Economic History of Empire – Trade between India and Britain in the Long 19th Century

Interview with Tirthankar Roy

Summary

1. Nature of British Empire in India

- The British imperial presence in India evolved from accidental power grabs during Mughal decline into a more structured, but still thinly governed, imperial system.
- Governance was largely decentralized. India was ruled via indirect methods, including princely states and a small, tax-weak British state relying on existing institutions.
- The British interest was mainly in maintaining trade routes and geopolitical stability, not micromanaging local administration.

2. Economic and Trade Shifts

- Early 19th Century: India was a major textile exporter, especially fine muslins and dyed cloths from Bengal and Madras.
- Mid-to-Late 19th Century: Britain's Industrial Revolution reversed the flow. India began importing textiles and exporting raw materials such as:
    - Cotton (especially after the U.S. Civil War)
    - Indigo
    - Opium (primarily to China)
    - Wheat and oilseeds
- British firms and Indian merchants collaborated and competed in these trades, often with blurred lines between monopoly and private enterprise.

3. Role of the State

- The British state was heavily involved in commercial law, infrastructure (e.g. railways, canals), and facilitating trade via legal frameworks.
- The state was pro-capitalist, but not developmentally interventionist. Most railway construction was privately led with state guarantees.

4. Technology and Industry

- India's cotton exports rose sharply during the cotton famine (U.S. Civil War).
- The local textile industry adapted by building mills in Bombay and Ahmedabad.

- Despite British imports, artisanal textile production survived due to local preferences, especially among women for unique, handcrafted saris.

5. Empire and Free Trade

- Although empire is often associated with control, 19th-century British India was part of a relatively open trade system.
- Laws like the Navigation Acts were largely obsolete.
- British logistical dominance (e.g. shipping, tea tasting/blending in London) created influence without strict legal trade barriers.

6. Exports and Inequality

- At its height, exports made up no more than 10% of India's GDP.
- Trade growth mainly benefited urban business elites, not rural farmers.
- The British state did little to address rural inequality.
- In contrast, post-independence India saw the state take an active role in agricultural development (e.g. Green Revolution), which had not been possible under empire.

Final Takeaways

- The British Empire in India was less centrally planned than traditionally portrayed.
- Trade dynamics were shaped as much by global events (e.g. wars, industrial revolutions) as by imperial policy.
- Empire created both constraints and opportunities, with complex legacies for development, inequality, and economic modernization.