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

Interview with Tirthankar Roy

Transcript

Patrick	So, hello and welcome to the History Ledger, the Economic History Society podcast. I'm your host Patrick Wallace of the London School of Economics. I'm joined today by Tirthankar Roy, also of the LSE, and we're going to talk about the economic history of empire. So, this episode, it's really about trade between Britain and India in the long 19th century. But we're also going to start with a little discussion about some of the foundational ideas when we start to think about empire, colonialism, and economic history. Some of the groundwork that Tirthankar, your work, has really helped to uncover and set the foundations for. But before we get there, welcome Tirthankar! How it is you came to work on the economic history of India. Give us a sense, Tirthankar, of how you came to work on the economic history of empire in the first place.
Tirthankar	Of course. I started as an economic historian of India. My PhD thesis focused on the history of artisan industries and crafts in 19th and 20th century India. Later, I expanded my scope and, in 2000, wrote a college textbook titled (not surprisingly) *The Economic History of India*. It became widely adopted and is now the standard textbook in most Indian universities and colleges on the subject. That shift led me to broader questions about how British colonial rule transformed India. Naturally, that meant engaging with the British Empire itself—its global influences and legacies. India is a central part of that story, and over the last 250 years, the histories of the Empire and India are deeply intertwined. So, for me, it was an organic transition to start exploring Empire. It's a difficult subject because narratives about the empire are politically contested. The dominant narrative in India, shaped by nationalist historiography, portrays the empire as a massive system of exploitation—one that enriched Britain and impoverished India. But when you study history closely, that narrative doesn't fully hold. It assumes all Indians were victims of the imperial system, which isn't accurate. Many Indians became wealthy through trade within the empire. Millions migrated to other tropical colonies, often experiencing higher living standards. One of the world's largest textile factory complexes came up in India, competing with the British textile industry. So, we need another story.

Patrick	And I'm trying to understand, uncover that diversity. Firstly, you literally wrote the book on this, which means you're the right person to ask these questions to. But I think that's really interesting. We're going to get into some of the things you've just said a bit later on. But I guess one of your starting points, that I think you want us to think about, is to move away from really traditional images of empire as necessarily generating one outcome for all Indians. and to appreciate some of the complexities that are inherent in the historical period that we're discussing. We're talking about the long 19th century. It's the British Empire at its high point, as you say. India is right at the centre of this. But let's get the sense of the nature of empire in this period that we're talking about. Because India is not always within what people like I might think of as the formal empire. It's not directly governed from London, at least at the start of the period in the 1780s, 1790s. Maybe, can you briefly set the scene for us? How does India fit into empire as it stands in the late 18th century?
Tirthankar	In the late 18th century, the British imperial system hadn't fully developed. But by the 19th century, the British Empire was firmly established—and your point is spot on. Across the Empire, there were many different ways of governing. India was a unique case. It was managed through a special ministry in London—the Secretary of State for India. But most decisions were made indirectly. British officials were appointed to rule, and they often had freedom to decide how things were run. Over time, Indians began to take part in governance. At first, their role was small, but it gradually grew. London's control over India focused on specific goals: protecting trade and maintaining global power. The British Army in India was mostly made up of Indian soldiers. Beyond these priorities, London didn't pay much attention to how India was governed day to day. Another layer of complexity came from the princely states—about 550 of them. These were officially independent, but they still operated within the broader imperial system.
Patrick	550?
Tirthankar	Yes. That was a huge world and we still, unfortunately, don't enough about how they were governed and what their priorities were, how different they were. There was a general agreement that British India would not directly govern these states, but they would keep their trade routes free, open, and they wouldn't pose a military threat. And once these conditions were met, British India left them alone. That is how the governance of India worked.
Patrick	So, this is this is quite a thin state then in the sense of the imperial control from London was quite limited. It doesn't extend to the from what you'll say at least to the internal activities of a lot of Indian states, these princely states particularly, but even those people who are sent out from London to govern areas, they're doing so often with lots and lots of Indians employed in governance and presumably with quite limited Agency then not doing that much beyond maintaining, I guess, defence and some measure of public order. Is that right?
Tirthankar	That is largely right, yes. This is a state which, if you take away the military side of things, had very little capacity to do any big changes. Its tax take was very small. The revenue to GDP ratio was about five per cent (around 1920), per head tax take was a fraction of Britain's. It was a state with limited capacity, and one way that it adapted to that limited capacity was by relying on older structures of governance within this region, inherited from the Mughal Empire, for example. But it was also modern in a way. It was a legislative state. It loved making laws. And it made lots of them, whether on property rights or in commercial law, that is, company, contract, and negotiable instruments. The impact of the state on these institutions was great. So that is something to be taken into consideration.

Patrick	If we think about, then, some potential positive benefits of this, we might think about those, the expansion of the rule of law, the variety of different, what you might think of as almost legal technologies, these different kinds of contract, these different kinds of tribunals.
Tirthankar	In terms of commercial law, yes, that's the case. It's not as if there was no commerce before, but laws were often not codified or were informal. There was a big change in codification. The introduction of the joint stock limited liability concept was a significant change. In terms of property, it's a little more complex because this state really relied when it could on indigenous practices, that is, built laws on the basis of practices.
Patrick	So there's a difference here. If we're thinking about... trade . . . mercantile style exchange, then the Indian imperial state creates or imports a variety of ideas of corporations, so laws that allow you to have firms and different ways to build contracts between people that make trade easier, but they don't so much change the property. Let me take you back. Let's go back right to the 1780s, 1790s. At this point, we've still got the East India Company very much involved in this. So maybe, could you explain how governance works in that sense. How much is in the hands of the East India Company? How much has been handed over to what we might think of as the British state in London at this point?
Tirthankar	That's a fascinating question and I don't think it's been fully answered yet. But a rough answer will go like this. When it started in 1600, the East India Company was a trading entity, of course. It was a trading entity supported by power because the Crown gave it a monopoly charter. But that really applied to its rivals from Britain, not to Indians. When it came to India, it came quite late, initially its interest was in Indonesian spices. But by the mid-17th century, not just the English East India Company but also their rivals, the Dutch, realised that a good way of conducting Indonesian trade would be by buying cotton textiles from India, which was a well-developed industry, and taking them to Southeast Asia. So, they became interested in textiles and then found that some of these textiles, the higher quality, the more designed, the coloured ones – dyes were a big part of the comparative advantage of that industry – sold very well in Europe. Another kind of trade took off from there. By the time the East India Company started acquiring state power, roughly between 1750 and 1765, it was still a trading entity, and its primary interest was in textiles. But it was also a minor military power. All Europeans trading in India were afraid of other Europeans, and they needed to maintain a minimum military capacity and naval capacity to counter the threat. Anglo-French rivalry was intense in 18th-century India, and it was an armed contest. Still, the Company had a very basic military setup in India, not very effective against most Indian armies of the time, but sometimes quite handy as allies in regional conflicts. A significant development in the 18th century was the rise of regional conflicts as the Mughal Empire collapsed. And there were more conflicts and more opportunities for these two actors, the British and the French companies, to join rival groups as allies. So, alliances, not conquest, began to turn the political balance. The Company had no power to conquer anything, but they were handy allies. And in the process of doing these proxy Anglo-French battles, the British East India Company developed its military power, creating a standing army. It took time, but by the 1780s, it had developed a quite effective army, primarily with Indian infantry soldiers. They were all on salaries or pensions, which was a new idea. In this world, most soldiers working for the Indian states were part-time peasants, with loyalty to particular warlords. They were active militarily only in certain seasons, and they didn't get any pensions. They had land. Maybe their land rights were protected. The Company changed that model and created a more committed disciplined force.

Patrick	You've got an increasingly professional army emerging. I guess it's an idea that's imported from Europe. The idea of a fixed wage for a soldier, entitlements, benefits. But it's really interesting. So, this is almost an accidental process that emerges out of the conflict between the English and the French. That's a conflict that had been going on for centuries. And so, the emergence of the East India Company power in India at this stage, then it's accidental, it's unintentional. What's the view coming out of London. Somewhere there's a big room with a board of directors who are sitting there trying to direct policy. Are they behind this?
Tirthankar	Great question. So, a lot of the decisions to go to war or get involved in conflicts were actually made in India. The directors in London often found out months later—by then, things were already in motion. And they didn't love that. For them, politics and fighting weren't part of the business model. Wars cost money, did not make money, and they were very aware of that. But things changed in 1757, when the East India Company took partial control of Bengal's tax revenues. Over the next eight years, they basically became the government there. Once that happened, London directors started to see the upside—Bengal's revenue could be used to fund trade. That made state power more acceptable. Still, it quickly became controversial. You had a private company ruling a massive territory 5,000 miles away, supposedly in the name of the British Crown. But the Crown had no idea what was going on, and the governance was poor. Parliament didn't trust the Crown much, and they definitely didn't trust the East India Company. Plus, private traders were lobbying hard against the company. So, by the 1770s, things got messy. The company needed loans and was struggling as a trading business. That crisis led to two major Acts between 1772 and 1784, which brought the Parliament directly into Indian governance. From then on, the East India Company was more of a junior partner. Parliament was in charge, and the company directors had little say over who actually represented them in India.
Patrick	So we've got this very strange, very accidental, accumulation of power run by local agents in India who are doing things that People in London didn't necessarily want to happen And that basically built an empire in India by chance.
Tirthankar	Yes, absolutely. The only thing I would add to that word 'accidental' is that much of this was happening against the backdrop of a political decentralisation and collapse in India. If you take away that backdrop of a disintegration of Mughal state power, then maybe many of these things wouldn't happen. This creates an opportunity for many external individuals operating on the maritime frontier and coastal lands to engage with the inland, a very different world.
Patrick	Okay, so in some ways, rather than looking for the causes of this in England or even in France, we should think about this as being driven by internal dynamics in the Mughal state.
Tirthankar	Absolutely, and that is a message that comes from the Cambridge School historians like Chris Bailey, David Washbrook, and others, and it's been somewhat forgotten now, but my work in some way builds on that.
Patrick	This is fabulous. It is really interesting to talk about the way in which this expansion of power, expansion of British power over India evolves in this way. I mean it does raise a basic definitional question and it's maybe worth just fixing this in our minds. What do we actually mean when we talk about empire? I mean because this... What we're talking about here, it seems to challenge so many of the ideas that you might have about strength of control or so on. So, give us a starting point. What would you say?

Tirthankar	A minimum definition of an empire is one territory controlling another territory, which is different in many ways, maybe geographically distant, culturally perhaps different, a different set of rulers. That's the minimum definition. Of course, by that minimum definition, empires had existed throughout recorded history, even within India, and much of the Indo-Gangetic Basin had been ruled by big state systems for more than 2000 years. What we call colonialism, particularly in the more modern times, let's say the last 200-300 years of human history, is a particular form of empire, and a form which is driven very much by European expansion through settlements, trade, migration, and, in more recent times, cross-border investments. Now, the kind of state that comes up in that context is very keen on protecting these flows, usually between the colony and the colonist areas, but not necessarily. Now, that requires a different set of governance strategies, different kinds of policies, and a very pro-capitalist, pro-business mindset in the more modern times. It also creates a different motivation for imperial expansion. That's the more modern system. It's a package within the broader empire definition of one territory controlling another, but a package which is very much driven by capitalism and business interests.
Patrick	Okay, so this is really interesting and one of the things that I take from that first definition is that the depth of control can be quite light, and this is something that we just saw in terms of your discussion of how much power London might have had in India. It could be quite limited because of a whole variety of things. So, empire in that sense doesn't necessarily imply a great deal of ability to change things in the country that is subject to the control of another, in part because the state is so weak. Is that fair?
Tirthankar	That's broadly fair, yes, except that in the 20th century, an anti-empire movement was emerging everywhere. And there's also something that you might call a developmental impulse growing, especially in the former colonies of Asia and Africa. Things change. The British Empire tried to reinvent itself as an agent of development. But it had little money to do that seriously. Most imperial states were quite poor. Still, its mindset was changing. Some of the things that it did in the colonies in the 20th century had started a little earlier in India. And some of those things shaped the development policies that came after the empire's end. So, there is a continuity there, and you see that especially in agricultural policy, infrastructure policy, like canals, railways, and hydroelectricity. These are things that had a colonial beginning, stemming from the belief that we are responsible for developing these regions, not just making business happen.
Patrick	Okay, so that's really interesting. So, we should be really careful about separating our images of empire from maybe the interwar period, immediate post-war period from those that might be occurring in the early 19th century, particularly.
Tirthankar	Yes.
Patrick	But this developmental impulse that you talk about, you mentioned railways, you mentioned canals. I mean, those are things that do emerge, are starting to be built out in India in the mid-19th century. So that is, is that the first signs then of a developmental impulse in India, or are they not really part of a state-led imperial package of development?

Tirthankar	Well, the word development wouldn't really have existed in the 1850s when railways started coming up in India. If you'd asked an imperial governor back then, "What do you think you're doing in India?" they'd probably say, "We're making progress happen." And their idea of progress was this: if the Indian economy connected with and traded heavily with the British economy—which was becoming a global powerhouse—India would benefit. That's what they thought they were doing: facilitating those transactions. So that was their definition of progress. It wasn't about the state stepping in and building things. That's a much more recent idea. When it comes to the railways, most of the early railway construction in India wasn't done by the state. It was driven by private enterprise but backed by the state. The government made it happen by offering a financial guarantee: investors were promised a minimum 5% return on capital. So, while the state didn't invest directly, it created the conditions for investment. Canals were a different story. They weren't really a private good; you couldn't easily make money from them. These the state did build. Canals are fascinating because they pop up across Asia and Africa, especially in dry tropical regions. Everyone, not just the British, understood that when seasonal rains came, if you could trap and reuse that water, you could support agriculture in dry areas and in exceptionally hot seasons. It was part of the local knowledge, the folklore of these regions. The British brought civil and structural engineers into the picture. But even then, canal projects only worked under certain conditions. They didn't happen everywhere. In northern India, for example, the Punjab plains had massive Himalayan rivers. The water didn't naturally spread far, so canals helped distribute it. That turned huge stretches of dry grassland into fertile farmland, a real breadbasket. You see similar examples in Egypt, Sudan, and West Africa, where the French worked around Lake Chad. So it's not just a European idea. It's a tropical one, implemented on a bigger scale.
Patrick	Maybe some things that anticipate later development policies or at least some interventions that do. I mean, I think it's really interesting. Surely, I mean, if the state is providing at least some kind of guarantees, some legal framework for the railway, you would have to say there's at least a role for Empire?
Tirthankar	Of course, yes. I mean, the state is engaged. The state is involved in railways. It must acquire the land for railways. That needs the state. It must acquire land for plantations and award contracts. The state is involved, but it's involved in a task-specific way, not as an ideology that the state should be involved in everything.
Patrick	Well, we'll talk more about canals another time because I think it's a subject worth the discussion all of its own. But one of the things that you've been emphasising is that the thing that the state, the imperial state, is really interested in is ensuring that there's trade between Britain and India, that there are flows, that it's asking these princely states to allow free market access. It's seeking very much to encourage flows of goods in and out of India and, as you said, the East India Company is founded for trade admittedly not initially with India but fairly soon it starts to engage with Indian trade. So, maybe, you can give us a sense of what actually is going to and from India in the 1780s. What actually makes up the flow of trade? I mean, what is it that they're buying and selling and shipping?

Tirthankar	Well, as I mentioned, the textile trade began around the mid-17th century and grew significantly by the 1780s, particularly in the Bengal region. That's one reason the East India Company got politically involved there; it was a major hub. Cotton textile exports were still huge in the 1780s. But within 20–25 years, things started to change. British textile production was booming back home, and the British weren't importing much from India anymore. Instead, they began exporting, first yarn, then cloth. By the 1830s and 1840s, India's textile industry was in trouble. Exports had dropped off, except for a few speciality items with niche markets, like some highly designed fabrics that went to places like West Africa. By the late 18th century, new commodities had started emerging. Opium, indigo, and cotton became major exports in the first half of the 19th century. Once railways came in, even more goods joined the flow because bulk transport became possible. Wheat, rice, oilseeds, peanuts, and cotton really took off. Cotton boomed because Britain's Industrial Revolution was in full swing, and it was all about cotton and metals. So by the late 19th century, India was mainly exporting land-based goods and importing British textiles and metals. The metals had been imported since the 18th century. At first, these came in the shape of guns and cannons, then as raw materials for the construction of bridges and railways, and, later, more as machinery parts.
Patrick	Okay, this is an amazing overview. Let's go maybe break that down a little bit. I think it's really, really interesting. So, the late 18th century, we have this flow of textiles. Now these are mainly cotton. You mentioned they're largely coming from Bengal. Can you give us a sense of what types of fabrics these are? Why are they so successful?
Tirthankar	Bengal was successful primarily because of the very fine white cotton, which grew there, muslins. Muslins were an extremely fine cloth. The cotton that muslin came from was short-staple, but it could produce exceptionally fine yarn if spun properly. It created a type of textile which was often used for decorative purposes. You cannot just wear a muslin. It doesn't work. But you can wear a muslin above other garments, and it looks very nice.
Patrick	These are very thin, are they?
Tirthankar	Very thin, yes. That's right. Spinning required exceptional skill. That's very much a Bengali craft skill. But Bengal was primarily a hub for a wide variety of textiles, which were growing in a vast region, maybe a 100,000 square mile area. Bengal became the hub because it had major ports. Calcutta was emerging as a port in the early 19th century. There were also interior ports. Then there was the Ganges River. Bengal is a delta of the Ganges River. The Ganges River is navigable for a considerable length upstream, which means that you can access a lot of small-town trading marts through the river. That condition did not exist in most parts of India; rivers were not navigable inland in all seasons. It existed here. So, much of the textiles that was coming in was not just Bengali produce, but Bengal was the trading hub.
Patrick	Okay, so this is really interesting. So, when we think about Bombay as the port, main port at the end, is that right?
Tirthankar	Bombay emerges after the railways. Before that, it had been taking a lot of trade away from an old western Indian port called Surat, which is where the East India Company first landed. Everybody first landed in Surat.
Patrick	So, is it Surat that is the hub in the late 18th century?
Tirthankar	Yes, in the mid-18th century, but Bombay is taking away some of that trade, primarily West Asia trade, Arabian Sea trade. If you want to access Africa, for example, then Bombay is a good option. But if you want to access Europe, then Calcutta was good for a long time.

Patrick	Okay, so what we're talking about here with these high quality textiles, that's through Calcutta?
Tirthankar	Yes.
Patrick	Brilliant. All right. So I have this vision now in my mind, and maybe this is wrong, of a really complicated trade connection where lots of different regions of India supplying quite varied types of cotton goods. Some of these really high quality muslins, some other kinds of textiles, all cotton I guess, and that's coming to Calcutta. And then being shipped out by the East India Company in really large quantities?
Tirthankar	That's right. The only qualification I'd add here is just two or three minor factual things. One is Madras, which was a huge port in the southern region. Like Calcutta, it served as a hub for the trade of textiles from a wide area. Many of the coloured textiles, such as those displayed in the Indian section of the V&A, originate from the Madras region. That's because South India produced high-quality dyes and a wide variety of them. So, some of the most striking coloured goods are coming from South India. They're traded from Madras. Bombay was never very big in the textile trade. The other qualification I'd add here is that it's not just the Company doing this trade. The Company had always had a sustained rivalry with private traders. A vast number of British traders thought they could beat the Company in the India trade. After all, it's a coastline 4,000 miles long. It was impossible to chase people. The Crown monopoly is just a piece of paper. So that had been going on for a very long time. A lot of this trade was conducted by private individuals whom the Company tried to chase and punish—people who were wrecking their monopoly—but, by and large, they failed to do so.
Patrick	So, this is actually, although we tend to think of about the East India Company we should not be thinking about this as too regulated a trade, it's largely a free, a substantial free market portion.
Tirthankar	It is. I mean, the monopoly does work in some way. The company does catch a few people and make examples of them. However, if they are big rivals, they often quickly reach a compromise, and there are many interesting examples of this. One of the biggest rivals, Thomas Pitt, became the son-in-law of a company officer, and then the rivalry ended. You do have many funny examples like that. Overall, if you take a 100-year history, what you observe is that many of the branch officers of the company were in secret deals with private traders. The monopoly charter was a leaking institution for a very long time, possibly from the start.
Patrick	Okay, that's really interesting. So, we've got this rich, very profitable trade in fabric and then, what 40, 50 years later, it's essentially disappeared by the sound of it. The export trade in Indian textiles has been utterly displaced by the products of the Industrial Revolution. Is that right? When would that happen? When would you say this really has occurred by?
Tirthankar	I think the first big consignments of cotton yarn start to come from 1810, 1820, around that time. And then it grows, very significantly. But the first big consignments of cloth come maybe a little later. because cloth requires a different trade. You must find consumers. Yarn requires finding producers, who are more visible than consumers of cloth, whom you do not know at first, nor do you know their tastes.

	So, cloth takes off a little later, but by 1880, roughly 50% of the cloth market is supplied by British textiles and possibly 90% of the yarn market is supplied by imports. The interesting question is what happened to the other 50% of the cloth market supplied by domestic textiles. Who are the producers? Surprisingly, artisanal clothmakers still had a very large share of the market. Why do domestic craft textiles survive when a machine that is six times faster is available to supply you with cloth? That is a huge question, and much of my early work was trying to answer that question. The only way you can explain that is by looking at consumer markets. Consumer markets could absorb certain British textiles to an extent. But British cloth couldn't supply all the different varieties of market segments.
Patrick	Okay, so Indian consumers still want certain types of products. Finer materials that you simply can't get from Lancashire?
Tirthankar	Absolutely. From a simple example, you can see that. If you look at men's and women's wear, men would prefer, let's say, very standard white or black office wear. That stuff came from Manchester in a big way. Women wear saris. Every sari is different from another sari. Manchester was no good there, so you needed another production system.
Patrick	Okay, so these finely decorated, these highly crafted textiles that had been actually the centre of Indian exports as well. still had this very distinctive market in India?
Tirthankar	Indeed.
Patrick	So that's really interesting. So, we think about the way that industrialization, the emergence of the industrial revolution in the north of England and the massive improvements in productivity and spinning thread and then weaving that into cloth. They stop, they basically destroy the English import market for Indian textiles. But they only replace about half of the Indian demand for textiles, even at the end of this period?
Tirthankar	That's exactly right. We talked about the artisanal textiles which survived thanks to specific differentiated consumption markets. The other story here is that of the cotton merchants of Bombay and Gujarat, who were supplying Manchester with loads of cotton. The Manchester machine makers – Platt Brothers, Dobson and Barlow, and others – told them, "Why do you do this? You start a mill in Bombay, and we will come and operate it. Why sell cotton here when you can process it in India and make more money?" A sensible offer, and the merchants listen. They started cotton textile mills in Bombay and Ahmedabad.
Patrick	When did those mills first get set up?
Tirthankar	The first mills started getting set up in the 1850s. It's 1854 when the first functioning mill is established. But it's hard at that point to get machines over, set them up, install them, and find people who can run them. That whole process takes a while to get going. The take-off starts in the 1860s, during the American Civil War, when there's a global cotton famine that everyone turns to India, especially Britain. Britain had been buying cotton from India before, but on a much smaller scale, and mostly trying to blend it with other types. That changed in the 1860s. Cotton merchants got very rich, and while some went bankrupt after the boom, others invested their money in assets, including mills. At that point, there's a much tighter link between the textile machinery industry in Britain and Indian cotton merchants. That's when the real take-off of the industry begins.
Patrick	So let me understand something here. You mentioned there that they're not really, the English manufacturers of cotton thread. They're not using so much cotton from India until the 1850s, 1860s. Is that because the type of cotton is difficult to use? Is there a reason for this?
Tirthankar	That's exactly right, yes. I mean, Indian staples are different, the average Indian staples.

Patrick	Sorry, okay, you're going to have to explain what is a staple.
Tirthankar	Yes, it's all about fibre length—and depending on that, you get different qualities of cloth. American cotton is generally longer-staple. Egyptian cotton is a long staple. Indian cotton, on the other hand, is short staple, and that creates challenges depending on the kind of cloth you're aiming for. Now, you can work around that in the blowroom of a mill, where different types of fibre can be mixed. But that technology—and especially the skill needed for ideal blending—is something that takes time to develop. Once that skill is in place, though, you can pretty much use cotton from anywhere and still manage to produce a wide range of cloth types.
Patrick	So British manufacturers basically don't have the right technology to use, the type of cotton, these short fibre cottons that are grown in India until they're forced to by the American Civil War closing off the production from the United States. That's the story we've got.
Tirthankar	That's the story. There's an interesting prehistory to it, which is that the East India Company in the 1840s tried hard to build American-style plantations in India using American cotton plants. And they failed. They failed badly. They even invited Americans to come and set things up, only to realize that those plants just don't grow well in India. Plus, the Americans didn't want to live in the dry regions where cotton was being cultivated. In the end, it made more sense to fall back on Indian varieties. It's really an environmental story, in a way: You just can't grow certain kinds of cotton in environments they're not suited to.
Patrick	So then we've got this emerging export market for cotton, and you also mentioned other commodities, things like opium, indigo. And these are an increasing share of Indian exports.
Tirthankar	That's right, yes.
Patrick	Where are they going?
Tirthankar	Well, opium goes to China, primarily. It had been traded within India for a long time. It was used as a prophylactic, sometimes as an addictive substance, and as a painkiller. It had a range of uses. But in China, it was primarily consumed as an addictive drug. That's the main market it was heading to. There were probably other uses in China, too; we do not know enough about that from the trade records. The Chinese had major trading ports along the coastline, and the East India Company controlled some of these. But the Company's ships didn't reach into the interior, which meant that another group of merchants had to mediate between inland consumption and the coastal trade. They were the ones moving Indian opium into China. It was a substantial trade, and it really expanded after the Opium Wars in the 1830s. The trade had already started before that, which is why those wars were called the Opium Wars in the first place. But after the wars, the volume of trade increased significantly. As the trade grew, the East India Company—or later, the British government—wasn't producing the opium directly, but they collected a significant amount of tax from it. They also took a share of the profits from cultivation. This happened in British India, especially in Eastern India, which had excellent opium-growing land. They still grow opium there, by the way. There was also a region in Central India, part of a princely state, that produced very high-quality opium—better quality than the eastern variety. The government allowed that trade to continue. That opium was sent to Bombay, and a tax was collected on it.

	This income became a significant part of government revenue in the late 19th century. Despite resistance and criticism—many argued it wasn't a good trade, and the Chinese government was furious—it couldn't be stopped.
Patrick	It had become dependent on opium itself?
Tirthankar	Indeed.
Patrick	That's really interesting. So, there's two wars here that really matter if we're thinking about this. One, the American Civil War that changes the demand for Indian cotton. And the other...The opium wars with China, which open up this market for Indian opium, and these two things together are really important then in shifting the pattern of Indian trade by the sound of it?
Tirthankar	Yes, you can say that.
Patrick	So, I mean one of the things that we think about in terms of having an imperial relationship and you mentioned we've talked about trade is the way in which the empire might limit or put constraints on trade. Do these matter in this setting? Are there legal limits, the Navigation Act, some other laws that might be... ...containing the direction of trade, who you can trade with, how you trade, that type of thing.
Tirthankar	Not directly, no. The Navigation Acts came to an end by the late 18th century. What you get in the 19th century is a much freer trading environment, and the British Empire doesn't really use legal tools to control it. There are a few ways a state can influence trade—tariffs, laws, and maybe currency manipulation. But at this point, there's not much happening with currency. There isn't even a central bank. Tariffs are close to zero when trading within the empire. That's not an uneven playing field, because it applies to Britain too. Britain can't impose tariffs either. In terms of laws, the imperial state tends to be more supportive than restrictive. The empire doesn't directly interfere using state power. What does happen, though, is that throughout the 19th century, the businesses involved in trade are heavily Britain-oriented. When India trades with Africa, for example, the goods often go to Liverpool or London first, and then get re-exported. That setup is shaped more by British dominance in shipping, especially intercontinental shipping, and by London's central role in key global trades, which created particular skills and knowledge. Take tea, for instance. Tea grows in a lot of places—Kenya a bit later, Ceylon, India. But that's just the start. What shapes the tea market is how different teas are blended and how their quality is assessed. That depends on tasters, and it's a very refined skill. You don't find it everywhere. There was a community of tasters in London, and while there were (and still are) a few on plantation estates, the main hub was London. They decided how teas were to be blended, and those blends went to auction. Because the skill was concentrated there, the auction market was London-based. Tea from all over the world came to London first, got processed, and then was sent out again. That's a different kind of control. The state does not drive it, but skills and market access do. It's shaped by British capabilities in the 19th century.
Patrick	It's really interesting. Every time I hear about tea tasters, I think I missed my calling.
Tirthankar	Yes, indeed.

Patrick	Wonderful. So, this is really interesting. So, the pattern of trade then by the 19th century. Goods are flowing from different bits of the empire to Britain. But that's about processing, that's about adding value. In this example, about making tea from raw commodity into a finished product. And then because of that, they're then flowing out again to other export markets. But this is all within empire. If you were a French merchant, would you have equal access to Indian trade in the 19th century? Would it be as easy to sail from Marseille?
Tirthankar	The French, of course, had colonies in India. They had Pondicherry, Mahe, and Chandannagar, and they were doing a fair bit of trade from those places. Not as much as British India, obviously. Now, the whole question of European ethnicity in India is a bit complicated, because a lot of Germans were involved in trade. The world wars interrupted that, but they bounced back pretty quickly during the interwar period. Americans were trading too. And by the 1920s, an increasing number of Japanese traders were getting involved. Clearly, there were plenty of people interested in British Indian trade and trying to get a piece of it. I haven't come across any reports of these traders complaining that British India was a barrier. If anything, they seemed to think the opposite—that it was a good deal, with well-developed ports, harbours, and solid business laws. I don't think any trading entity in the 19th or early 20th century really saw imperialism or the empire as a problem. You also see British traders operating in specific regions. The two main hubs where European, especially British, traders were active in India were Bengal and Malabar. They weren't active everywhere, but those two regions stood out. Malabar, which is part of modern Kerala, was split between a British Indian district called Malabar and two princely states, Travancore and Cochin. If you look at the difference between Travancore-Cochin and Malabar, there's really no difference in how British businesses were treated. They were welcomed in both. Travancore built strong relationships with these traders because the state earned a lot of tax revenue from them. So, I don't think ethnicity mattered much when it came to trade. Ethnicity did matter in other ways, though. For example, once Europeans started controlling the jute industry, they also controlled a lot of information. Trade secrets and insider knowledge often moved through ethnic networks. But that was true for Indians too. Cotton merchants weren't going to let you into their business unless you were already part of that world—either another cotton merchant or someone from the same family network.
Patrick	Okay, so there's not really boundaries then around trade. This is really, this is a fairly free and open market.
Tirthankar	It's fairly free and open market, yes. There are business historians who will tell you that in Calcutta, European banks, European traders hobnobbed with the governors, played golf with them, and that made them more successful in business. The evidence is anecdotal and very vague. I am not persuaded.
Patrick	So, we've talked about a whole range of different ways in which India is embedded in the empire in which empire helps shape the economy and the flows of trade between Britain and India. If I want to understand this, if I want to step back and understand this from the perspective of the Indian economy as a whole, how important would you say exports are to the Indian economy, and this is presumably still largely a rural society, largely agricultural. These commodities, even the woven finished textiles of the first period, or even these agricultural commodities like opium or raw cotton or indigo towards the end of the 19th century, are they a big part of the Indian economy? Are they fairly small? How should we think about this?
Tirthankar	That's a great question, and it's key to understanding the broader legacy of the empire. You're absolutely right—it's a small part. Even at its peak, exports probably didn't exceed

	10% of GDP. That's way below the ratios we've seen in places like West Africa, especially the cocoa-exporting colonies. India wasn't a trading-exporting economy in that sense. One thing that sets India apart from typical exporting colonies is its sheer size and the scale of its internal market. That's a big reason why it doesn't trade as much externally. Wheat is a good example. Wheat exports take off in the late 19th century, peak around the First World War, and then start to decline. But it's not that trade collapses—the domestic market just takes over. The same people who were selling wheat to Britain now see that Indians are eating bread. So why not sell locally? It's easier, and the demand is there. The same trading systems, the same people, and the same institutions shift to serving the Indian market. That kind of shift happens with textiles, too, at least to some extent. Part of the reason the export share stays small is that the Indian home market is strong and absorbing a lot of production. You're also right about the countryside. It's massive, and most of it is only marginally involved in the whole business of development and trade. It might be producing some of the export goods, but the farmers aren't the ones selling them. The people making money are the bankers, traders, merchants, and insurers. The producers aren't seeing the gains, and that's a huge puzzle—why does that inequality emerge? Why is it that even when farmers enter long-distance trade, they don't benefit enough?
Patrick	I think this is something we might want to explore on another occasion, but I think it's really interesting, the story you're telling there, that even as farmers in India start to be integrated into these export markets, its other indigenous business elites who actually reap the profits from this. That's the story I'm hearing.
Tirthankar	That's the story.
Patrick	So, engaging in this ... growing volume of global trade leads to greater inequality within India.
Tirthankar	Yes, the state is implicated in this in some way because the state really doesn't recognize this emerging inequality until very late. In vital ways, the countryside needs the state. The countryside needs the state much more and in a different way from the business sectors. And that different way takes a very long time to develop. It doesn't develop until the 1960s and 70s in India.
Patrick	So, what is that different way?
Tirthankar	The steps that the state took to generate a green revolution. That means investing in irrigation, subsidising inputs, subsidising electricity, and possibly committing to buy some of these goods. All that is a massive – I repeat, massive – drain on the budget, one that has been going on in India for about 40-50 years. You need the state to partner with the peasants in these agricultural systems. There was no chance that the British Empire could commit to that deal.
Patrick	Okay, so there's a really interesting contrast there between the developmental states that emerges in India in the 1960s, which is willing to devote enormous resources to improving agriculture. And that much thinner imperial state of the 19th century that does some things, supports railways, builds some canals, but largely leaves the internal economy of India alone. and leaves it up to Indian businessmen and often Indian administrators to help shape the structures that start to generate these products that are exported over time through India's ports.
Tirthankar	Yes.

Patrick	That's really interesting. So, I mean, I think we've covered an enormous amount. I think we should, I mean, I think there are lots of other conversations to have here. Let me first say thank you. This has been incredibly insightful. We've got a really good sense here of how thin, in some ways, the British Empire is, and also how, over the long 19th century, patterns of trade really shifted where India goes from being the hub of exporting high quality products to being largely a country, a region really, a collection of countries, a part of the empire that is exporting a whole variety of largely agricultural products to often different markets. We've seen how industrialization plays a really important part in shifting the early pattern of trade. But also then, I think it's really interesting the military expansion of... of empire in the opium wars, but also the internal developments of the United States play a big part in this as well.
Tirthankar	Yes, yes.
Patrick	So wonderful. I mean, I think we have a really, really interesting story. There are so many more conversations we had. I want to hear about those canals. But thank you, Tirthankar, for your time. I think we have a much better understanding of India in the 19th century and its relationship to the economic history of the British Empire as well.
Tirthankar	Thank you. I've really enjoyed this conversation.
Patrick	Brilliant. Well, we'll talk again soon. Thank you so much.