

TED ANKARA COLLEGE FOUNDATION HIGH SCHOOL

EXTENDED ESSAY

Research Question: To what extent did the British Colonialism in India contributed to Britain's economic development in the eighteenth century?

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Abstract

This essay will focus on whether or not dominant presence of Britain in India during the eighteenth century had an effect on its economy during same time period. It specifically tries to connect the colonialism of the British in India and contribution of this to Britain's economic development in the eighteenth century to find out to what extent British colonialism in India contributed to Britain's economic development in the eighteenth century.

It has used the rise of "Second British Empire" 1783-1815 and the start of the Industrial Revolution as a point of reference in order to validate the hypothesis that British colonialism in India that started by the beginning of the seventeenth century and continued for over two centuries did have the profound impact on Britain's economic development specifically at the time period that covers first half of the eighteenth century. Eighteenth century can be referred to as the time period during which Britain established its dominance among other Western nations as the first country to be industrialized. Thus Britain's transformation into one of the most advanced and successful economies in the world could be attributed to start of the industrial revolution. This paper has been organised into four main sections. In first section, the outline of the essay is provided relevant with my research question. The first section is the introduction part and is followed by the main body of text that has been divided into two sections. The second section have subsections as, economy of Britain in the seventeenth century, meaning of colonialism and the nature of British colonialism in India and phases of

Alaz Ata Şenol
D1129074

British colonialism in India. The third section describes the significance of industrial revolution for economic rise of British Empire in the eighteenth century. My paper ends with the fourth section as conclusion part.

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CONTENTS

Introduction.....	1
The Historical Context and the Nature of British Colonialism in India.....	2
• <i>Britain's Economy in the Seventeenth Century.....</i>	<i>2</i>
• <i>Meaning of Colonialism and the Nature of British Colonialism in India.....</i>	<i>3</i>
• <i>British Interest in India Dates Back to the Early 1700s.....</i>	<i>3</i>
Industrial Revolution and Rise of Britain's Economy in the Eighteenth Century...6	
Conclusion.....	12

Alaz Ata Şenol
D1129074

INTRODUCTION

This paper will try to delineate the issues of colonialism from the specific perspective of British colonialism in India and the nature of colonial economic domination and exploitation of Britain over India.

It will also try to demonstrate this particularly with regard to Industrial Revolution that started in Britain as the result of the rise of Britain's economy in the eighteenth century. Industrial Revolution could be considered one the most important milestones of the documented history of the mankind. In this respect, Britain is unique as it is the only example that could establish Industrial Revolution on its own without any inspiration from other examples. It could be argued that the Industrial Revolution started in Britain since it was the only country to have that finance-capital as a result of the specific commercial relation with its colonies particularly with India.

In order to demonstrate the importance of India in Britain's economic development, some aspects of the dynamics that played a role in Britain's colonial settlement and expansion will be highlighted.

There will be reference to East India Company -a British Government agency for India- to illustrate how absolute monopoly over commerce was carried out and the influence of this on Britain's economic rise which led Britain to become the first nation to be industrialized. Hence, this paper will be based on the idea shared by most historians that British colonialism was mainly in the form of economic domination (Hobsbawm 20; Maddison 1)

Alaz Ata Şenol
D1129074

In the context outlined above first a brief overview of Britain's economy before the eighteenth century will be given and the impact of colonialism on the economical development of the colonising country which in this case is Britain will be analysed.

THE HISTORICAL CONTEXT AND THE NATURE OF BRITISH COLONIALISM IN INDIA

Britain's Economy in the Seventeenth Century. In the beginning of the seventeenth century the British Isles could be depicted as three kingdoms and a province but by 1700 they were recasted as one kingdom and three provinces (Macinnes 39).

At those times the most important mode of communication was sea-travel by boat which shaped the trading patterns as well. The maritime environment conditioned the transatlantic trade and westward colonial expansion; especially in the coastline gathering of people in cities lead to the development of coal mining. The need to feed the rapidly growing population, according to Macinnes there was approximately 1 million rise in the population rates from 1600 to 1700 (40) stimulated the agricultural transformation and commercial diversity. By the end of the 17th century, the economy in the country could be described as one dependent on agriculture which offered seasonal jobs along with those offered in industry. As the middle sector began to grow, however, the demands for supplies began to increase which in turn lead to the creation of a consumer society and thus the transformation from traditional economy to commercial economy.

Alaz Ata Şenol
D1129074

After the successful establishment of Anglo-Scottish Union in 1707 (Macinnes 40), since the sea and the land gained territorial integrity and national border control became more effective, greater England became the leading colonial power in India and North America. However after a war of independence that resulted in Britain's loss of the Thirteen Colonies in North America, in 1776 India became the most valuable and populous colony. Historians, refer the loss of British American colonies as the event defining the transition between the "first" and "second" empires. ("British Empire" 52)

Meaning of colonialism and the nature of British colonialism in India. Colonies were created since the beginning of civilization. Colonialism could be referred as one of the types of capitalism created by Industrial Revolution in the western world. However, with specific reference to the British-Indian case, it seems more sounds to deduce that colonialism led to the start of the Industrial Revolution in Britain at first. Colonialism aims at maintaining dominance, mainly for economic gain, as well for cultural and political power over people of other backward countries. For comparison with other colonial powers like Portuguese, Spanish and French it should be emphasized that the main motivation of British colonialism was economic rather than cultural or evangelical with Christian fanaticism.(Madisson1; Sarma 1)

British interest in India dates back to the early 1700s. British East India Company (1600-1874) which focused on trade with the Indian subcontinent was established by that

Alaz Ata Şenol
D1129074

time in order to break Dutch monopoly over spice trade. Besides spices, cotton and silk goods yielding rich profits to the ready market in Europe were also supplied.

In the beginning, the company was not in a position to challenge the powerful Mughal Empire which was the ruling power for the large portion of the Indian subcontinent and the 1700s witnessed furious rivalry between varying companies from Europe.

This changed in eighteenth century as the Mughal Empire declined in power. During this period, England and the East India Company advanced to a position of direct political administrative responsibility in India which opened a new chapter in the history of the British colonialism in India (Abbatista 1; Hobsbawn 46). Meanwhile French were driven out of India after the seven years war, which took place between 1757-1765, that left Britain as the only ruler in this country.

Without the presence of a significant military power, the British were able to maintain their political dominance in the country by manipulating the culture to serve their purposes.

With an attempt to assimilate Indians so as to serve Britain's political interests, many scholars studied different aspects of the Indian culture including its history, language and customs.

It could be said this was done by means of highlighting the differences based on religion and caste, creating a new intermediary class that is to say pro-British people helping for running the British administration (Maddison 2-7; Abbatista 2). However it could be said

Alaz Ata Şenol
D1129074

that British only westernized India to a limited degree since the cultural diffusion was not the primary motivation of British colonialism in India (Mc Neill 558).

To properly understand the nature and economic logic of British colonialism in India, would be better to analyse it in the following three phases (“Colonialism in India” 486)

1. Mercantile phase of colonialism (Inception-1813)
2. Free Trade phase of colonialism (1813-1858)
3. Financial phase of colonialism (1858-1947)

1. Mercantile phase; this phase marks the presence of the British merchants in India as a part of the East India company. The company was buying cheap raw materials from Indian market and selling the same as finished goods to the Indian people at a very high price. At that time, India was not just the exporter of cotton to Britain, it was also importing manufactured cotton textiles from Britain. This allowed the British to make huge profits and led the economic exploitation that in turn helped the start of the Industrial Revolution in England.

2. Free Trade Capitalism; this phase was quite significant from the point of trade and commerce as the establishment of secure and stable trade was the hallmark of this period. Many constitutional reforms were taking place to establish peace and develop more resources in India in order to establish a balance between British imperialism and the demands of Indian nationalism. Free trade phase was marked by the free entry of British traders to India.

Alaz Ata Şenol
D1129074

Export of raw materials and import of manufactured goods to India consequently supported the development of efficient systems of transport and communication like; building of steam shipping, construction of railways, roads, installation of posts and telegraph.

This phase had ended by the suppression of the First War of Indian Independence of 1857.

3. Financial Phase; This phase started with the replacement of the company rule by direct imperial rule. The company's monopoly on trade with India was abolished and dissolved by the parliamentary acts of 1813 and 1833. British industrialists made huge investment of capital during this period. So, huge amount of India's wealth, in terms of finance-capital was exported to Britain, which allowed entrepreneurs to make investments in their mother land.

Consequently one of the reasons that accelerated the industrial developments in Britain is the investment of this huge imported capital.

INDUSTRIAL REVOLUTION AND THE RISE OF BRITAIN'S ECONOMY IN THE EIGHTEENTH CENTURY

After this brief review of the historical dynamics of British colonialism of India, the paper will try to focus on Industrial revolution and how it influenced the rise of the British Empire.

Alaz Ata Şenol
D1129074

Also, it is necessary to mention the importance of eighteenth century, as the part of the history of the British colonialism in India which continued for two centuries, for Britain's economic rise that in turn led the British to become the first nation of Industrial Revolution, it could be referred as the time period during which the British had spread their territorial dominance and grounded their company in the country. India has become a huge market for British manufacturers and the supplier of raw materials. By that time British had succeeded in maintaining their power in the political arena and took control over the administrative practices of the country. Their effect on the Indian subcontinent extended to the economic, social and cultural areas.

Britain was the major force in Indian life and became the most advanced commercial economy in Europe during the 18th century. British economic historians refer to the time period from 1688-1815 as the reference point of Britain's economical rise (O'Brien 469). Just before the Industrial Revolution at 1750, British population growth increased rapidly. London with its 750.000 population was the biggest city in Europe, probably two times bigger than Paris (Hobsbawn 23). The population explosion which increased the demand of London market was one of the most important reason for the increasing pressure to produce more manufactured goods and high productivity in every field. As a result, it could be argued that agricultural productivity, the emergence of manufacturing, invention of new mineral technologies, the introduction of factories all contributed to the industrialization of the country. However historians share the idea that Industrial Revolution could neither be explained by geo-climatic conditions nor the biological

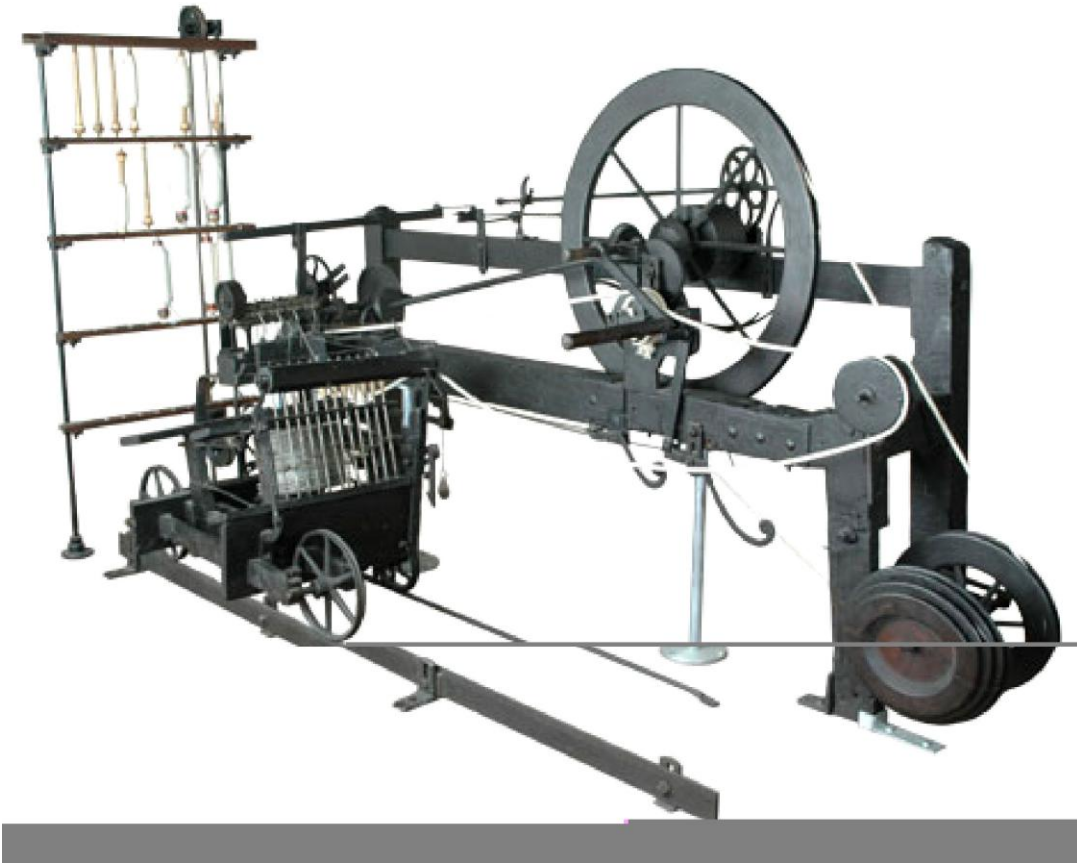
Alaz Ata Şenol
D1129074

change of the population as there were similar conditions in the past history of the country (Hobsbawn 35). Whereas, it could be argued that mainly the growth of finance-capital and wealth in the country fuelled the beginning of the Industrial Revolution. The growth of wealth was the result of the trade most importantly with India, that was mainly shaped by East India Company. It traded mainly cotton, textiles and tea. Pownall in his own words highlights the importance of the company's role in Britain's economical development as: "The exercise of the sovereigntyin East Indies have come into hands of East India Companythe power arising from this exercise of sovereigntythe same company have as merchants, while they acted as sovereigns, carried an absolute monopoly of commerce of one of the richest manufacturing countries of the world " (qtd in O'Brien 479).

The company was making large profits from its Indian export of chiefly textiles. Economic historians also point out that the export of manufactured cotton as the most important source of the large profits for Britain at that time. By 1780, fifty six percent of the goods imported by East India Company were textile, tea and coffee (Hobsbawn 49). So, as shared by most historians it could be strongly remarked that the cotton could be referred as the index material for the accumulation of primary capital for the industrialization. According to Hobsbawn, cotton industry which had been created by colonial trade was like a glider which expanded above all unprectable (53) (see figure 1).

Alaz Ata Şenol
D1129074

Figure 1. The only surviving example of spinning mule invented by Samuel Crompton in 1769



Source. "Industrial Revolution" *Wikipedia Free Encyclopedia*. Wikimedia Foundation.

Web 2 July 2008.19 Dec.2010

Cotton cloth woven by Indians was exported to other countries demanded as fabrics for dresses and furnishings. Also it is needed to be strongly emphasized that the India was the only country for cotton industry from that time and till the end of eighteenth century (Hobsbawn 53).

Alaz Ata Şenol
D1129074

To explain the importance of cotton industry, it might be true to say that it was the first industry to expand and increase so rapidly (“The Origins of Industrial Revolution” 4).

It would also be important to note that when its development ended by the end of 19th century, British industry and economy declined in accordance with this decline.

(Hobsbawn 64).

To strongly highlight the importance of cotton industry, it is logical to emphasize the importance of trade with India as the only country of this industry (Mc Neil 591). The other industries like coal and iron were still in the development stage however the demand for these supplies were not that much since industrialization had not started in other Western Countries yet.

Focusing on the economy of Britain by late 1800s at the dawn of the industrial revolution, agriculture was not as important as it used to be since only just one third of the income, was from agricultural work. (Hobsbawn 89). Britain’s economy was mostly based on commercial and colonial activities over seas; chiefly the export of the cotton textile represented the great amount of total trade since Britain was the supplier for the half of the demand of the World.

The eighteenth century could be referred as the early phase of the Industrial Revolution. It started in Britain and subsequently spread to the other parts of the World. By the start of revolution, productivity of industrious people had contributed to the development of trades and manufacturers that in turn transformed the Britain into successful and most

Alaz Ata Şenol
D1129074

advanced industrial market economy. As Hobsbawm commented it was England which first executed “the take off in the 1780s into self-sustained growth (45).

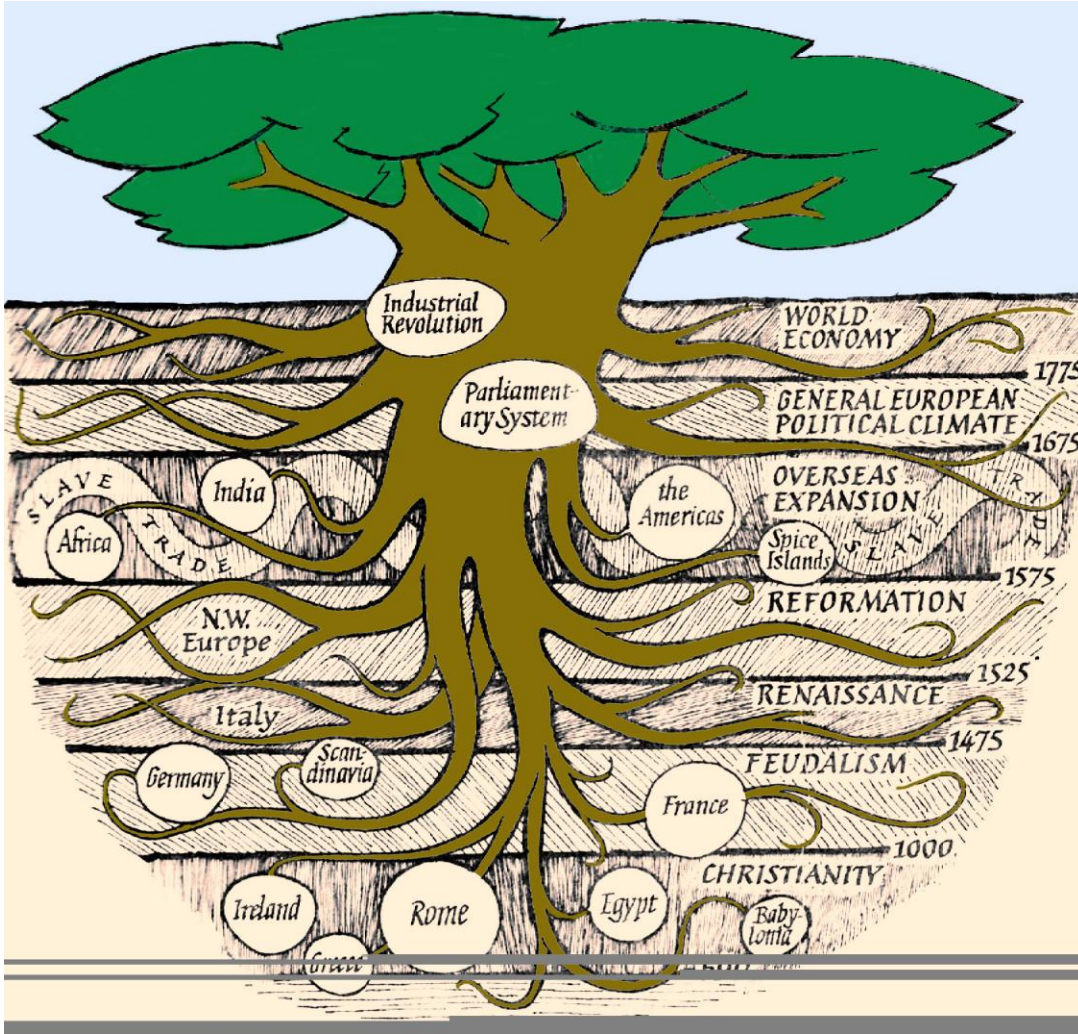
As it is mentioned by Abbe Raynal in 1777, Britain owes all the advantage of productivity and manufacturing to India (qtd.in Hobsbawm 49). It is known truth that India did have a bigger industry than any other country that became a European colony in pre-colonial times. It is also shared by other historians that industrial economy was due to this free and unlimited trade with India. By the end of the eighteenth century Britain was a global empire stronger than any other European country.

Although Britain may have been the primary beneficiary of the transfer of the wealth from India then used this capital to fund industry in other European countries. So even it could be concluded that the industrial revolution and the development of modern capitalism was based on colonialism. According to Lucas with his own words:” For the first time in history, the living standards of masses of the ordinary people have begun to undergo sustained growth Nothing remotely like this economic behaviour had happened before” (109).

British colonial settlement in India ended with the Indian independence in 1947.

It would be better to end this part with a nice picture from Toynbee that is showing the importance of British colonialism in India (Toynbee 40).

Figure 2: Roots of Britain



Source: Toynbee AJ. *A Study of History*. Trans. Murat Bilge. İstanbul: E Yayınları, 1975.

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CONCLUSIONS

The belief motivation behind the Britain's colonial settlement in India was mainly economic is an apprehension shared by almost all historians.

Alaz Ata Şenol
D1129074

Colonization and commerce with India carried Britain's economy forward and up to the possibility for an Industrial Revolution. As being the first nation to be industrialized Britain became the leading trading empire among other European Empires.

The leadership of Britain for industrialization could be explained neither scientific nor technological advantage of this country compared to other Western countries. Rather it could be explained by the cotton industry and colonialism.

The long eighteenth century from 1688-1815, is referred as the point of reference for the rise of Britain's economy by the British economic historians. During this time period, British East India Company was taking the advantage of trade monopoly in India which was one of the richest manufacturing countries of the World. Meanwhile, India was the only mainland for cotton textile industry which is referred to be the most important material that fuelled the start of industrialization.

British colonialism in India specifically by the eighteenth century did have great contributions to Britain's economy and transformed the England into the most advanced and successful industrial market economy.

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Alaz Ata Şenol
D1129074

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