

# 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.

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Before 1750, much of the world bought its textiles (cloth) from India. Some historians believe India was the most important manufacturer in the world during this time, responsible for about 25 percent of the planet's entire industrial output. 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 export of cotton textiles manufactured there. It was devastated by European industrialization and the commercial changes this inspired. India's large 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. British industrialists were also careful not to let the new technology get into the hands of competitors in India. As a result, the Indian economy collapsed. Millions of laborers lost their jobs and had to grow 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 known as "de-industrialization." It meant that a lot of the profit from turning the cotton into cloth now went to Britain instead of to India ... where the cotton was.

Let's explore this process in greater detail.

## Shifting global patterns of production

By the mid-eighteenth century, more and more English merchants in India were demanding raw cotton instead of textiles. They shipped it back to English mills, where machines spun it into yarn and threads used 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 so 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 and mass migrations (as weavers moved in search of new jobs). Wages declined, taxes increased, and the cost of rice and other foods rose. As a result, hundreds of thousands of now jobless textile laborers were evicted from their lands or were unable to eat.

## The decline of the Mughal Empire

Let's look at some of the political histories behind these events. One reason for India's early success in textile manufacturing and trade was the fact that India was very stable. Before the eighteenth century, the Mughal Empire had created a vast and safe network of roads and bridges that supported a strong export trade system for cotton cloth. Indian silks, jute,<sup>1</sup> and Kashmir cloths were used or worn in lands as far away as Persia and China.



*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.*

<sup>1</sup> Jute is a rough fiber used for making rope. It can be woven into sacks and matts.

The Mughal society also prized full employment, and the hand-made cloth industry kept many people employed. Additionally, the Mughal state provided safe ports for international business. It encouraged private traders to expand trade networks. Trade thrived and the region's economy was strong.

However, this long period of prosperity ended in the mid-eighteenth century. The centralized authority of the Mughal Empire slowly weakened as rival leaders and European merchants gained more control of the region. As the Mughal state declined, 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 these companies. Other merchants 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 lend money 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 such as cotton in India, but then turning them into finished products in Europe. Some of it was also being used to pay foreign fighters. That included the troops of the East India Company, who fought the wars that happened as the Mughal Empire was breaking up.

## From merchants to colonizers

Let's talk about those hired troops. Little did the Mughal state realize that by granting trade companies, such as 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. The treaty allowed them to appoint men to political offices, control native military forces, and collect taxes in the province of Bengal. This gave them direct authority over Bengal's agricultural lands and the crops grown on them. 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 redefining how the land was owned and used, and reorganizing the tax system,



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

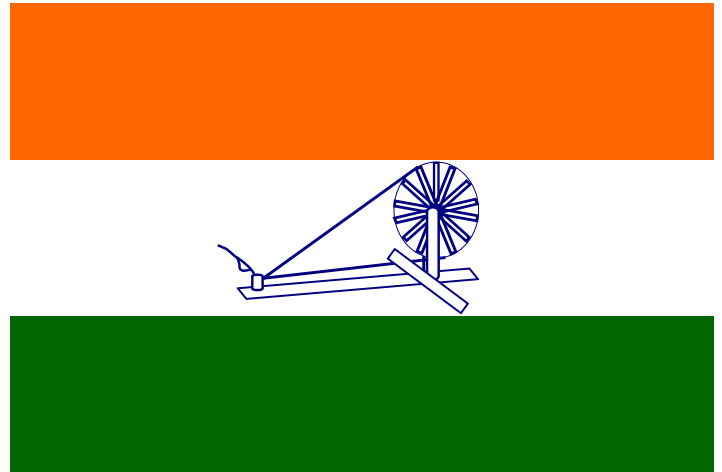
the British government created conditions that helped their commercial goals, but hurt the Indian people. Small rice farmers who could not pay their taxes were evicted from their land. Larger plantations were then created, where more cotton could be grown to feed the textile mills of England. A shift 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 such as 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.

Eventually, by the twentieth century, Indian nationalists organized a campaign against British rule. Educated people in India identified the economic practices of the British Empire as exploitive. They saw their hope for greater political independence linked to greater economic self-reliance. This was a concept they called *swadeshi*. Nationalists framed this struggle symbolically to inspire people from all backgrounds.

People participated 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. Nonviolent freedom fighters such as Gandhi encouraged Indians to wear homespun 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. They saw the period of de-industrialization in the eighteenth century as the beginning of their own conquest. 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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## Image credits

**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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