called 'Indian Mutiny'—leading to the takeover of British domains by the Crown in the following year, the East India Company presided over the destinies of more than 200 million people, determining their economic, social and political life, reshaping society and education, introducing railways and financing the inauguration of the Industrial Revolution in Britain. It was a startling and unrivalled example of what, in a later era, Marxists in the 1970s grimly foretold for the world: rule of, by and for a multinational corporation.

Though the Mughal emperor's edict referred to the directors of the East India Company as 'the high and mighty, the noblest of exalted nobles, the chief of illustrious warriors, our faithful servants and sincere well-wishers, worthy of our royal favours, the English Company', no royal favours were required, other than signing on the dotted line. Shah Alam II and his successors lived on the sufferance of the Company, prisoners and pensioners in all but name. 'What honour is left to us?', the historian William Dalrymple quotes a Mughal official named Narayan Singh as asking after 1765, 'when we have to take orders from a handful of traders who have not yet learned to wash their bottoms?' But honour was an irrelevant concern for his emperor's 'faithful servants and sincere well-wishers'. The Company ran India, and like all companies, it had one principal concern, shared by its capitalist overlords in London: the bottom line.

The Deindustrialization of India: Taxation, Corruption & The 'Nabobs'

The British government assisted the Company's rise with military and naval resources, enabling legislation (prompted, in many cases, by the Company's stockholders in Parliament), loans from the Bank of England and a supportive foreign policy that sought both to overcome local resistance and to counter foreign competitors like the French and Dutch. But as the Company's principal motive was economic, so too were the major consequences of its rule, both for India and for Britain itself.

Britain's Industrial Revolution was built on the destruction of India's thriving manufacturing industries. Textiles were an emblematic case in point: the British systematically set about destroying India's textile manufacturing and exports, substituting Indian textiles by British ones manufactured in England. Ironically, the British used Indian raw material and exported the finished products back to India and the rest of the world, the industrial equivalent of adding insult to injury.

The British destruction of textile competition from India led to the first great deindustrialization of the modern world. Indian handloom fabrics were much in demand in England; it was no accident that the Company established its first 'factory' in 1613 in the southern port town of Masulipatnam, famous for its Kalamkari block-printed textiles. For centuries the handloom weavers of Bengal had produced some of the world's most desirable fabrics, especially the fine muslins, light as 'woven air', that were coveted by European dressmakers. As late as the mid-eighteenth century, Bengal's textiles were still being exported to Egypt, Turkey and Persia in the West, and to Java, China and Japan in the East, along well-established trade routes, as well as to Europe. The value of Bengal's textile exports alone is estimated to have been around 16 million rupees annually in the 1750s, of which some 5 to 6 million rupees' worth was exported by European traders in India. (At those days' rates of exchange, this sum was equivalent to almost £2 million, a considerable sum in an era when to earn a pound a week was to be a rich man.) In addition, silk exports from Bengal were worth another 6.5 million rupees annually till 1753, declining to some 5 million thereafter. During the century to 1757, while the British were just traders and not rulers, their demand is estimated to have raised Bengal's textile and silk production by as much as 33 per cent. The Indian textile industry became more creative, innovative and productive; exports boomed. But when the British traders took power, everything changed.

In power, the British were, in a word, ruthless. They stopped paying for textiles and silk in pounds brought from Britain, preferring to pay from revenues extracted from Bengal, and pushing prices still lower. They squeezed out other foreign buyers and instituted a Company monopoly. They cut off the export markets for Indian textiles, interrupting long-standing independent trading links. As British manufacturing grew, they went further. Indian textiles were remarkably cheap—so much so that Britain's cloth manufacturers, unable to compete, wanted them eliminated. The soldiers of the East India Company obliged, systematically smashing the looms of some Bengali weavers and, according to at least one contemporary account (as well as widespread, if unverifiable, belief), breaking their thumbs so they could not ply their craft.

Crude destruction, however, was not all. More sophisticated modern techniques were available in the form of the imposition of duties and tariffs of 70 to 80 per cent on whatever Indian textiles survived, making their export to Britain unviable. Indian cloth was thus no longer cheap. Meanwhile, bales of cheap British fabric—cheaper even than poorly paid Bengali artisans could make—flooded the Indian market from the new steam mills of Britain. Indians could hardly impose retaliatory tariffs on British goods, since the British controlled the ports and the government, and decided the terms of trade to their own advantage.

India had enjoyed a 25 per cent share of the global trade in textiles in the early eighteenth century. But this was destroyed; the Company's own stalwart administrator Lord William Bentinck wrote that 'the bones of the cotton weavers were bleaching the plains of India'.

India still grew cotton, but mainly to send to Britain. The country no longer wove or spun much of it; master weavers became beggars. A stark illustration of the devastation this caused could be seen in Dhaka, once the great centre of muslin production, whose population fell from several hundred thousand in 1760 to about fifty thousand by the 1820s. (Fittingly, Dhaka, now the capital of Bangladesh, is once again a thriving centre of textile and garment production.)

British exports of textiles to India, of course, soared. By 1830 these had reached 60 million yards of cotton goods a year; in 1858 this mounted to 968 million yards; the billion yard mark was crossed in 1870—more than three yards a year for every single Indian, man, woman or child.

The destruction of artisanal industries by colonial trade policies did not just impact the artisans themselves. The British monopoly of industrial production drove Indians to agriculture beyond levels the land could sustain. This in turn had a knock-on effect on the peasants who worked the land, by causing an influx of newly disenfranchised people, formerly artisans, who drove down rural wages. In many rural families, women had spun and woven at home while their men tilled the fields; suddenly both were affected, and if weather or drought reduced their agricultural work, there was no back-up source of income from cloth. Rural poverty was a direct result of British actions.

Apologists for Empire suggest that Indian textiles were wiped out by the machines of Britain's Industrial Revolution, in the same way that traditional handmade textiles disappeared in Europe and the rest of the world, rather than by deliberate British policy: in this reading, if they hadn't collapsed to British power, the weavers would have been replaced within fifty years by Indian textile mills using modern machinery. India's weavers were, thus, merely the victims of technological obsolescence.

It is plausible that, in due course, handlooms would have found it difficult to compete with mass-produced machine-made textiles, but they would surely have been able to hold on to a niche market, as they do to this day in India. At least the process would have occurred naturally and gradually in a free India, perhaps even delayed by favourable protective tariffs on English imports of mill-made textiles, rather than being executed brutally by British fiat. And many Indian manufacturers would surely have imported technology themselves, given the chance to upgrade their textile units; the lower wages of Indian workers would always have given them a comparative advantage over their European competitors on a level playing field. Under colonialism, of course, the playing field was not level, and the nineteenth century told the sad tale of the extinction of Indian textiles and their replacement by British ones.

Still, inevitably, Indian entrepreneurs began to set up their own modern textile mills after 1850 and to produce cloth that could compete with the British imports. The American Civil War, by interrupting supplies of cotton from the New World, set off a brief boom in Indian cotton, but once American supplies resumed in 1865, India again suffered. As late as 1896, Indian mills produced only 8 per cent of the total cloth consumed in India. By 1913, this had grown to 20 per cent, and the setbacks faced by Britain with the disruptions of the World War I allowed Indian textile manufacturers to slowly recapture the domestic market. In 1936, 62 per cent of the cloth sold in India was made by Indians; and by the time the British left the country, 76 per cent (in 1945).

But for most of the colonial era, the story of Indian manufacturing was of dispossession, displacement and defeat. What happened to India's textiles was replicated across the board. From the great manufacturing nation described by Sunderland, India became a mere exporter of raw materials and foodstuffs, raw cotton, as well as jute, silk, coal, opium, rice, spices and tea. With the collapse of its manufacturing and the elimination of manufactured goods from its export rosters, India's share of world manufacturing exports fell from 27 per cent to 2 per cent under British rule. Exports from Britain to India, of course, soared, as India's balance of trade reversed and a major exporting nation became an importer of British goods forced upon the Indian market duty-free while British laws and regulations strangled Indian products they could not have fairly competed against for quality or price.

The deindustrialization of India, begun in the late eighteenth century, was completed in the nineteenth and only slowly reversed in the twentieth. Under the British, the share of industry in India's GDP was only 3.8 per cent in 1913, and at its peak reached 7.5 per cent when the British left in 1947. Similarly, the share of manufactured goods in India's exports climbed only slowly to a high of 30 per cent in 1947. And at the end of British rule, modern industry employed only 2.5 million people out of India's population of 350 million.