

1. How Britain Got Ahead of us in Economic Development

Context:

- India, a dominant force on the global stage until the mid-19th century, suddenly and almost without protest, abdicated its leadership position to a handful of European countries that were, until then, relatively underdeveloped, eventually falling so far behind the rest of the world that it became an underdeveloped country itself.

India's Dominance Over Global Trade:

- In the 18th century, **Indian cotton dominated the world**. It was shipped in such volumes to South-East Asia, Africa, West Asia, Europe and the Americas that historian called it the most important manufactured good of the 17th and 18th centuries in world trade.
- As there was precious little of value that the West had to offer up in exchange, Indian crafts persons were paid in such volumes of silver that between 1600 and 1800, India accumulated approximately a fifth of the world's total silver production.
- Yet, despite India's clear dominance over global trade, by the 1850s, Western Europe, seemingly out of nowhere, became the undisputed centre of the global cotton trade and consequently the world economy.

Factors contributed to the Britain to Dominate the World Trade:

- By the end of the 18th century, **Britain was facing a severe shortage of wood because of aggressive deforestation**. It was forced to turn to coal for energy, a fuel harder to access than wood but which was far richer in calorific value.
- The **substitution of wood with coal dramatically altered the energy economy of the country**, allowing England to achieve a far higher utilization than was previously possible.
- India, on the other hand, was blessed with an abundance of forest cover and consequently was under no compulsion to look for alternative sources of energy.
- The immediate consequence of this was that Britain was able to **lower the cost of manufacture of iron and steel**, generating large amounts of ferrous products and bringing into the production process a level of industrialization that India was not even aspiring to achieve.
- The second and probably more significant external force was **the tremendous competitive challenge that Indian cottons posed to England**.

- Given its importance as a trade commodity, significant effort was being invested into imitating Indian textiles, **resulting in the discovery of new and more efficient means of production** that eventually launched the industrial revolution.
- **By coupling innovations in mechanized spinning and weaving** with steam power and industrial production, the first great textile factories were born.
- This resulted **in the centre of global manufacturing rapidly shifting from Asia to Europe**. As a result, the textile exporting regions of India such as Gujarat, Bengal and South India suffered a tremendous decline in the global demand for their products from which they never recovered.
- In time, Britain consolidated its advantage by establishing military dominion over the subcontinent through the East India Company.
- This resulted in a loss of demand for various other goods whose continued development would have increased the pace of technological innovation in India.
- It translated into the destruction of educational institutions that generated knowledge and reduced the patronage for scientific and technical inquiry.
- The cumulative effect of these events opened up a huge technological gap between India and the West that hasn't been completely bridged till this day.

Conclusion:

- Technology allowed the West to gain ascendancy over Asia, and it is technology that Asia is using to re-assert itself.
- China has taken advantage of these new circumstances by implementing novel policies designed to enhance its Economy.
- If India is to have any hope of regaining its former glory, it needs to follow suit. To do that, it will need to implement policies that take advantage of Shifting Global Forces.