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Tirthankar Roy

How British Rule Changed India's Economy

The Paradox of the Raj

palgrave
macmillan

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ISBN 978-3-030-17707-2

ISBN 978-3-030-17708-9 (eBook)

<https://doi.org/10.1007/978-3-030-17708-9>

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Cover illustration: Pictorial Press Ltd/Alamy Stock Photo

This Palgrave Pivot imprint is published by the registered company Springer Nature Switzerland AG

The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

*To
Mrinmoyee Roy
because debates are fun!*

PREFACE

How did British colonial rule (about 1765–1947) change India’s economy? Those who wish to find an answer to this question have two choices.

First, they can read books and articles that tell a story. The story is this: the British government extracted resources from India and insisted on foreign trade being free, which helped British industry and damaged Indian industry. The policy enriched Britain and impoverished India. Thus, colonialism reduced a rich region to poverty. The advocates of this narrative include a collection of Marxists, politicians who write books, blog-writers, and economists seeking the holy grail of an explanation of world inequality.

Second, they can read books and articles the historians of India write, which are more reliably evidence-based than the former set and reject many of the claims the former set makes: for example, that India was once a prosperous land, or that the state extracted resources. But this scholarship does not suggest another paradigm. It goes deep into the working of the state and the economy, so deep that it loses its way in detail. Few of these works get noticed.

This book steps in to meet the gap that the historians leave behind. It is evidence-based, and it tells a story. What story is that?

The evidence tells us three things. First, the open economy that the regime sponsored delivered two extraordinary benefits to the Indians: it stimulated business and reduced deaths from diseases and famines. Second, the state’s fiscal capacity was too small for it to make a difference

in any other way. And third, some of the most stressed peoples in the region—most peasants, the oppressed castes, and women—did not become better-off in this time. They needed the state, but the state was not there for them. The story is that colonialism led to more inequality while it helped capitalism flourish. The book shows why the outcome of colonialism was such a paradoxical mixture of success and failure.

I use my own published scholarship as the primary ingredients to write this narrative. My debts are many. Most of these have been acknowledged elsewhere, except one. I warmly thank the readers for the press and the editor of the Palgrave Economic History series, Kent Deng, for their endorsement of the project and suggestions for improvement.

London, UK

Tirthankar Roy

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