

The Economic and Social Impact of Colonial Rule in India Chapter 3 of Class Structure and Economic Growth:

India & Pakistan since the Moghuls Maddison (1971) British imperialism was more pragmatic than that of other colonial powers. Its motivation was economic, not evangelical. There was none of the dedicated Christian fanaticism which the Portuguese and Spanish demonstrated in Latin America and less enthusiasm for cultural diffusion than the French (or the Americans) showed in their colonies. For this reason they westernized India only to a limited degree.

British interests were of several kinds. At first the main purpose was to achieve a monopolistic trading position. Later it was felt that a regime of free trade would make India a major market for British goods and a source of raw materials, but British capitalists who invested in India, or who sold banking or shipping service there, continued effectively to enjoy monopolistic privileges. India also provided interesting and lucrative employment for a sizeable portion of the British upper middle class, and the remittances they sent home made an appreciable contribution to Britain's balance of payments and capacity to save. Finally, control of India was a key element in the world power structure, in terms of geography, logistics and military manpower.

The British were not averse to Indian economic development if it increased their markets but refused to help in areas where they felt there was conflict with their own economic interests or political security. Hence, they refused to give protection to the Indian textile industry until its main competitor became Japan rather than Manchester, and they did almost nothing to further technical education. They introduced some British concepts of property, but did not push them too far when they met vested interests. The main changes which the British made in Indian society were at the top. They replaced the wasteful warlord aristocracy by a bureaucratic-military establishment, carefully designed by utilitarian technocrats, which was very efficient in maintaining law and order.

The greater efficiency of government permitted a substantial reduction in the fiscal burden, and a bigger share of the national product was available for landlords, capitalists and the new professional classes. Some of this upper class income was siphoned off to the UK, but the bulk was spent in India. However, the pattern of consumption changed as the new upper class no longer kept harems and palaces, nor did they wear fine muslins and damascened swords. This caused some painful readjustments in the traditional handicraft sector. It seems likely that there was some increase in productive investment which must have been near zero in Moghul India: government itself carried out productive investment in railways and irrigation and as a result there was a growth in both agricultural and industrial output. The new elite established a Western life-style using the English language and English schools.

New towns and urban amenities were created with segregated suburbs and housing for them. Their habits were copied by the new professional elite of lawyers, doctors, teachers, journalists and businessmen. Within this group, old caste barriers were eased and social mobility increased.