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Colonialism, Globalization And The Economy Of South-East India, C.1700-1900

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It is not easy to write the ‘long-term’ economic history of any region in India -- which may account for the fa groundnut, hides and skins) and old markets (for example, in handloom textiles) had experienced a remarkable revival. Indeed, it was not only overseas markets for goods which now expanded, but also those for labour and capital. While scope for physical mobility within south-eastern India may have been reduced, employment opportunities were starting to abound – under the umbrella of British imperial authority – in the surrounding economies of the Indian Ocean from south and east Africa to Sri Lanka, Singapore, Burma and Malaya. Nor were these only opportunities for employment. With 'white' capital scarce and 'white men' prohibitively expensive to keep in the tropics, new opportunities also appeared for the deployment of Indian capital. In Burma, the Irrawady delta was turned into the early twentieth century's principal export rice bowl largely through the endeavours of Nattukkottai Chetty bankers hailing from Ramnad district in South India.

Under the aegis of the 'colonial' factor, Indian economic history has been inclined towards Manichean conventions of interpretation – in which everything that happened across the 'long' 19th century has to be construed in either strongly positive or negative terms. But the contours of more detailed regional historiography may throw shadows which confuse simple assumptions and blunt predilections of argument. The ways in which economy and society in south-eastern Indian changed between 1700 and 1900 were extremely complex and provide few straightforward answers to questions of 'better' or 'worse'. Some groups in society obviously gained from them, but others lost out. The most that the historian -- true to his last -- can do is to demarcate the differences and point to the possibilities. The rest is speculation.

South-East India: the region

The region of 'south-east' India, on which this paper concentrates, can most easily be conceived as consisting of the territories governed by the Presidency of Madras from c.1801 – with the exclusion of the two western districts of Malabar and South Kanara. It stretches down the south-eastern littoral from Vizagapatnam in the North to Kanya Kumari in the South and reaches as far inland as Bellary, Coimbatore and the environs of Bangalore. In economic terms, this conception is somewhat arbitrary and has mainly been chosen because the data from the colonial era is most facilely organised in this way. In fact, there were always important flows of goods and people linking this region to economies further to the west (in the territories of the princely states of Hyderabad, Mysore and Travancore) and also to the North, especially Bengal. Nonetheless, the region also has a certain degree of historical integrity. Its local cultures escaped Mugh006 Tw 13.02 006 T7d5l.382887 TmT8208 430.7 TmT82 water resources -- which has been the cause of scarcely less bitter controversy ever since.

As its coast-line would suggest, the region has been heavily involved in overseas-trade, going back to Roman times. The prevailing winds and currents also permitted an extensive coastal trade in bulk commodities, reaching right up to Bengal. At least in the 17th and 18th centuries, tens of thousands of tons of Bengal rice were floated down the coast -- to the central Coromandel ports including Madras – on the south-west monsoon; and no smaller quantities of southern sea-salt were floated back on the north-east monsoon. There was also a major grain trade within the region, moving mainly domestic southern economy, beginning around the fourteenth century with the establishment of the Vijayanagar Empire and marked, *inter alia*, by the establishment of ‘Telugu’ forms of cotton cultivation in the ‘Tamil’ interior, by the proliferation of ‘temple’ city complexes and by the growth of a monetary economy.[2]

was fought over the seizure (or destruction) of rival economic assets and spread mayhem in its wake -- with Hyder flattening the northern Kaveri country in order to force population towards the irrigation works which he was building on the upper part of the river; and, in Malabar, driving upper-caste Hindu elites off the land in order to displace them with more pliable low-caste and Muslim peasants.[5] Especially in the last years of the eighteenth century, war took a heavy toll of the region's once legendary prosperity.

But economic decline was not uniform and, indeed, the overall fall in regional production and consumption -- which is extremely difficult to measure -- may not have been great. The key to survival lay in mobility and it is possible to trace sub-regional shifts in populatio east, towards the Madurai country and Tinnevelly-Ramnad. [8]Given this high degree of mobility -- which affected not only textile production but even agriculture too – it is impossible to measure, and hard even to assert confidently, general economic decline. But, more certainly, the consistent secular growth trends which had been manifested in the economy between the 14th and 17th centuries were brought to an end.

1700-1900: Population and Demography

If demography is, at the best of times, an uncertain science, in Indian history it is almost an impossible one. The paucity of reliable sources, before the first full colonial census in 1871, reduce it to little more than crystal-ball gazing. Nonetheless, the historical literature abounds with speculative numbers – including, most influentially, the 160 million which Irfan Habib has estimated was the population of India at the height of the Mughal Empire and, by inference, more or less at the time of the colonial conquest c.1800.[9] The significance of this is that, with the population having grown to only about 380 million by 1901, India under colonial rule would appear to have experienced one of the worst demographic 'performances' anywhere in the world in the (population-driven) 19th century -- with an annual rate of growth below 0.8% (which, more certainly, was actually the case between 1871 and 1901). Such a demographic history would also be in keeping with Habib's 'dismal' view of the colonial Indian economy, seeing it racked by famine, de-industrialization and de-urbanization.

However, Habib's population estimates for the Mughal Empire have been strongly contested by Davis, Desai and Subrahmanyam, who consider them unwarrantedly high. Their own estimates would put the

[8] Ludden, Peasant History.

likely population in c.1700 at around 100-120 million.[10] If this were also the likely population at the beginning of the colonial epoch, it would mean -- of course -- that India's demographic performance across the 19th century was considerably better than Habib assumed, with implications for how the economic history of the century should be read. On the revised figures, population growth would have averaged about 1.2% per annum over the century: less fast, no doubt, than Java (where it quintupled in the period) but broadly comparable to wider global trends. Also, given that we know that population growth slowed in the last three decades of the century (as a result of disease and famine), it would mean that growth must have been even faster in the first half of the century, possibly around 1.5% a year.

Pro rata, the David, Desai, Subrahmanyam re-estimates yield a population for the whole of the southern peninsula of around 15-20 millions in the later eighteenth century. As the southern rivers tend to drain eastwards, the majority of these people (by informed guestimate, perhaps two-thirds) are likely to have lived in the richer river valleys of the south-east – suggesting a population of 10-14 million. Such a figure gains some corroboration from the EEIC's own early census operations in 1823, which, based on admittedly out-dated village records, came up with a figure of c.12 million. By 1901, the population of the Madras Presidency (excluding Malabar and South Canara districts) was 32 million -- indicating an increase of 266%. The EEIC's figures also suggest that growth was much faster in the first half of the century[11]:

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[9] Irfan Habib, 'Population' in Habib and T. Raychaudhuri (eds), *Cambridge Economic History of India*, I, (Cambridge, 1983).

[10] Subrahmanyam, *Political Economy*; Ashok Desai, 'Population and Standards of Living in Akbar's Time – A Second Look', *Indian Economic and Social History Review*, XV, 1978.

[11] Table taken from Dharma Kumar, *Land*, p105, which also contains the best discussion on the vexed issues of sources.

Census period

The Agrarian Economy

From certain angles, the story of the south-eastern agrarian economy between 1700 and 1900 might be summarised as quantitative methods in the 18th and early 19th centuries anticipated the large-scale recurrent droughts, the Collector of Ramnad estimated that half the population (of about 600,000 people) had de-camped to the neighbouring Kaveri delta as a migrant labour fo an immediately beneficial effect in the restoration of the *anicut* -- even before Victorian science attempted to come to grips with southern hydrology.

Improved conditions of political security also may have played a role in what was to become, perhaps, the most important aspect of agrarian transformation – the expansion of deep-well cultivation in the interior districts. The capital behind this was almost entirely private (and Indian) and the expansion started as early as the 1820s although only became truly significant from the 1850s – when changes in the revenue system ceased to penalise returns to investment.

significant cotton boom, which even survived the problems of the inter-war years to generate the bases of a modern textile industry.[19]

In addition to cotton, a second crop sustaining agricultural expansion in the interior was groundnut, which was virtually unknown before 1850 but came to be exported in huge quantities by the time of the First World War.[20] Its particular significance was that it grew on light, sandy soils which previously had a low productivity – and also that it replenished the nitrogen content of the soil. Southern agriculture had always been open to innovation – rapi i.n21W12i 0 0/Tlso i place on its western edges (in the Deccan districts) and had little impact elsewhere. Those districts had experienced the ‘new forces’ of the colonial market place and science in peculiarly unbalanced ways: where, for example, they were drawn into di ways no doubt subtle but ultimately extremely profound. Admittedly, and as Dharma Kumar has seen, up to 1900 pressure from the land:man ratio did not become critical -- new ac longer-term prosperity and, eventually (although not until the 1920s) the site of the region's industrial re-birth.[24]

Moreover, longer-term agricultural prosperity, even in the interior, was not a phenomenon experienced by all. There has been a lively debate in South Indian history over changes in patterns of land distribution and labour -- and, certainly, over-pessimistic views (including some of my own) concerning tendencies towards the narrower concentration of landed assets and the increasing pauperisation of labour are difficult now to sustain. Almost all statistical tests reveal a remarkable continuity in the structure of landholding across the 19th century in spite of hugely increased acreage – with a proliferation of small-holdings always buttressing the larger estates of the rich and powerful.[25] Also, there is little those with greater capital. Indeed, these agrarian capitalists also drew benefits from the fields of their smaller neighbours – who looked to them for credit, for ploughs and cattle and for part-time employment. The great majority of small farmers did not have sufficient land to supply their own household subsistence but needed extra work, which could often only be found in the fields of their wealthier neighbours.[26]

Keeping a local supply of labour to hand by offering it small-holdings had been a standard agronomic strategy of larger *mirasidars* in

1914, was passed on in real agricultural wage rates. Labour's share in the total social product was undoubtedly inclined to fall.

The agrarian society of south-eastern India, then, was highly stratified long before the coming of the colonial era and little that happened thereafter made it any less so. With the exception of the Deccan districts, the ultimate price of economic failure (death by starvation) became a less constant threat. But opportunities to make significant gains – and accumulating wealth – provided by the new economic order were narrowly constructed and of major benefit to only small groups. Access to capital was always the key and, with the colonial state withdrawing itself from the 'indigenous' credit system, that access became, if anything, narrower.

Industry and services

Any 'industrial' history of south-east India, of course, must be dominated by the fate of textile manufacturing. But that fate is not easy to determine. As noted before, the great days of Coromandel cottons were in the 17th century and the industry was in some decline even before the onset of colonial rule. Subrahmanyam has noted that the number of weavers recorded in the EEIC's ledgers in the Krishna-Godaveri region in the late 18th century were about half those recorded in the Dutch VOC's

Also, across the first half of the nineteenth century, the industry was a long time dying -- and never entirely did. The export sector was the first affected by the rise of 'Manchester', losing many of its markets from the turn of the 19th century. But even it was kept alive until as late as 1830 by the activities of the EEIC, which utilised its revenue powers to establish a species of monopoly over the sector and to keep it going until ordered by Parliament to abandon 'the Investment'. However, these revenue and monopoly powers were used to force down the returns received by weavers – to the point where the industry operated virtually under a system of forced labour.[28]

The domestic market for cloth was obviously much less affected by the 'global' changes in the industry. Imports of 'finished' western textiles remained limited until the 1840s and, thereafter, still did not penetrate a number of indigenous niche markets. The limitations were partly a function of transport costs before the age of railways and steamships. But they were also a function of 'taste': where traditional fabric types were often tied to ceremonials and rituals in a temple-centred Hindu culture, which western fashion was slow to transform. Kanchipuram and Madurai silk saris continued to hold sway over the southern marriage market.[29] Also, much cloth was produced for local consumption in the interior villages where the cotton crop was grown. Rather than finished cloth, it was industrially-spun yarn -- to be made up by southern handloom weavers -- which led the advance of colonial imports into the economy. But this could have curious consequences. By reducing the cost and improving the quality of yarn available to weavers, in some places it stimulated a revival of handloom production by the later decades of the 19th century. This, in turn, caught up with the revival of overseas demand

[28] Konrad Specker, 'Madras Handlooms in the Nineteenth Century', *Indian Economic and Social History Review*, XXVI: 2, 1989. Prasannan Parthasarathi, *The Transition to a Colonial Economy.* (Cambridge, 2001).
[29] Baker, *Rural Economy.*

for, especially, ‘Tamil’ cloth – from Tamil overseas communities in south-east Asia. A further development came from the growing use of the ‘flying shuttle’ to improve loom productivity. While the nature of the statistical sources makes it impossible to be categorical, the best ‘guesses’ are that the number of weavers at least held its own between 1800 and 1830 (under the Company’s monopoly) before entering a critical period until the 1850s marked by stagnation and decline. But revival came quickly in the secomo products. Also, the loss of cash earnings from exports played havoc with the market economy, lowering general commodity prices and precipitating the depression, which lay across the economy almost continuously from the 1830s to the 1850s. Indeed, for several years after the EIIC cancelled its ‘Investment’ in 1830, collectors in districts with weaving concentrations claimed to be unable to remit the cash-based land revenue – since, with weavers unable to buy food, a major source for encashment of the grain crop had disappeared.[32] Weavers (or rather ex-weavers) were also extremely prominent among the first ‘indentured labourers’ to join the labour migrant economy after 1843. Of course, raw cotton itself continued to be produced and exported in steadily larger quantities. But much of the value added by ‘working’ it now went elsewhere.

Further, as Parthasarathi has seen, the decline (or, at least, internal transformation) of the industry carried even wider consequences. Hand-spinning had been a near- ubiquitous by-employment of the agrarian population, important in earning cash during the agricultural off-season. But now the market for thread was progressively taken over by industrially-spun imported yarn.[33] Admittedly, new opportunities for agricultural labour began to arise – as double- and triple-cropping in the river valleys extended the cultivation season and as the expansion of raw cotton production increased the demand for child and female labour to pick the buds. However, this cut down the diversity of potential employment and made the rural population more dependent on agriculture than ever -- with the result that, as in the Deccan in the 1870s and 1890s, when cultivation failed, it had recourse to very little else.

But textiles by no means represented the pre-colonial south-east’s only industry. Again, the sources are difficult, but, in the richer river valleys, only 60-65% of the population may have been directly engaged in

[32] Specker, ‘Handlooms’.
[33] Parthasarathi, *Transition.*

agriculture in the later 18th century compared to 80-85% in 1900. In the interior districts, such a calculation would be harder to make since nearly everybody had several different employments, of which agriculture was one. But the widely practised 'off-season' was about four months long -- leaving one-third of work time outside agriculture.

Construction was always an important source of employment, concentrated in earlier medieval times on the palaces and, particularly, great stone temples, which were a feature of the South. But, certainly in the 18th century, there was a great deal of construction work associated with the wars of the period, especially the building of fortifications. Tipu Sultan is said to have spent 2 crore Canteroi Pagodas (about £1.6 million pounds in the money of the day) fortifying his capital of Seringapatnam over the course of 17 years. More stable industries included diamond mining in Hyderabad, which was estimated to employ 30,000 people in the early 18th century; brass-casting around Kumbak vast number of people who appeared to be employed neither in a recognisable industry nor in agriculture, but in the 'services' sector.[36] In the river valleys, there was an improbably large population of priests, snake-doctors, beggars, itinerants, prostitutes and teachers – indicating strong consumer preferences for 'services' over material goods. Also, two of the pre-modern south-east's most significant activities generated huge service sectors. One of these was war – where most of the 18th century was occupied by anywhere from three to six 'marching' armies, criss-crossing the terrain and sometimes, as in the case of Hyder Ali's Mysore army, with attendant camp followers and bazaars stretching out for twenty miles behind them. Where it was estimated to take six servants to put one cavalryman in the field – and where, according to Dirk Kolff, there were a quarter of a million professional cavalrymen in the Deccan and further south in most years between 1750 and 1800[37] – war was a huge generator of employment. Related to the EIIC from landowners that they were unable to extend cultivation for want of labourers.

Over the course of the 19th century, but most notably in its second quarter, these conditions began to change. Pax Britannica not only reduced the scale of warfare but also the demand for soldiers and attendant servants; as also it slashed the expendable incomes of Nawabs and 'little kings'. Further, EIIC road-building programmes and the introduction of wheeled-transport began to put the *banjaras* out of business – or at least to reduce the scope of their activities to mere peddling. Taken together with the decline of the vital textile export industry, the years 1830-1855 saw the south-east plunged into a withering depression -- marked, as C.A. Bayly has seen, by a general collapse in demand.[38] In response, economic society turned towards the land. In spite of low commodity prices, the land under cultivation increased ahead of discernible rates of population growth -- as swords were literally beaten into plough

Among the casualties of the new colonial order was the South Indian iron industry. As in the case of textiles, it was staunchly defended by the local EIIC administration – which regularly disputed the authority of both Calcutta and London. Even more than in the case of ‘the Investment’, the defence was made in terms of the quality and cheapness of the product, which (in cast-iron) Edward Balfour claimed was superior to anything made in Britain. But, by mid-century, final orders were received from London that the government was no longer to purchase its iron requirements locally and, stripped of its largest customer, the industry withered.[39] It was not to be revived again for a hundred years and, then, less in response to demands emanating from the ‘British’ Madras Presidency than from the neighbouring princely state of Mysore -- which (not least to embarrass colonial authority) embarked on a programme of state-led industrialisation, which made its capital of Bangalore India’s second largest industrial centre by the time of Independence in 1947 and left a stagnant Madras city in its wake.[40]

States and Markets

As elsewhere, it is very difficult to c 0 13.02 197.82452 476m(ni)Tj3.02 0 0 13.02 1 productive resources; providing large resources of credit (*takkavi*) out of their own treasuries, which meshed closely with the commercial been based on a much ‘freer’ trade. By the 18th century, with the new states of the region requiring increased resources of cash -- which were brought from the sea – it was perhaps inevitable that the principles of sea-borne mercantilism should have percolated into land-based statecraft. This point may add some qualification to recent speculations about whether two of the regional states most involved -- Mysore and Travancore -- might be seen as having generated their own forms of ‘modernisation’, in juxtaposition to those associated with the Europeans, and have offered India an alternative path to Modernity, had the colonial intervention not cut it off.[43] But both were heavily imbricated in European-dominated sea-commerce from the first and, more properly, might be seen as temporary products of the European-centred global transformation of trade rather than al

The EEIC state arose out of this context of competitive mercantilism, which was to pattern its institutions (and those of its post-1858 Crown successor) ever after. The great prize of empire in India was neither access to resources nor even to bountiful markets, but control over the land revenue system – which yielded a huge surplus paying for British military dominance over the rest of Asia. The EICC/Crown state also jealously guarded monopolies in the most valuable items of commerce (opium, salt, liquor, forest woods) until well into the twentieth century. The idea of 'free trade' always had a limited meaning in colonial India. But the economic orientation of the colonial state was given to at least two significant shifts between the 18th and 20th centuries.

As noted earlier, the Indian regional states of the 18th century had introduced increasing measures of 'compulsion', as well as 'inducement, to promote economic development. They were inclined to raise levels of revenue demand and to extend monopolies, sometimes (as in Tipu's Mysore) to the point of creating state-owned industries. However, competition between them – in a context of high labour mobility – had also provided some restraints on their use of force. But the EEIC's rise to power was accompanied by the elimination of all its competitors and the establishment of a peninsula-wide hegemony, which had never existed before. Most noticeably, between 1800 and the 1840s, this saw it coming to rely increasingly on coercion to promote economic 'development', such as it was.

The revenue system became extremely heavy and regressive in its orientation -- undermining 'private' investments, which risked being loaded with new taxes. Monopoly powers, such as those before 1830 over the textile 'Investment', were also tightened up. Institutionally, the revenue system started to separate itself from indigenous commerce (which, so it was claimed, took too high a share of profit). As a result, capital flows into production began to dry up. For example, it had long been a custom of the revenue system to allow local *mirasidars* substantial annual deductions to pay for the maintenance of irrigation works. However, the new *ryotwari* system introduced in the 1810s claimed that irrigation maintenance was a prerogative of the state and removed these deductions. But, between 1815 and 1840, the Madras Government actually spent only 0.5% of the revenues which it collected on irrigation work. Also, state-backed *takkavi* (advances of cattle, grain and cash to cultivators on an annual basis) practically dried up. Rather than credit and tax-breaks, the state made free use of coercion to extend production: sometimes via simple methods of extortion (as revealed in the highly condemnatory Madras Torture Commission of 1855); but also via legal compulsion – as through new debt laws and revenue conventions which threatened peasants with loss of their lands if they failed to cultivate. Indeed, these last conventions strongly supported the shift towards 'sedentarisation' which, as Irschick has seen, the EIIC was also seeking for ideological reasons.[44] To some extent, the reliance on compulsion can be understood as reflecting the context of the post-1820s period when, with textile exports collapsing and domestic demand contracting, the forces of the market were particularly weak. But it also exacerbated economic decline – as even the EIIC itself began to admit by the 1840s, when the 'old' *ryotwari* system started to be displaced by a 'new' one – more designed to promote investment, secure property in land and reduce the burden of the revenue demand.[45]

The introduction of the new *ryotwari* system in 1855 also coincided with a number of other developments, which revived the market economy. Railways were constructed to support metalled-roads in carrying produce to the ports -- and the cotton, groundnut and leather booms slowly gathered momentum. The Crown state now began to find – albeit meagre

[44] Eugene F. Irschick, *Dialogue and History,* (California, 1994).
[45] Kumar, *Land*; Mukherjee, *Ryotwari*.

– resources to invest in the extension of the riverine irrigation system and (rather less meagrely) in the opening up of a European-owned plantation economy in the hills. From the 1850s, the south-east was carried forward by the growth of ‘classic’ forms of colonial trade.

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denied a private consortium set up to

the countryside largely dependent on commercial success rather than caste or other forms of social ascription.[49]

Against this background, the early impact of the establishment of the EEIC state appears ‘de-marketising’ and ‘de-commercialising’ -- a corollary to the replacement of ‘inducement’ with ‘coercion’ in the state management of the economy. With the state imposing a swingeing revenue demand and even lay claiming (via its bizarre theory of Oriental despotism) to ownership of all the land, the long-standing market in land-rights in the best irrigated tracts virtually collapsed -- or was overcome by systems of extortion in which those Indian bureaucrats with influence over revenue assessment rates expropriated large estates.[50] In the period of ‘hiatus’ between the collapse of the ‘old’ mercantile economy and the rise of the ‘new’ colonial one, specie became in short supply and the economy, between the late 1820s and the early 1850s, passed into a prolonged price depression. Part of the cause of this was, certainly, the loss of overseas textile markets to the products of the British Industrial Revolution – and thus the constriction of inflows of specie, which India itself did not produce. But the domestic causes were no less strong: as the EICC dismantled the armies and courts of its erstwhile rivals and thus reduced potential sources of demand and consumption. Instead, a large part of the revenues sucked up by the state were spent elsewhere – or even exported as cash (particularly to China). ‘Madras’ became the proverbial ‘milch-cow’ of the colonial Indian state system – obliged to pass a huge revenue to Calcutta to pay for the folly of the Bengal Permanent Settlement.

of the profits earned in the resi

commercial textile concentrations of the 18^{th} centuries – suggests that, proportionately, the ‘market’ for clothing may not have been much greater in 1900 than it was in 1700.

Between the 1850s and the First World War, the south-east’s agrarian economy undoubtedly saw some prosperity and, at least in the interior, even some ‘development’. But it was, overwhelmingly, an agrarian economy – with few alternative forms of employment, at least at home. And its late nineteenth-century growth needs to be seen more as a ‘recovery’ from the dark depression of the 1830s-1850s rather than as something wholly new. It is not only the difficulties for quantification created by structural differences, which make it hard to say -- unequivocally -- that economic conditions were ‘better’ or had ‘improved’ between 1700 and 1900.

Speculating alternatives

In many ways, then, the south-east followed what could be seen as a general economic model of Indian colonialism: a diverse and highly commercialised, but very unstable, pre-modern ec

India should have had quite the 'dull' economic history which it did: in effect, whether, had it escaped 'formal' colonialism and sustained greater control over its own state system, it might not have done rather better out of the world economy of the 19^{th} century. Here, two features may be worth further investigation. First, while it cannot be deemed surprising that the handloom textile industry should have declined before the might of Manchester's industry (as it did world-wide), it can be asked why it should have taken so long – effectively, until the 1880s[54] – for the first glimmering of reactive and competitive 're-industralisation' to appear. The long hiatus between the 'old' and 'new' economies of South India made the region carry a heavy burden for decades afterwards.

In this case, it is hard not to hold certain aspects of the colonial regime directly responsible. On the one hand, given the legal prohibition on the export of British textile machinery until as late as 1846, it may have been peculiarly difficult to 'pirate' this technology within the territories of the British Empire rather than outside. The US and European textile industries got hold of it considerably ahead of other parts of the British Empire in circumstances where enforcing the ban was politically impossible. But second, and even more importantly, at the critical point when an Indian textile industry might first have 'reacted' positively, the general Indian economy was plunged into a deep depression, whose length was sustained for more than twenty years by self-serving colonial fiscal policies. The constriction of domestic demand caused by the transfer of local revenues and the elimination of local sources of consumption was at least as important in sustaining the depression as the initial shock of the British Industrial Revolution. Deep and long-lasting depressions hardly provide environments conducive to investments in 'revolutionary' technologies -- even if those technologies can be legally adopted in the first place.

[54] Binny's mill opened in 1880.

The second area where the ‘formal’ colonial factor also may be seen to have intruded concerns the failure to convert the (albeit small) agricultural surpluses of the 1860-1914 period into the bases of a more progressive economic transformation. Here, the problem was only in part the protection of est more positive response to the buoyant world trade conditions of the later nineteenth century. Indeed, the princely state of Mysore, adjacent to Madras, actually did -- *inter alia*, reviving the southern iron industry by the twentieth century. The colonial factor in south-east India's economic history, then, was highly significant. But whether this factor can be taken as generic to colonialism *per se*, or as distinctive to a particular Indian form of it, can still be asked. As indicated by the Nattukkottai Chetty banker's answer, colonial rule far from inhibited the economic development of south-east Asia. Rather, perhaps, it was the militaristic purpose and orientation of colonial economic policy in India, which was decisive. The colonial state's ambitions reached little beyond maintaining the revenue flows necessary to supporting the army (which immediately consumed more than half of them) and sustaining a 'cheap' political stability, which enabled that army to be used for its principal task of protecting the entire imperial system east of Suez. It was inimical to anything that jeopardised those two aims and had few resources spare to consider any others. In the end, the Indian economy -- and, most clearly, the south-east -- paid the price of maintaining 'British' global supremacy across the 19th century: thereby providing 'global' history with one of its deepest ironies. For, it can also be asked, had Indian military power and economic resources not been absorbed into the British imperial system at the beginning of the 19th century, what kind of political infrastructure might then have supported the expansion of 'British-dominated' global commerce in Asia over the course of the next hundred years: would the British tax payer have paid for it and, if so, with what consequences for the domestic British economy ?

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