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British Presence in India:
Between Mercantilism and Imperialism
(1600-1876)

*A Dissertation Submitted for Partial Fulfillment of Requirement for
of MASTER Degree in Civilization and Literature*

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Dedication

I dedicate this dissertation to:

The memory of my Grandmother: Zohra.

My dear parents: my honourable father and my generous mother

My helpful brothers and to my lovely sisters.

My little angels: Allaa, Mehdi, Adam, Selma, Fedwa, and Roua.

My family, Friends and teachers.

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Abstract

This work aims to investigate a specific period of British imperialism in India. This study also examines how Britain changed its strategy during its presence in India. The main argument of this study is that some historical events had a great impact in changing the British policy in India. At first, that policy was commercial under what was called mercantilism. This period was characterized by the domination of the East India Company in the region. This company monopolized the trade of the region. In addition, the company used its military power to annex territories and to rule people. Then due to the mutiny, this policy became ineffective there. So Britain changed its policy into imperialism. That latter was characterized by the direct rule of government to the Indian people. This dissertation focuses on the shift from mercantilism to imperialism. The shift was a result of the policy that the company followed to annex territories and to assimilate the Indians to the British.

Key Words

Britain- India - Mercantilism-East India Company- Imperialism- Indian mutiny.

ملخص

إن هذا العمل يرمي إلى تقصي تاريخ الإمبريالية البريطانية في الهند. هذه الدراسة تهدف إلى كشف كيفية تحول الإستراتيجية البريطانية في الهند. إن الحجة الأساسية في هذه الدراسة هي توضيح الأثر الكبير للأحداث التاريخية التي لعبت دوراً أساسياً في تغيير مسار علاقة بريطانيا مع دولة الهند. و إن كانت العلاقة في بداية الأمر قائمة على أسس تجارية أو كما تسمى بالمذهب التجاري إلا أنها أصبحت فيما بعد غير مجدية في الهند. فالبارز في تلك المرحلة ظهور شركة الهند الشرقية. هذه الأخيرة سيطرت على الميدان التجاري في المنطقة بالاعتماد على جيشها الخاص المتكون من جنود ذو أصول هندية و بريطانية. السياسة التي اتبعتها الشركة في السيطرة على الشعب الهندي أدت إلى ثورة أو كما يسميها البريطانيون التمرد الهندي. بعد حدوث هذا الأخير اضطرت بريطانيا إلى انتهاج سياسة جديدة هي الامبريالية. لذا ركزت هذه الدراسة على كيفية التحول الجذري الذي طرأ على سياسة بريطانيا في دولة الهند.

Table of Contents

Dedication	i
Acknowledgements.....	ii
Abstract.....	iii
Table of content.....	v
List of Figures.....	vii
List of Maps.....	viii
Introduction	1
 Chapter One: The Difference between Mercantilism and Imperialism	
1.1.Introduction.....	6
1.2. The Theory of Mercantilism.....	6
1.2.1. British Mercantilism.....	8
1.2.2. British Mercantilism in India.....	11
1.3. Imperialism as Theory.....	13
1.3.1. Theories of Imperialism.....	15
1.3.2. Kinds of Imperialism.....	15
1.3.3. British Imperialism.....	16
1.3.4. British Imperialism in India.....	18
1.4. Conclusion.....	19
 Chapter Two: The Shift from Mercantilism to Imperialism.	
2.1. Introduction.....	21
2.2. The East India Company.....	22
2.2.1. The Establishment of the East India Company.....	22
2.2.2. From Trade to Colonization.....	23

2.2.3. The Regulating Acts.....	25
2.3. The Indian Mutiny.....	27
2.3.1. The Causes of the Rebellion.....	27
2.3.2. The Rebellion.....	29
2.4. The Jewel in the Crown.....	31
2.4.1. Reconstruction of Britain India 1858-1876.....	31
2.5. Conclusion.....	33
Chapter Three: The Effects of the Shift on India and Britain	
3.1. Introduction.....	35
3.2. Effects of the Shift on India.....	36
3.2.1. The Positive Effects on Indian.....	36
3.2.2. The Negative Effects on Britain.....	38
3.3. Effects of the Shift on Britain.....	41
3.3.1. The Positive Effects on Britain.....	41
3.3.2. The Negative Effects on Britain.....	43
3.4. Conclusion.....	44
General Conclusion	45
Figures and Maps	47
Works Cited	52

List of Figures

Figure1: The Sale of Company Goods, 1809/10 (£s)	47
Figure2: East India Company Sale Income, 1757–1833	47
Figure3: Britain Dominated the World Economy (1870)	48

List of Maps

Map1: British Dominated the World Economy	49
Map2: British Expansion in South India 1750-1820	50
Map 3: The Indian Union and Pakistan of 1947	51

General Introduction

1. Background

The British presence in India had developed throughout history. It was characterized by two phases. The first phase was called mercantilism. This phase started during the seventeenth century. It was an economic dealing between East India Company and India. This company monopolized the trade of the region. However, the second phase started after the Indian Mutiny of 1857. Due to this rebellion, the company dissolved and the British Crown announced the direct control over India.

After the dissolve of the company the imperial phase began. “Imperialism is a policy of acquiring power over other countries ...by political and economical exploitation” (Johnes 844). From 1815 until the Second World War, Britain was the largest empire in the world. It contained 400 million people and covered about quarter of the world’s land surface. Great Britain implemented imperialism in many countries in order to protect its own interests. One of them, India, was the most important possession of the British Empire during the 19th century. With a population of 300 million, India was also the largest export market. Moreover, India had a special attention not only for exporting British products but it was also considered as a symbol of British power overseas after the loss of America. By its presence in India, Britain experimented two different phases. The first was represented by the work of East India Company that monopolized all the trade of East Asia. The second phase was the direct interference of the British government in the region after the dissolve of the company (Levine 61; Pearce 2).

British presence in India began as a private enterprise mission that was chartered by the English Crown. The opportunity afforded by the breakup of the Mogul Empire in the 18th century and the increasing rivalry with France, led enterprises such as the East

India Company (EIC) to dominate trading and military power in the region. British imperialism in India was not a planned process; it was a by-product of attempts to find markets to develop its trade. Thus, the company monopolized trade in the region by exporting British products and importing Indian raw materials to manufacture them in its factories. To secure its interests, the EIC paid taxation to the British government for the troops' recruitment. The British Crown therefore had the right to take EIC's property after its collapse. Hence, after the Indian Mutiny (1857-1858) against the British officers, the Crown dissolved the company and assumed all its properties. In 1876, Queen Victoria was proclaimed Empress of India. Officially, India became part of the British Empire. (Levine 61; John and Lurbe13; Pearce 193).

2. Research Problem

The research aims at shedding light on the phases that Britain got through in its presence in India. That presence began with commercial benefits by monopolizing the region's trade by EIC, and ended with imperial expansions. On that latter the British government became the responsible and the controller over the Indian lands, resources, and people. In addition, this study focuses on the main elements and events that led British presence in India to shift toward imperial expansion after it was only limited to commercial interest. It also intends to investigate an important question: how did the British presence in India shift from commercial interest to imperial expansion?

3. Limitation of the Study

In this work, we deal with the major historical events that led British presence in India to shift from commercial interest towards imperial expansion. This study relies on facts and events that occurred from the beginning of the British involvement in India in 1600, until the proclamation of Queen Victoria as the Empress of India in 1876. Those events are mainly characterized by the appearance of EIC which had a great influence

on British history in the region. It is also worthy to mention the role of the Indian Mutiny that led the British government to transfer the political power of the company to the Crown.

4. Aim of the Study

The purpose of this study is to understand the real purposes behind the British imperialism in India. In addition, this dissertation focuses on the events that led to the shift to imperialism. Britain by its presence in India experimented two phases, the first one is called mercantilism which is an economic theory and system that actively supported the establishment of colonies that would supply materials and markets to Britain. The second phase is known as imperialism. It was a result of the first phase, and it began when the British government interfered directly by using military forces after the Indian Mutiny of 1857. It aimed at protecting its commercial interests there. This research also aims at examining the different elements that enforced Britain to shift from mercantilism theory to imperialism.

5. Significance of the Study

A focus on that specific period of history is important in helping history students to get an idea about how the British Empire was made to become the greatest one in the world. Moreover, the study of British imperialism is worthy for them to understand the British methods in gaining wealth. From another hand, by going beyond the circumstances and the events that happened during the imperial period, it will be easy to understand the causes behind the use of imperialism.

6. Research Methodology

In our study, we look at relevant secondary sources and primary (if possible). This study relies on two appropriate methods. The first method is the historical method. It is useful to deal with facts and historical events. The second is the descriptive

method. This latter has an importance in our dealing with the historical events that we describe in order to get an answer to our research question.

7. Structure of the Research

The present dissertation attempts to highlight the different elements that enforced Britain to shift from Mercantilism towards Imperialism. The study is divided into three main chapters. The first chapter focuses on the difference between mercantilism and imperialism. This chapter also sheds the light on the circumstances behind their use. In addition, the first chapter deals with the causes that led Britain to implement those two policies in India.

The second chapter focuses on the main events behind the shift from mercantilism towards imperialism. The chapter deals with the East India Company as the main factor of the shift and as the representative of the first phase of British presence in India. In addition, the monopolization of the company on the trade of the region and the policy that the company followed to control the Indians were the main causes behind the India mutiny of 1857. That mutiny ended the control of the company in India. The rebellion was a starting point to the next phase which was imperialism. After the revolt, the British government assumed all the properties of the company and proclaimed India a part of British Empire. The second chapter also deals with how the British government ruled India and the measures that it undertook to ensure that the revolt would never.

The third chapter examines the main positive and negative effects in both Britain and India. Those effects were a result of the shift of power from the EIC to the British government. That shift had many positive effects in the Indian economy and society. The railways that Britain built in India promoted its economy as well as its social life. However, the negatives were disasters concerning the number of death after

the famine of 1870. That famine was a result of the commercialization of agriculture system of 1860 that Britain followed to drain the wealth of India. On the other hand, Britain also was affected by its imperial system in India. All the Indian wealth was invested in Britain to promote its economy and society.

Chapter One

Difference between Mercantilism and Imperialism

1.1. Introduction

The Victorian Age is considered as the golden age to the British Empire. It was the greatest empire in the world economically, politically, and even in the maritime field. Britain reached this stage of power by implementing two policies. Each one had its characteristics and suitable time. Those policies were mercantilism and imperialism. Before studying the relation between those policies, we first have to know the impact of each policy in British history and how Britain used them in India particularly.

The first chapter focuses on the difference between mercantilism and imperialism as theories and as policies. It, also, discusses the circumstances behind their use, its impacts on British history, and finally how and why Britain had used those policies in India.

1.2. The Theory of Mercantilism

"The seventeenth century defined the age of mercantilism, in terms of both economic thought and commercial policy "(Irwin 1296). Mercantilism is an economic theory and a system that actively supported the establishment of colonies that would supply materials and markets to the mother country. The theory is a result of the early attempts of European countries to colonize other nations in order to increase their internal wealth. Laura Lahaye an adjunct professor at the Illinois Institute of Technology defined mercantilism as an economic nationalism for the purpose of building a wealthy and powerful state (1). The goal of this policy was to achieve a favourable balance of trade that would bring gold and silver into the country. Unlike the agricultural system, the mercantile system served the interests of merchants and producers whose activities were protected and encouraged by the state. The mercantile system varied from one nation to another, but there were some basic principles that all

mercantilists followed. First, it was a system based on economic activities to boost national wealth. Second, that national wealth was measured by the stock of gold and silver in the country not by its people's living conditions. The third principle is that the colonies were seen as a valuable means of increasing exports to enrich the mother country. Those colonies were working as a supplier of raw materials, and a market for mercantilist countries. Furthermore, mercantilism developed logically from the changes inherent in the decline of feudalism, the rise of strong national states, and the development of a world market economy (Lahaye 1).

During the mercantile period, military conflict between countries was both more frequent and more extensive than at any time. Each country used its army and navy to increase the volume and the breadth of its trade, and to protect its business interests against foreign competition. In fact, according to Lahaye, mercantilism took two forms. The first form concerned the domestic affairs of the country; the government developed its local industries by exempting new industries from taxes and encouraging them by granting titles and pensions to successful producers. However, the second form concerned foreign trade; the government imposed taxes, and prohibited the import of goods that competed with local manufacturers. At the same time, the government prohibited the export of tools and capital equipment, and the emigration of skilled labor that would allow foreign countries to compete in the production of manufactured goods. Moreover, shipping during the mercantile period was particularly important to national power because of the use of ships for both merchant and military purposes (2).

"Profits were large when a country spends a small amount of money on raw materials needed to create a product and sells the finished product for high price"(Cranny 237). According to mercantile view, the principal benefit of foreign trade was the importation of gold and silver for the wealth of nations. This belief faced many

critics one of them was Adam Smith. In his book *Inquiry into the Nature and Cause of the Wealth of Nations* (1776), Smith claimed that free trade and private enterprise (laissez faire) without the intervention of the government are the best means to enrich a country. The end of the eighteenth century witnessed the decline of mercantilism as a policy of acquiring power. There were two main reasons led to the decline of this policy. First, the mercantilist policies were designed to benefit the government and the commercial class not the entire population. Second, many mercantilists had themselves argued with Smith, and began to de-emphasize the importance of gold and silver as the best means to enrich the country. In addition, the mercantilist Robert B. Ekelund and Robert D. Tollison saw that England was so prosperous during the mercantilist era because of that the mercantilism was not well enforced. They believed that the mercantile regulations protected the privileged positions of monopolists, which in turn provided revenue to the monarch or state. To conclude, the mercantile system succeeded in bringing the treasure to the countries and made them wealthy economically; however, it failed in improving the social life of the individuals. Therefore, mercantilists changed their principles as soon as they found another policy served their ambitions (Lahaye 2; "Mercantilism" par.7; Thomas and Litt 3).

1.2.1. British Mercantilism

Britain as many European countries implemented the mercantile system in order to enrich its economy. Mercantilism was the dominant phase of England's policy during the seventeenth and the eighteenth centuries. This policy, as James O'Driscoll stated, was a result of the commercial links between those new markets that British Empire got through in its expansion in the Americas, West Africa, and in India (25). In addition, during the eighteenth century, British government controlled over the importation of raw materials of its colonies, and made them as markets for British

products. Britain's aim was to enrich and to strengthen its national economy against foreign aggressions by exalting the foreign trade and fostering its domestic industries. As a result, to organize their foreign trade, British mercantilists set many of regulations, tariff barriers and navigation laws.

British mercantilism was meant to serve the interests of the empire not its colonies. The colonies existed for the benefits of the empire; they could not sell their raw materials to anywhere else. In addition, the colonies were not allowed to manufacture anything for export. In order to organize its trade and to protect it against foreign competition, the British government passed a series of trading laws such as the Common Wealth Trade Ordinance of 1651 and Navigation Laws. Those laws prohibited foreign ships from engaging in coastal trade in England and required that all goods imported from Europe should be carried by English ships or the ships of country of the origin goods. English government put the same conditions to regulate its trade with the colonies. Moreover, the Staple Act of 1663 extended the Navigation Acts, by requiring that all colonial exports to Europe should be first landed at English ports before going to Europe. To conclude, those acts were passed particularly to stop the Dutch dominance in the marine activities (John and Lurbe 134).

Above all, the British Empire began in the form of private enterprises missions during the sixteenth century. The companies were chartered and encouraged by the English Crown. In addition, those chartered companies had some political control and commercial monopolies over many regions in the world. For example, when there were no strong local governments, those companies expanded and included many trade posts. Sometimes those companies ruled people like the East India Company ruled some Indian regions. In fact, England was a late starter in the race for colonies with the European countries. Early imperialist countries were Spain, Portugal, and Netherlands.

They gained supremacy in much of Indonesia, Africa, and a huge part of Asia (Lahaye 2; John and Lurbe 135).

Britain in its dealing with its colonies used different ways. For example, the British presence in North America was different from elsewhere. In America, Britain used military power to control over the trade of colonies. However, in Asia, the English government gave some chartered companies the right to trade in the region. By the end of the seventeenth century, Britain became powerful and able to supervise the trade of colonies depending on its maritime power (John and Lurbe 137).

Mercantilism policy led Britain to wage many wars with European countries. For example, in American colonies Britain did not faced only the colonies; but also, it was obliged to enter many struggles with France, Spain and Netherlands. In Other hand, that policy was the principal cause that fostered the national economy of England. Mercantilism also, led Britain to rule the commerce of the world during the mid-Victorian Age (135).

Moreover, concerning the amount of the imports and exports of England, there were two cases. The first case was called overbalance. When the imports from a foreign country were more than the English exports to that country, England according to protectionists' view would be impoverished. Consequently, they claimed that the only weapon to face unfair foreign trade and to protect their national industry was tariff policy. On the other hand, when the exports were more than the imports, this case was favourable to England because by this way it would be enriched and its industry would be more developed. Furthermore, according to protectionists' view, the nature of the imports and exports also had an importance in the national economy. According to their ideas, there were two cases. If the trade involved the import of raw materials and the export of manufactured goods, it would be beneficial to ensure employment for people.

However, if it was the contrary and England exported raw materials instead of manufactured goods, the country would be impoverished (Thomas and Litt 6).

1.2.2. British Mercantilism in India

British mercantilism depended on enterprises missions. Those enterprises were encouraged by the English Crown as East India Company. This company was the representative of English trade in India. All the imports and exports to England were with East India Company. In fact, the English were not the first comers in India. The Portuguese, for example, were the first who tried to monopolize trade in the Indian sub-continent. In 1498, they controlled over spice trade depending on their powerful shipping network. In addition, the Dutch who came after the Portuguese sent their first expedition to India in 1595. The Dutch mercantile system was similar to the English one. They both relied on chartered companies, the East India Company (EIC) for England, and the Verengde Oostindische Compagnie (VOC) for Netherlands. Both companies used their armies and negotiations to establish their position in the region. Meanwhile, the Mogul dynasty (1526-1857), an Asian dynasty which was the third comer to India, had another vision towards India. According to Barbara D. Mectalf and Thomas R, in the case of the Mogul Empire, “there was no monopoly of military force; there was no monopoly of political authority” (29). They had not any commercial interest in the region; their only aim was to establish an Islamic Empire there. So the competition between European countries to control over the Asian trade and the decline of the Mogul Empire shaped a great opportunity for Britain to encourage its chartered companies to make India as a market for its products (Ciechanowski 4; "Mogul Empire" par.1; Parthesisus 11).

In the seventeenth century, India had a special importance in English Trade. The quantity and the quality of its commodities caused an acrimonious debate among the

English mercantilists because of many reasons. Firstly, the commodities which were imported from India were more numerous than the commodities that were exported to it. In fact, the English commodities were too costly for Indian consumer. Therefore, the efforts of the company had a little success. Secondly, the nature of manufactured Indian products displaced and discouraged local products. Thirdly, the company monopolized trade in the region, and excluded other foreign companies from trading with India. As a result, the company waged many wars with its rivalries. From the 1740s to 1763, the East India Company and its French counterpart were engaged in a military and commercial rivalry in which the British were ultimately victorious. Because of those three elements, the company was attacked and blamed for the economic distress during James I's reign. However, this situation was changed as soon as the Industrial Revolution emerged (Thomas and litt 7).

At first, the EIC worked in India by importing the Indian muslin and spice. In return, Indians paid in gold and silver for very few consumable commodities. In that time, India was called "the sink of precious metal" because the huge amount of its gold and silver. During the first ten years of its existence, the total exports of the company amounted to 170,673 pounds of which as much as 119,202 pounds were bullion (10). Barbara D. Mectalf and Thomas R stated that during the seventeenth century, the EIC created for itself a secure and profitable trade. The company developed the English markets in Europe by entering the Indian production as indigo and saltpetre. Consequently, by 1660, the demand for Indian fabrics such as: chintz, calico, and muslin increased rapidly in European markets (45) (see figure 1. 47).

British Mercantilism in India was carried through two phases. The first phase started from 1757, when the EIC acquired the right to collect revenue from its Indian territories, until 1813 when the monopolization of the company over Indian products

was over. This phase had a real mercantilist aspect. During this phase all the revenue of Indian products were used to buy the English goods. However, the second phase which was called free trade, it had begun with Act of 1813, when the Company lost its monopoly trading rights in India, and ended in 1858, when the British crown took over the direct control and administration of all British territories in India. This phase was characterized by converting India as a source of raw material and a market for British manufactured products ("Economic Effect of British Colonialism" 17; 19).

To conclude, the seventeenth century witnessed the appearance of mercantilism policy. Many countries adopted this policy to enrich their national economy. In addition, the mercantile system depended on creating colonies. Those latter worked as a markets and a supplier for raw materials to the mother country. Mercantilism was the dominant phase of England during the seventeenth and the eighteenth century. During this era, England waged many wars with European countries in order to protect its own interests. Furthermore, England implemented the mercantile system in many regions in the world. India, for example, had a long experience with the British mercantilism. The great number of population and the huge surface of India were considered as a great opportunity to the British Empire to enrich its national economy.

1.3. Imperialism as Theory

"Imperialism is the policy by a strong nation to attempt to create an empire by dominating weaker nations economically, policy, culturally, or military."(qtd. in Lupinskie 3). There are many different definitions to Imperialism. For example, Lenin refers to imperialism as the highest stage of capitalism in his famous book *Imperialism: the Highest Stage of Capitalism* (1). However, Joseph Schumpeter in his article *Sociology of Imperialism (1919)* defines imperialism as" the objectless disposition on the part of a state to unlimited forcible expansion." (qtd. in Saussine 1). Schumpeter

argues that the purpose of any nation is to expand its territories. According to his opinion, all nations are imperialistic with some differences in manners and extent. In addition, in Schumpeter's view, imperialism is an irrational inclination towards war and conquest (1).

In fact, imperialism was a European term used to describe the expansionist policies of Napoleon I. Then, it was used to include all the other European expansionist movement during 1800s. According to Michael Doyle, imperialism is "the process of establishing and maintaining an empire"(qtd. in Lake 7232). Moreover, three corollaries are sequences of implementing imperialism as a system to acquire power over other nations. First, imperialism occurs only where distinct political communities exist. Imperialism is also represented in the desire of political communities in forming strong empires over other weak nations. Second, the colony lacks an international political personality. When the colony possesses an identity as a distinct policy, it does not interact with other states as a sovereign equal. Some new independent state needs a time to be regarded as a sovereign state. Third, exploitation of the weak by the strong is not essential to imperialism, but it is an often natural result of effective domination (7232).

To conclude, imperialism is similar to colonization, but with one major difference: colonial powers settle the countries over which they gain control while imperial powers do not. Furthermore, the development of new industrial economies in 1700s and 1800s necessitated the acquisition of raw materials. That development created a desire to gain control of market places. Moreover, Europeans considered themselves superior intellectually, culturally, and spiritually to "the darker" people of the world. Therefore, many Europeans justified imperialism; by claiming that they had a duty to civilize "the primitive" peoples (7232).

1.3.1. Theories of Imperialism

The major explanation for imperialism can be grouped into three general categories. The first category is called metrocentric theories. This category focuses on the disposition and internal characteristics of imperial states. The proponents of these theories argue that the military industrial complex and other features of the capitalistic states created a need for capital. That leads states to create colonial and neocolonial relations with developing regions in order to enrich themselves. While, the metrocentric theories focus on the push behind the expansion, the second category, pericentric theories draw attention to the forces that pull imperialism into hierarchical relationships. Its proponents argue that there are two kinds of empire according to the stability of the periphery. If the periphery is stable politically, the empire would be informal. However, if it is unstable politically inside the periphery and unwilling to protect the interests of the empire, imperialistic countries would create a formal empire and govern its colonies directly. On the other hand, the third category is the systemic theories of imperialism. That category sees that the struggle for survive between the great powers in the world creates a competition between them to seize territories and to secure resources (Lake 7233).

1.3.2. Kinds of Imperialism

It is the fact that the consequences of imperialism varied with the nature of the imperial relationship. The nature varies according to the circumstances that faced the imperial state in its colonies. For example, imperialism can be informal when the imperial state uses force to secure or to open foreign markets in countries politically weaker or seemingly less competitive economically. This kind mainly flourished during the seventeenth century. This century; also, was characterized by the monopolization of certain chartered companies such as Portuguese, Dutch, French, and English. Those

countries used their naval power to establish their hegemony over the trade of many regions in the world. However, formal imperialism was by colonial rule over predominantly indigenous populations. The trend was at its most intense competition in the late nineteenth century, when tropical Africa and much of Southeast Asia were partitioned among European powers (Austin 6-7).

As a conclusion, imperialism declined in the twentieth century. The lack of remaining opportunities, and in some cases the emergence of powerful independence movements led some countries to release its colonies. In addition, the new universal developments as Industrial Revolution and the two world wars made the colonies as a burden to the European countries.

1.3.3 British Imperialism

The sun never set on the British Empire. Its surface reached 3,700,000 square miles with 57,000,000 inhabitants during 1840 and 1880s. In addition, Britain dominated the world commercially, economically, and even in naval power. British Empire was a consequence of English imperialistic methods which the British followed through many centuries.

Britain, after Napoleonic War, was extraordinarily powerful. The war increased the surface of empire by adding seventeen new colonies that Britain took from France. Those new colonies were ruled as direct dependencies under the control of the colonial office. Furthermore, Britain depended on chartered companies to enrich its national economy. Those companies increased in number during Elizabeth's reign, and they had the right to monopolize the trade of colonies. In return, the chartered companies gave some of its profits to the Crown. At that time, there were many English companies casting the world, each one had a special trade in a special region. For example, the East Land Company traded with Scandinavia and Baltic in 1579; the Levant Company

traded with the Ottoman Empire in 1581; Africa Company was a slave trade company in Africa in 1588; and East India Company traded with India in 1600 (McCord and Purdue 75).

During the eighteenth century, Britain was as powerful as France. That power was a result of the growth of its industries and the profit that got through the trade with its colonies. For the rest of that century, Britain exchanged goods with its colonies. These latter took the English clothes and swords, and in return British ships carried the sugar of the colonies to Britain. For Britain, the colonies were the markets to sell its products (107; 109).

In the nineteenth century, Britain was at its most power and self-confidence. It was considered as a workshop for the world; its factories produced goods more than any other country in the world. During that century, the British Empire changed its nature from commercial empire to political one. For the British, the empire was a means to control more countries. After 1815, the British government did not only try to develop its trade, but its policy was also to control world traffic and markets to its own advantages. Moreover, British imperialism was implemented in certain areas that Britain was interesting in. However, there were many regions that Britain had no interests, but it controlled them to protect the English interests from the danger of the enemy. For instance, Russian expansion was a real threat to British interests in some areas. Britain was afraid from Russian expansion southwards by taking over the Slavic parts of the Turkey's Balkan possessions (132).

To conclude, like many European countries, Britain claimed that its empire was formed to spread the British principles across the world. Free trade between the countries was one of those principles. However, by using imperialism as a policy to get and to protect its interests, Britain proved the contrary. There were two main elements

that proved the real purposes of British imperialism. First, Britain considered its colonies as means to become more powerful. Those colonies were the sources of raw materials to Britain. Second, Britain waged many wars with European countries during the Imperial Age. Those wars proved that Britain could not bear the idea of sharing benefits with other countries. As a conclusion, British imperialism served the interests of the empire not the colonies.

1.3.4. British Imperialism in India

With the American Revolution of 1776, the British Empire lost its holding in North America. Australia came under the control of Britain at around the same time, but because of its remoteness it could not replace America. Consequently, the empire turned eastwards towards Asia and India. The British government involved directly in India after the Sepoys Mutiny in 1858. After proclaiming Queen Victoria Empress of India in 1876, India became officially under the supremacy of the British Crown (Moran 32).

The early English Empire was based on self-governing colonies. This system changed with the acquisition of India. The British first experience to govern people directly was with the Indians. Furthermore, that experience began with commercial dealing between the Indians and the EIC. That company had a permission to engage wars with European countries to protect its commercial interests. However, those wars led the company to acquire more lands. Consequently, the transfer of the attitude of company from commercial interest towards imperial expansion shaped a new era of British involvement in India (Brown 2).

British imperialism in India was a result of the Sepoys Mutiny (1857-1858). It was a military involvement because the British felt that their commercial interests were in danger. Many scholars consider the Sepoys Mutiny as a pretext for Britain to achieve

its imperial goals. They see that the legitimacy of the British rule in India needed to be justified. Therefore, the shift towards the direct rule was conducted by certain imperial goals. As mentioned before, the British Empire in India was a mercantile one. However, with emergence of the Industrial Revolution, old restrictions and laws were ineffective in India. Moreover, the British viewed that those lands should not only be exploited but also ruled (Ciechanowski 3).

The British governed India by dividing it into two parts. One was under the direct rule and was named British India, and the other Indian states were under an indirect rule. Furthermore, the English allowed the Indians to keep their own customs, religion, and tradition. After 1858, the rule of native princes were encouraged and supported by the British government. In addition, governmental institutions in India were expected to be similar to the British one. The British head of government in India was the Governor-General or Viceroy. At that time, there was an agency administrated British India which was called the Civil Service of India or The Indian Civil Service (ICS) (Ciechanowski 3;8).

Generally, British imperialism was the second phase of the British exploitation of India. The imperial system was an attempt to secure the British interests after the British supremacy in the whole subcontinent. During the Victorian Age, Britain was a great empire. No country could rival its economic, political and its naval power. After losing America, Britain could not bear another loss. Consequently, it was obliged to use military power in India after the Sepoys Mutiny of 1858. As a conclusion, Britain implemented imperialism in India in order to defend and to protect its interests there.

1.4. Conclusion

In a nutshell, the British Empire was obliged to use both mercantilism and imperialism. Britain began with mercantilism in the sixteenth century in order to enrich

its national economy. Britain also used the mercantile system to build a powerful empire between the other European countries.

It is true that Britain was a late starter in the race of European countries. The race was to conquer the other nations in order to exploit their resources, and to make them as markets for European products. When Britain used mercantile system, it became a great empire. However, as soon as the Industrial Revolution emerged during the Victorian Age, Britain changed its old system. The mercantile system became ineffective with those the new circumstances. A new system was needed to protect the British interests. Furthermore, in many colonies, British felt that there was a need to rule them and not just to exploit their resources. India was an example in which Britain used mercantilism first to collect wealth, and then it used imperialism to protect this wealth. So imperialism was an obligation to protect the wealth that the mercantilism offered.

In addition, if we look carefully at the sequence of events we find that mercantilism is simply informal imperialism. The empire started informally through mercantile system. Then, when its interests became in a danger, it turned formal and it used imperial rule. To conclude, mercantilism and imperialism are two faces of the same coin.

Chapter Two

The Shift from Mercantilism to Imperialism

2.1. Introduction

The first chapter has shed the light on the differences between mercantilism and imperialism. It has also highlighted the causes behind their use in India. This chapter deals with the historical events that were behind the British shift from mercantile interests to imperial expansion. It also examines the methods that Britain followed in ruling India.

In 1700, India had a population of some 180 million inhabitants. It constituted about 20 percent of the population of the world. India had a strategic location. It is located in South Asia between Arabian Sea and Indian Ocean. Besides its strategic location, the spices trade was the impulse behind the invasions that India got through. Many countries traded with India. Indian products were consumed in many regions in world. Britain, also, took its part from India. The British experience with Indian trade began in 1600 as enterprises missions. The East India Company was chartered by the English Crown to trade in India. That company had a decisive history in the region. During the seventeenth and the eighteenth centuries, the East India Company was the only representative of Britain. However, with the Indian Mutiny of 1857, the British government became involved directly (Ciechanowski 4).

This chapter focuses on the significance of the company, as an element in making the shift towards imperial expansion. It is also worthy to mention the great role of the Indian Mutiny. It was a watershed of British history in India. As a result of the rebellion, Britain became involved directly in the region. This rebellion gave a great opportunity to Britain to implement its imperial system in India. To conclude, this chapter deals with the elements that led to the shift from mercantilism to imperialism.

2.2. The East India Company

East India Company was an English commercial company. It had a great significance in the British history in India. It considered the most important element in the Shift. The rule of the company to India shaped the mercantile phase. However, its dissolve represented the imperial policy. So this chapter deals with the company as an indirect element of the shift.

2.2.1. The Establishment of the East India Company

After 1756 Britain established a large territorial empire in South Asia. By the beginning of the nineteenth century, many contemporaries considered India as the richest jewel of the imperial crown. That position was due to a private commercial organization which was called East India Company. That company monopolized the English trade in the Cape of Good Hope (Bowen 1). English traders frequently engaged in hostilities with their Dutch and Portuguese counterparts in Indian Ocean. After the great victory that English companies achieved over the Portuguese in the Battle of Swally in 1612, it started thinking in gaining more lands in the region ("East India Company" par 4). The East India Company succeeded in few years in gaining large territories and ruling millions of people.

The English involvement in India began on December 31st, 1600, when Queen Elizabeth I granted a group of businessmen calling themselves The Company of Merchants of London Trading into East Indies for a period of fifteen years. The group evolved into the East India Company (EIC) which became as a sovereign state with the right to recruit troops to protect its interests (Perret 113). The company was managed by a governor and 24 directors chosen from its stockholders. They were mainly interested in trading cotton, silk, indigo dye, saltpetre, tea and opium. The EIC was weak militarily in its beginning. It depended on trade with India and some neighbouring

countries to become rich. As soon as the company progressed economically, it started thinking in monopolizing trade in the region by annexing new territories and recruiting troops to help its expansion. In order to protect its trade from its rivals, the company possessed three armies in three presidencies: Bengal, Madras, and Bombay. Those presidencies were considered as administrative and military establishments ("British East India Company" par. 4).

The East India Company was a joint stock corporation. It was a necessity for the company to work with the military corporation. That system protected the company from pirates and its foreign enemies in its long route to reach India (Thomas and Litt 37).

2.2.2. From Trade to Colonization

The English East India Company was formed to trade the spices of the east India. In fact, the British were latecomers to the East Indies trade; the first English sailed into India via the Cape of Good Hope in 1582. After 1600s, its trade grew with the East; the company became the largest employer in London. It decided to build its own ships instead of leasing them. This new policy succeeded in bringing money to the company. The first ships cost the company about £10 per ton instead of the £45 per ton that company paid for renting ships. However, this policy did not last for long time as Bowen of London University explains, "the situation changed as the Deptford yard came to be expensive to run". By the 1650s, the company found it better to return to its old policy (Bowen "the rise"1).

After the Act of Union of 1707, the EIC became the most successful company in Britain. Thomas Mun, one its directors, wrote in 1621 that the first ships enjoyed profits of 132 percent.... He also stated that they sent seventy-nine ships to India. Thirty-four of those ships had come safely and richly laden. However, the twenty others had been

lost either due to ships wreck or capture by the Dutch (Bowen "the rise"¹). Although the company faced some troubles like the long distance between India and England, it succeeded in gaining wealth, prestige and control of the factories in the whole subcontinent.

At first, the EIC had no imperial intention in India. All what the company wanted from the region was commercial interest. The Company's Secretary Robert James declared to the House of Commons in 1767 that the company "Do not want conquest and power; it is commercial interest only [they] look for"(qtd. in Bowen 8). These words illustrate the excuse of the company for its struggle to secure its financial returns from its territorial possession. During that time, the EIC was in its prosperous position. As the political economist David Macpherson stated, in his description of EIC in 1813,"the most illustrious and most flourishing commercial organization that ever existed in any age or country"(qtd. in Bowen 9). After 1756, the company was able to impose its will and authority upon different parts of India (9).

The company was controlled by the London Merchants who guarded their exclusive monopoly over trade with India and China. The charter of the company was up for renewal in three times 1793, 1813 and 1833(Civin 191). In 1833, the role of the company became more effective. The British parliament granted the company the right to control over its affairs with the help of the parliament as a legislative upper hand. The Parliament permission gave the company more ambitions to expand in India (see maps 1 and 2. 49-50). Consequently, the territorial expansion transformed the company into an imperial power. The transformation rose many questions about the role of the company in Britain and in Asia (Taylor 208).

2.2.3. The Regulating Acts

The seventeenth and eighteenth centuries witnessed a series of struggles against the monopoly regulations of the company. Those struggles ended with the triumph of the private enterprises and the freedom of competition. Those latter were the dominant characteristics of the nineteenth century economic life. The East India Company was attacked by the proponents of free trade. Those proponents as Adam Smith saw that the company was the only champion of the monopolistic trading (Thomas and Litt 18).

In addition, there were many economic objections concerning the company's monopoly in India. The company was, according to Thomas P.J and M.A Litt of Oxford University, the beneficial side in the trade with India. They argue that "It was also the interests of the company to sell raw materials to the home manufacturers at as high prices as possible"(20) (see figure 2. 47). In fact, those high prices were a burden to the national economy. The British government viewed that it was better to the country if the trade was free. Consequently, the prices would have fallen. By following this method, English could oust their rivals from the region.

The British government set many regulations in order to root out corruption and the abuse of power of the EIC. In 1767, the committee of the House of Commons obliged the company to pay £400,000 every year to the government. In addition, the British government asked the EIC for a loan of £1,400,000. That money was as a promise between the British government and the company after its military campaign in India. The campaign was led by Robert Clive who defeated the Mughal forces and controlled Bengal. The company received from that campaign £1, 200,000 to place a puppet on the Bengali throne. Consequently, to restrict the company's privileges, the regulating Act of 1773 prohibited any person to receive a gift, reward or financial advantages from the Indians. This act also created a supreme court in India in which the

judges were appointed by the English Crown and sent out to India. By the Act of 1773, the governor of Bengal, Warren Hastings, was raised to the rank of governor-general over all the Indian EIC territories (Bowen "the rise" 8).

William Pitt's India Act 1784 was another regulation act which the British government put to regulate the company's monopoly. The act established governmental control by giving a responsibility to the parliament to regulate the company's body. It imposed a body of six commissioners above the Company Directors in London, known as board of control. This body consisted of the Chancellor of the Exchequer and Secretary of the State of India besides of four councilors appointed by the crown. Furthermore, in 1813, the company's monopoly of Indian trade was abolished. In addition, under the act of 1833, the company lost its China trade monopoly. However, the company continued its administrative functions until the Sepoys Rebellion (1857-1858) (Bowen "the rise" 8).

After the battle of Buxar of 1764, the Mughal Emperor signed a treaty with the EIC allowing it to govern Bengal. Throughout the following century, the EIC continued to annex territory after territory until the entire region was controlled by the company. The company annexed territories typically when two cases happened. The First was after the death of an Indian prince. When an Indian Prince died without leaving an heir, EIC annexed his Territories. The second case was when an Indian Prince failed to continue paying money to the company for maintenance an army to support him against Mughal Empire. Consequently, the taxes that the EIC collected in India from 1792 to 1838 gave the company a net profit reached £700,000 a year (Bowen "the rise" 8). To conclude, the annexation of native states contributed to the Mutiny of 1857.

2.3. The Indian Mutiny

The Indian Mutiny was a term used to describe a conflict raged across northern and central India in 1857-1858. The conflict happened when Indian soldiers in the army of the EIC rebelled against their officers. The Indians called that conflict the first war of independence. However, the British called it "the Great Mutiny", "the Great Rebellion" or "the Sepoy Revolt"(Barners 9). The rebellion was one the most significant event in the history of British Empire. That mutiny was a great shock to Britain. It happened by their own people whom they had trusted (McCord and Purdue 323).

2.3.1. The Causes of the Rebellion

The Mutiny of 1857 was a result of many factors. Years before the rebellion, the EIC continued its expansionist policy. The company also introduced many reforms to the Indian society. Those reforms affected education, communication, law and finance. In fact, those reforms increased and assisted the growth of Indian economy, but they also affected the Indian culture. This latter grew the anger of the Indian society (McCord and Purdue 323).

Furthermore, one of the annexation policies that Britain implemented in India was the Doctrine of Lapse. It was a doctrine devised by Lord Dalhousie. Lord Dalhousie was the Governor General for the EIC in India between 1848 and 1856. According to his doctrine, any state would be annexed by the company when its ruler died without leaving a direct heir. That doctrine was regarded as an illegitimate law by the Indians. With the application of the doctrine of Lapse, the EIC controlled many regions. For example, Satara (1848), Jaipur and Sambalpur (1849), Nuhpur and Jhansir (1854), Awadh and Udaipur (1856) were annexed by the company according to this doctrine. The state of Oudhor (or Awarth) was a special case because it was annexed in the claim of corruption and oppression experienced there under the native ruler. Those

expansions were the main factor in the Indian rebellion in 1857(McCord and Purdue 323).

The expansionist movement was a continuous process. It began from the middle of the eighteenth century to the middle of the nineteenth century. According to Sir Percival Griffiths a retired Indian Civil Service, the movement was divided into three phases. The first phase which ended in 1765 was characterized by the establishment of the British power in Bengal and maintenance of Oudh as buffer state. The second phase was the great period of expansion. It was associated with the conflict between Muslims and Hindus. That conflict did not only take a religious aspect but also it had a political one. Many rulers used the conflict to take power in many native states as Mysore and Hyderabad. This phase was also characterized by claiming Cornwallis as Governor-General in 1786. The last phase was called the conscious expansion. It began when Lord Auckland was Governor-General. This phase continued Sir Griffiths" It reached its culmination in the time of Dalhousie just before the Indian mutiny"(78).

By the end of Dalhousie's term, the EIC exercised direct rule over about two-thirds of India. The remaining third was divided between nearly six hundred Indian princes. Those princes enjoyed different degrees of independence. In addition, their relation with the British Crown varied according to their states. The relation between states and the company was defined by treaties. Those treaties granted the company limited rights of interference. For example, some states permitted the company to interfere in their internal affairs as well as the external administration. However, some states limited that interference to only the external affairs of the state (Griffiths 101).

On the other hand, the British in India had a great economic success while the Indians suffered from oppressive land tax and the lack of education. Britain exploited India economically. There were high tariffs against Indian goods in Britain. At the same

time, Britain encouraged the importation of its products into India. The British considered India as a cheap source of raw materials. Moreover, most Indians did not understand English laws. Many Indians preferred the Persian law instead of the English one (Beck sec 1). Concerning this issue Marshall Peter of London University argues that Indians were deeply conservative people. However, their traditions and ways of life were disregarded by the British rulers. In addition, reforms, new laws, new technology and even Christianity, had been forced upon them. Consequently, they resisted them with violence (par.3). To conclude, the expansionist movement and non respect of Indian culture were the main factors behind the Indian mutiny.

2.3.2. The Rebellion

By 1857, many changes occurred in India. The EIC faced the anger of the Indian. "From May 1857 British rule in northern India became seriously threatened by the mutiny or unreliability in the largest military force maintained in the sub-continent – an insurrection which sundry princes and notables saw as their opportunity to regain lost power and property" (Barthorp 3). In May 1857, soldiers of Bengal army shot their British Officers. Then, they marched into Delhi where they were joined by the soldiers stationed there. Moreover, the mutiny encouraged many other civilians in northern and central India to rebel against the British. The Sepoys in Bengal army had a high position. They considered themselves as elite. For many years, the Sepoys remained faithful to the British side, but they also stood for their privileges. The British officers realized that for the sake of their benefits, it was better to bring soldiers from Nepal and Punjab who did not stand for their privileges. In addition, there were rumors concerning the use of pig and cow fat as lubricant on the cartridges for the new rifles. However, the Muslim and Hindus beliefs forbade their use. Those new changes flamed the Sepoys

to revolt. When the revolt began many Indian princes, aristocrats, and civilians whom were disaffected with the British, revolted alongside the soldiers (Marshall sec 4).

The Sepoy Mutiny ended in 1858. It failed in making the British control out from India. There were two main factors behind the failure of the rebellion. The first was connected with the British power and its strategies. The British army was characterized by its modern technology. The British had a superior technology as the new guns and the new telegraph line. That latter helped the British army to react quickly in the case of emergency. The Second factor concerned the Indians and the Sepoys. The mutiny was not well organized. It suffered from the lack of political leadership, and the military strategies were also inept. In addition, the domestic struggle between Indian ethnic groups was the main element in the failure of the mutiny in 1858 (Beck sec 2).

The rebellion marked a turning point in Indian history. In 1858, Britain took direct control of India. The British was fed up with the incompetent rule of the EIC." If the Company had not treated the sepoy so poorly, perhaps the Sepoy Mutiny would never have happened"(Bauer 13). The British government blamed the company for the Sepoy Mutiny. In addition, the government claimed that the company non respect to the Indian culture was the official reason behind the mutiny. So under the Government of India Act 1858, the British Crown assumed all the company's properties. On 1 January 1874 the company was dissolved by the East India stock Dividend Redemption Act of 1873. Consequently, Queen Victoria announced India as a part of Britain. It was governed directly by the Queen and Parliament with the help of a head official called the Viceroy of India (Bauer 13;"East India Company" par2).

2.4. The Jewel in the Crown

Benjamin Disraeli, Prime minister of Great Britain (1870-1880) referred to India during that time as "The chief jewel of the imperial Crown"(Ciechanowski 2). The British Crown rule was established in India after the Sepoys mutiny in 1858. The rebellion which lasted two years cost £36 million. In fact, the British rule or Raj as the Indians were called it did not encompass the entire region. There were only two third under the British rule while the other portion was under the control of local princes. The new royal government which replaced the EIC promised to respect the Indian culture and customs. The government distanced itself further from the Christian missionaries. The landlords also took their part of respect by giving them some rights. Furthermore, the new government undertook many reforms. Economically, the government tried to improve the Indian industry. The railway that the government built increased the capacity of steamships. That made the transportation of Indian product easier. Educationally, the British government tried to develop the Indian society by building schools in which Indian language was used besides English (Marshal Sec 5).

2.4.1. Reconstruction of British India 1858-1876

After the Indian mutiny, the British Crown made many reformed policies. In order to recover the loss that British government received because of the mutiny, the new government made many social, economic and military reforms. Some of those reforms had benefits to the Indians while others were for the benefit of the new British government.

In the military side, the new government tried to recover its loss during the mutiny. The military expenditures during the revolt cost the government about £40,000,000. As result, Viceroy Charles John Canning imposed an income tax in 1860 for five years to restore the money that had been lost. In addition, Madras governor

Charles Trevelyan objected to the income tax that the Board of control President Charles Wood had removed. Moreover, by the Police Act of 1861, more than 100,000 soldiers who dismissed from the army became police. So by those reforms India in 1863 had 62,000 British troops and 135,000 Indians in its army (Beck sec 3).

Concerning the judicial system, Queen Victoria promised to treat the Indians and the British equally. However, in reality there was no justice between them. Under the British system the English were lightly punished even for murder while the Indians were seriously punished for minor offences. As result, the Indian Council Act of 1861 gave the Indians the right to serve as a judge on the High courts. Although many Indians especially Muslims preferred the traditional system and they were against the new one, the educated people were with the new British system. Moreover, this new system limited the power of the Governor-General. This latter could no longer enact legislation without the approval of the Executive council except for the emergencies (Beck Sec 3).

The new government had also some benefits concerning the Indian social life. In 1871, the British government opened schools for learning girls, and the Victorian Institution for women. Those new kinds of institutions were the first in India in which they taught by Bengali and English language. In addition, the Native Marriage Act 1872 was the proudest achievement to the British in India. They restricted the age of marriage for bride at 14 and a bridegroom at 18. Beside, those achievements, there was another act which had an important role in improving the Indian social life. Sen's Indian Reform Association focused on charity, female education, technical and general education (Beck Sec 3).

The transition from the company rule to the crown rule marked the rapid growth of the finance and shipping in India. By building the railway and the opening of canal

Suez in 1869 the amount of investment and shipping was boosted. In addition, the rulers of the British Empire as Ashman, a journalist in International Socialism Journal, stated "Promoted exports to increase the amount of revenue derived from foreign trade"(Sec 1). Moreover, the government was preoccupied with improving India's system of land taxation in order to increase its revenue. Land revenue remained the single biggest source of income. It provided half the income. The second largest revenue came from the government's monopoly on opium trade with China, and the third was its monopoly on salt (Beck Sec 3).

2.5. Conclusion

Britain interfered directly in India due to the Indian mutiny in 1857. That latter was as a threat to its interests in the region. The British government shared the benefits of the India's trade with the EIC. After the revolt, the company lost its power there. As a result, the British Crown interfered to dissolve the company and to proclaim India as British India.

In fact, the rebellion happened due to many religious and social reasons. It also was a reaction to non respect of the Indian customs and beliefs. The company, in its expansionist policy, tried to change the Indian social life. Those changes angered the Indians. In addition, the modifications in the Bengal army flamed the sepoys to rebel against their British officers. The rebellion was as disaster to the company. It cost the company millions of money and people. Consequently, the British Crown dissolved the company and India became under the British control. The new British government made many reforms in order to control the Indian society. Those reforms were military, social and economic changes which served the new government not the Indian society.

To conclude, the mutiny was the direct cause behind the involvement of the British government in India. The Indian mutiny ended the phase of the company's

control. This phase represented the mercantile system of Britain. However, the British control after the mutiny represented the imperial control. Finally, the non respect of the company towards the Indian customs led to the Indian mutiny. This latter marked the shift of British presence in India from commercial interests towards imperial expansion.

Chapter Three

The Effects of the Shift on India and Britain

3.1. Introduction

As we have seen in the two first chapters the British presence in India had two main phases: mercantile and imperial. The British rule over India brought many changes. Some of those changes were positive and others were negative to both India and Britain. The third chapter focuses on the effects that resulted from the direct interference of the British government in India after the mutiny of 1858.

The Government of India Act, passed in August 1858, dissolved the EIC. That act brought India under the direct control of the British government. By including India to the British Empire, Queen Victoria was proclaimed as Empress of India in 1876.

While Queen Victoria never set foot on India soil, she had a special fascination with India. She lobbied for and received the title of Empress of India, although she remained a queen throughout the rest of her realm. It is believed that this action helped bring the Queen out of her long mourning period and into a more active role in her public life. Her title also enabled Britain to more effectively oppose Russian expansionism, as her new title was equivalent to the Russian Czar's (Ciechanowski 5).

As soon as Queen Victoria became Empress, she worked in ensuring that the mutiny would never. The British government instituted many economic and social laws. These orders were created to give more importance and respect to native princes and landowners. Those latter had a special relation with the Crown. It gave those princes and landowners titles and some privileges to ensure their loyalty. The economic side also saw many changes. Those changes served the Indians and the British.

As a conclusion, those changes had many effects in both India and Britain. The last chapter in this dissertation focuses on the main economic and social effects that resulted through the direct involvement of the British government.

3.2. Effects of the Shift on India

According to many historians imperialism as a policy implemented in India after the mutiny of 1857, had many positive and negative effects on Indian economy and society. Concerning this issue there are two groups of historians and scholars. The first group views that imperialism in India had positive effects on India economically and socially. However, the other group considers imperialism as a curse to India. Each group tries to prove his point of view by relying on facts and numbers about British achievements on India.

3.2.1. The Positive Effects on India

Some historians believe that the British imperialism in India had many positive effects. Their arguments are based on the achievements that Britain did in India during the Imperial age (1870-1880). In the economic side, the positive effects, according to the historians Metcalf Barbara and Thomas Metcalf's view, are represented in the two main achievements. The first achievement was the railways. The new government built 40,000 miles of railways and 70,000 miles of paved roadway. The railways made travel across India easier and connected India with the outer world. In addition, as we mentioned in the previous chapter, the building of railways and the opening of canal Suez in 1869 boosted the Indian economy by increasing the amount of investments and shipping. Moreover, the rail lines shaped the beginning of the Indian-owned industry. The Indian industry was associated with two famous families the Tatas and the Birlas. Both families were based in some Indian areas where British business interests were less developed. The two families succeeded by developing products that did not

compete with British manufactures. For example, they traded low-count cotton and yarn for the China markets. By the end of the nineteenth century, India possessed the fifth longest railways system in the world (126).

The second achievement was the policy of commercialization of agriculture. The British administration claimed that it encouraged this policy to improve the position of peasants in many areas of India. In 1860, the nature of the agricultural products was determined according to the demands of the overseas markets. In the first half of the nineteenth century, Indian exports included cash crops like indigo, and opium, cotton and silk. Then, raw jute, food grains, oil seeds, and tea replaced indigo and opium. However, the raw cotton was the most important item in the Indian exported products. The building of railways made the export process easier ("Economic Effects of British Colonialism" 20).

Furthermore, the supporters of imperialism in India believed that imperialism improved the social life of the Indians. In addition, they argued that the British institutions in India had a great influence on the Indians. Some of those institutions were schools. It is true that those schools were for the high class of the Indians, but the proponents of British imperialism believed that those schools benefited all the Indians. They viewed that those schools improved Indian language. In those schools, the Indian languages were used besides the English language. So those schools kept the Indian language alive. Consequently, the new schools raised the number of literacy and educated people in India (McCord and Purdue 239).

In addition, as mentioned before in the second chapter, in 1871 the British government opened special schools for learning girls and women. Those institutions according to the imperial advocates benefited the Indian society and in particular the Indian women. The new laws that the government encoded in India were expected to

conform to the British one. For example, the Native Marriage Act of 1872 restricted the age of marriage for both genders. The Indian Council Act of 1861 established courts of justice in India, and gave the Indians the right to serve in the High Courts. The Indian Penal Code of 1860 and the code of Criminal Procedure were also British codes. They were put to ease the British control in India (Bech sec 3; Levine 81).

3.2.2. The Negative Effects on India

As mentioned, there are two groups: proponent and opponent. This latter believes that the British presence in India marked decisive effects in the Indian economy. According to the opponents' view, the British imperial system drained India's wealth. They argue that by the independence of India in 1947, it became a poor country. Dipak Basu of Nagasaki University states "When the British left in 1947, India was poor and industrially backward"(par.2). Obviously, that group believes that Britain was the responsible in the impoverishment of India economically.

This group believes that instead of enriching the countries that the British ruled, they impoverished them (Basu par.4). The land revenue and the taxation drained the wealth of the Indians. In addition, the British imperial system destroyed the India's handcraft. The traditional handmade cloths industry was replaced by the British manufactured cloths. The British imperial system gained wealth to Britain at the expense of the Indians. Moreover, the change from the silver standard to gold exchange standard in 1898, impoverished the Indian economy. The change in the exchange forced India to export more for smaller amount of British goods ("Economic Effects of British Colonialism" 20).

It is true that the new policy of commercialization of agriculture in 1860 had some benefits to the Indian economy, but it also had some negatives. That system, according to the opposite group of Imperialism, hurt the Indian economy. They view

that the Indian farmers were forced to grow cash crops to pay the high revenue of the new government. Britain rose that system in India for its own benefits. A large part of the profits of the export trade went to Britain which controlled shipping. However, in India were some Indian traders and moneylenders whom benefited from this system while others suffered consequences. ("Economic Effects of British Colonialism" 21).

Britain created the railways in India in order to facilitate its rule there. In addition, the aim of the British policy was to integrate the Indian economy with in the British one in a way that India supplied Britain with cheap raw materials to be manufactured. According to opposite group, the real role of India during the British rule was to provide raw materials and markets to Britain. The imperial rulers were far from planning to improve the Indian economy. Britain`s chief interest was to organize India as an agricultural farm for Britain (Basu sec 6). In short, the main goal of the British imperial system in India was to drain its wealth.

Concerning the Indian social life, the opponents argue that the British imperialism had many negative results. The British system of commercialization of agriculture caused widespread famines of 1870 and 1943. The decline of the world demand for Indian cotton led to heavy indebtedness and famine in the 1870s. The other famine occurred in 1943 in Bengal. This latter was due to the collapse of the jute industry in 1930. With increasing number of the population, the government could not ensure food for all of them. Consequently, millions of people died due to starvation or epidemics. Furthermore, the system of commercialization of agriculture created a huge gap between the rich and the poor. The people who benefited from that system were the big farmers and Indian traders while other people suffered from famines and diseases ("Economic Effects of British Colonialism" 21).

Besides famines, the Indian society suffered from the absence of political power. Britain destroyed India politically. It did not give importance to the Indian political issues. British government also did not let Indians to take important positions in the government. There was only a small number of Indians holding political positions. Furthermore, the British presence in India created a huge religious split between the Muslims, Hindus and the Sikhs. The boundaries between religions, especially between Hindus and Muslims, became dramatically apparent in the last decade of the nineteenth century. The British succeeded in fuelling the fire of old hostility between the Hindus and Muslims. That conflict reflected in some the literary works. For example, the Bengali novels of Bankim created a mythic history about a brave Hindu triumphing over a Muslim tyrant. In return, Muslim writers wrote about their history as a way to foster community pride and self-esteem. (Metcalf and Metcalf 150).

In 1885 the Indian National Congress was formed, it was a Hindu body fighting for power back in Indian hands. Although it was ignored by the British, it was supported by the Indians. This body called for the right of the Indians to take their rights from the British. In another hand, the year 1906 witnessed the formation of the India Muslim League which supported the English Crown. In addition, with the 1909 India Councils Act, Muslims won the right for separate elections. The struggle between Muslims and Hindus continued until 1947. This year witnessed the division of India into two independent countries India (the majority are Hindus) and Pakistan (for Muslims) (see map 3. 51) (King par2).

To sum up, the British imperial system had some positive and negative effects in Indian economy and society. According to the many historians, the positives were results of the British attempts to facilitate their rule in the region. In addition, the

opponent group believes that the British government did not pay attention to improve India. It was considered as supplier of raw materials and a market for the British goods. In brief, the negatives of the British imperial system in India were more than its positives.

3.3. The Effects of the Shift in Britain

In Britain the situation was different. When Britain implemented imperialism in India, it was not affected so deeply as India. All the effects touched the economic side while the British society was far from the stage of events. Imperialism differs from colonization in which the country settles the colony. Imperialism is just an economic exploitation of the colony. Consequently, the British society was not affected so much by the British imperial system in India.

3.3.1. The Positive Effects on Britain

India became the most important colony of British Empire after the independence of the American colonies. That position was created due to its strategic location, its raw materials, and the great number of its population. India was the supplier of raw materials and a market to the British products. By the cheap raw materials that Britain got from India, it was no country could produce as much as Britain during the Victorian age. During the industrial age, Britain was powerful economically. It had enough coal, iron and steel to manufacture them into ships and steam engines. After that, Britain exported those products outside. In addition, Britain took cotton and silk from India to manufacture them in its factors. In return, the British cloths were exported to India and to other colonies. According to many opponents of imperialism, that action destroyed the local industries of the colonies (McDowall 143).

In the previous chapters, we mentioned that the British imperial system came to protect the British interests after the mutiny of 1857. It is worthy to mention that Britain

drained the wealth of India to be invested in the British industry. One of the industrial fields that benefited from the Indian wealth was the railway. By 1870 the railway system was almost complete. The industrialists built the system to transport their goods. By the end of the nineteenth century, Britain became number one in the world economic (see figure 3. 48). In fact, that progress was a result of the Industrial Revolution. The rail ways also helped in that progress by making the transportation of goods easier. It connected all Britain, and transported the goods from the factories to the ports in short time and in little cost. In addition, many historians view that the British believed in their right to be the greatest empire in the world. Consequently, they strongly believed in using power to defend their interests against any threat. This belief was called Jingoism. It appeared after a famous Music Hall song of 1878. "We don't want to fight, but, by jingo if we do, / We' ve got the ships, we've got the men, we've / got the money too" (McDowall 147).

By 1913, India became the chief export market for British products; including textiles, iron, steel goods, machinery and other products. In the other hand, India supplied Britain with raw materials as cotton, indigo, jute, rice, oil seeds and tea. By the end of the nineteenth century, India's commercial agriculture tied the country to the world markets. The British government in India forced the Indian farmers to cultivate cash crops instead of crops foods then Britain exported these cash crops. The new system of trade brought wealth to the British economy (Metcalf and Metcalf 125). Concerning this point the historian Beck Sanderson claims " Every year the foreign rulers collected about £50, 000,000 in revenue and carried away some £12, 000,000 to England" (sec 4).

The historians as Metcalf Barbara and Thomas believed that the value of India to British extended beyond the economical advantages. India served as a center of many

aspects of British imperial system. India was a source of indentured labour for Britain's tropical colonies. Those indentured workers were used to replace the slaves after the abolition of slavery in the late of 1830s. They went to many British colonies as Jamaica, British Guiana and Ceylon. The indentured employers worked too much hours for low wages. This kind of labour force ended between 1911 and 1920. Furthermore, the historians consider India as a gate for Britain to enter the Asian markets as China. Those new markets increased the British trading posts and partners (126).

In fact, Britain was so deeply affected economically from the imperial system which was implemented in India. The British were far from India. Consequently, the social effects were slight to be compared with the economic effects. Many historians view that the British society was affected by the national economy. This latter was affected, as we mentioned before, by the wealth that Britain gained from India. To conclude, Britain became number one economically in the world by implemented the imperial system through the Industrial Revolution (see figure 3.48). It was the suitable system in the right time.

3.3.2. The Negative Effects on the Britain

It is true that India boosted the British economy, but also it cost Britain millions. During the twentieth century, Britain began to spend more on India than it took from it. That situation, according to many historians, was a consequence of two factors.

The first factor was the Indian mutiny of 1857. The mutiny cost the government millions in order to recover the destroyed buildings, and to arm the new army. The Military expenditures to suppress the revolt cost the government about £40,000,000 (Beck sec 4).

The second factor was the army and the workers of the EIC. After the dissolve of the EIC, the British government assumed all its proprieties. In addition to protect

itself from any other mutiny, the new government employed more people as soldiers and normal workers. Therefore, there were more than 40,000 men on the company's payroll in India, and then they became paid by the British government. (Bowen 262). The second factor was the famine. The government lost £2.5 million of land revenue and spent £11million on famine relief (Beck sec 4).

3.4. Conclusion

This chapter examines the main positive and negative effects of the British Control in India. Those effects resulted from the transfer of power from the EIC to the British Raj. That transfer represented the shift from mercantilism to imperialism. As we have seen, this chapter deals with the economic and social effects on each country.

In India, the positive effects included the economic and the social sides. For example, in the Indian economy, the building of railways had a great role in developing the trade. The railways made the Indian products universe. In addition, the social side benefited from the acts and the laws that Britain put to assimilate the Indian society into the British one. However, the negatives were represented in the drain of Indian wealth which caused famines and diseases. In return, those latter killed millions of people.

Britain as an imperial country benefited from India. The wealth that gained from India was invested in building the British economy. During the Imperial Age (1870-1880) Britain was the most productive country in the industrial field. No country could product as much as Britain. The economic side reflected the British social life. By the development of the industry, the life of the British was promoted.

It is worthy to mention that the shift of power in India did not affect negatively the British life. The social life was linked to the national economy. However, this latter was the most beneficial side during the imperial age.

General Conclusion

Mercantilism and imperialism were two British policies. Britain implemented them in many regions in the world. First, the British Empire used mercantile system to collect wealth. Then, the empire was obliged to use the imperial policy in order to protect this wealth. India was an example in which both of British mercantilism and imperialism were implemented.

The British economic interests in India began in 1600 with the formation of East India Company. That company monopolized the trade of the region. This phase was known by mercantilism. It was characterized by the domination of the EIC in the region. By 1858, the Company's control changed into government's rule. That change was due to the rebellion. This new phase was called imperialism. This dissertation focuses on the main elements that led to the change.

In fact, the EIC, as a commercial company, viewed India as a source of raw materials and a market to the British products. However, this view changed as soon as the Mughal dynasty collapsed in 1707. The company started a new phase of expansion. The EIC annexed territories by forming its own army. The army was led by British officers and staffed by Indian soldiers were called Sepoys. Those latter rebelled against their British officers in 1857. The rebellion had many causes. The first cause was political one. The expansion movement and the taxation that the company imposed made the Indians fed up. The second element was religious. The Muslims and Hindus sepoys refused to use the fat of pig and cow as lubricant on the cartridges for the new rifles. According to their beliefs, the use of pig fat and cow was forbidden. The Indians thought that the British tried to convert them into Christianity.

The imperial phase began with the direct interference of the government after the mutiny of 1857. The rebellion was a disaster to the company. It cost millions of

money and people. Consequently, by the Government of India Act 1858, the British Crown assumed all the company's properties. However, on 1 January 1874, the company was dissolved by East India stock Dividend Redemption Act of 1873. Queen Victoria announced India as a part of Britain. The British government blamed the company for the mutiny. It claimed that the company was the responsible in waging the rebellion (Bauer 13; "East India Company" par2).

After the revolt, the company lost its power in India. The British proclaimed that the non respect of the Indian culture was the reason behind the rebellion of 1857. The new government put many laws in order to ease its rule in the region. Those new laws had many positive and negative effects in both India and Britain. In fact, the transition of power from the company to the government had many effects in both countries. Those effects were in the economic side and in the social life of the two countries.

The British interests in India which began with the mercantilism ended with imperialism. This latter was an obligation to protect the British interests' because of the mutiny of 1857. In addition, in the first, Britain had no imperial intention in India; it was just commercial benefits that Britain wanted. Then, when the mutiny emerged, Britain found itself obliged to interfere directly to cease the mutiny. To conclude, Britain used the imperial system as a means to protect its interests in India.

Figures and Maps

Teas	3,410,753
Bengal piece goods	333,768
Coast and Surat piece goods	769,870
Raw silk	555,531
Nankeens	133,472
Pepper	50,476
Saltpetre	223,794
Spices	153,824
Drugs, sugar, indigo etc.	357,787
Total	5,989,275

Figure1: The sale of Company goods, 1809/10 (£s). (B owen 245).

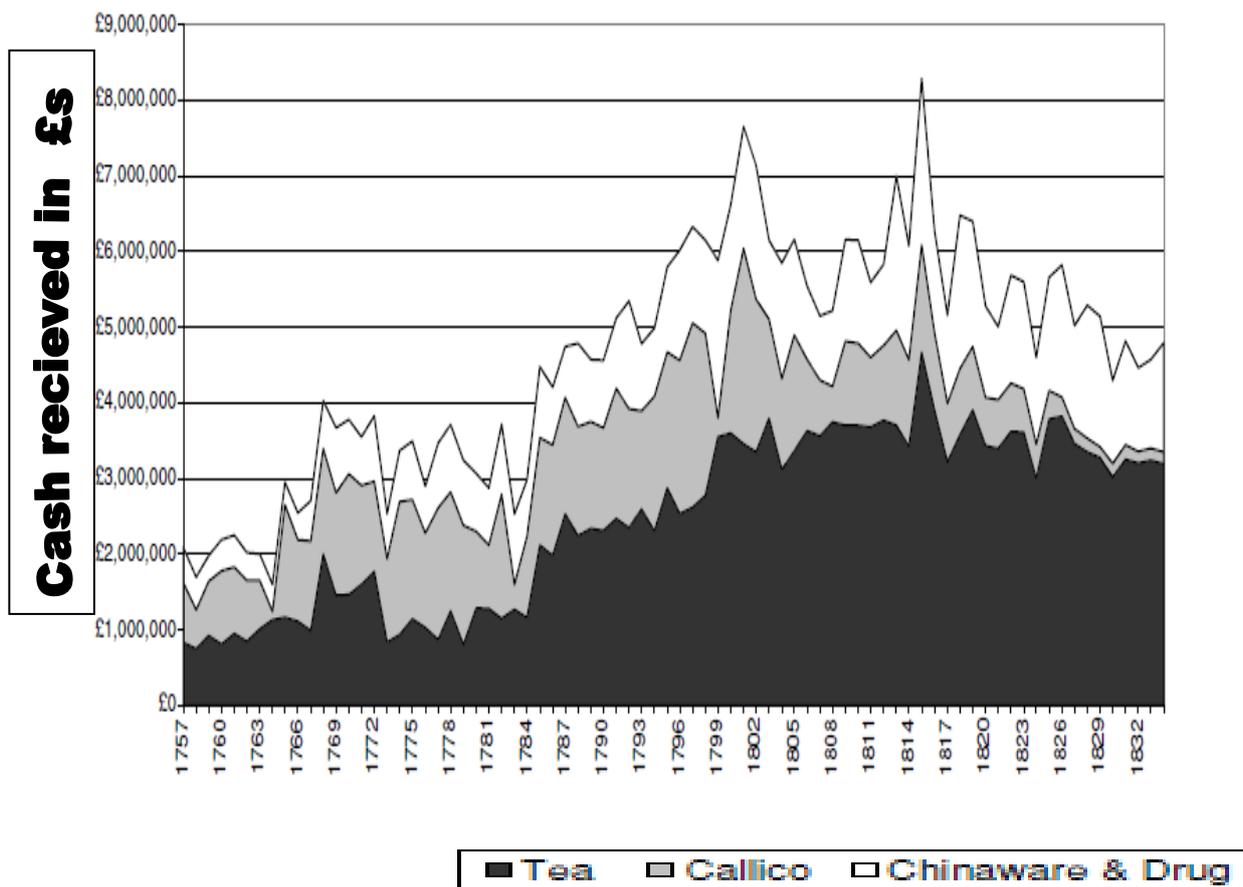


Figure2: East India Company sale income, 1757–1833. (Bowen 235).

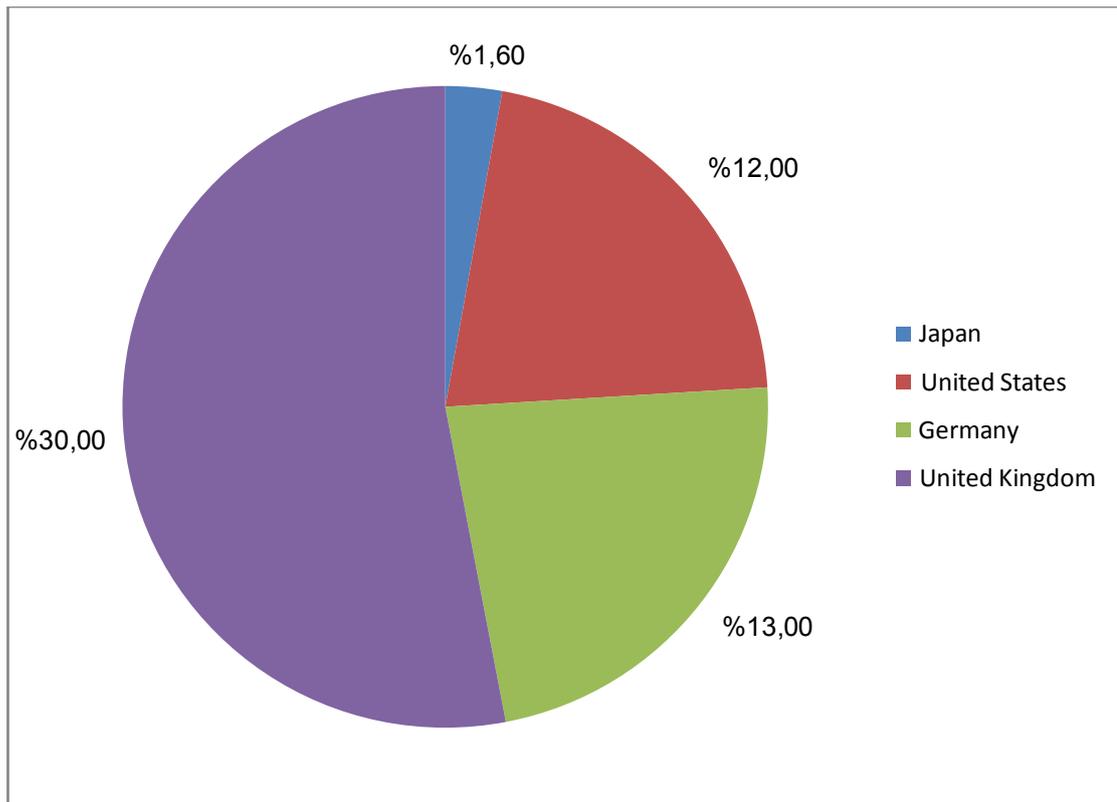
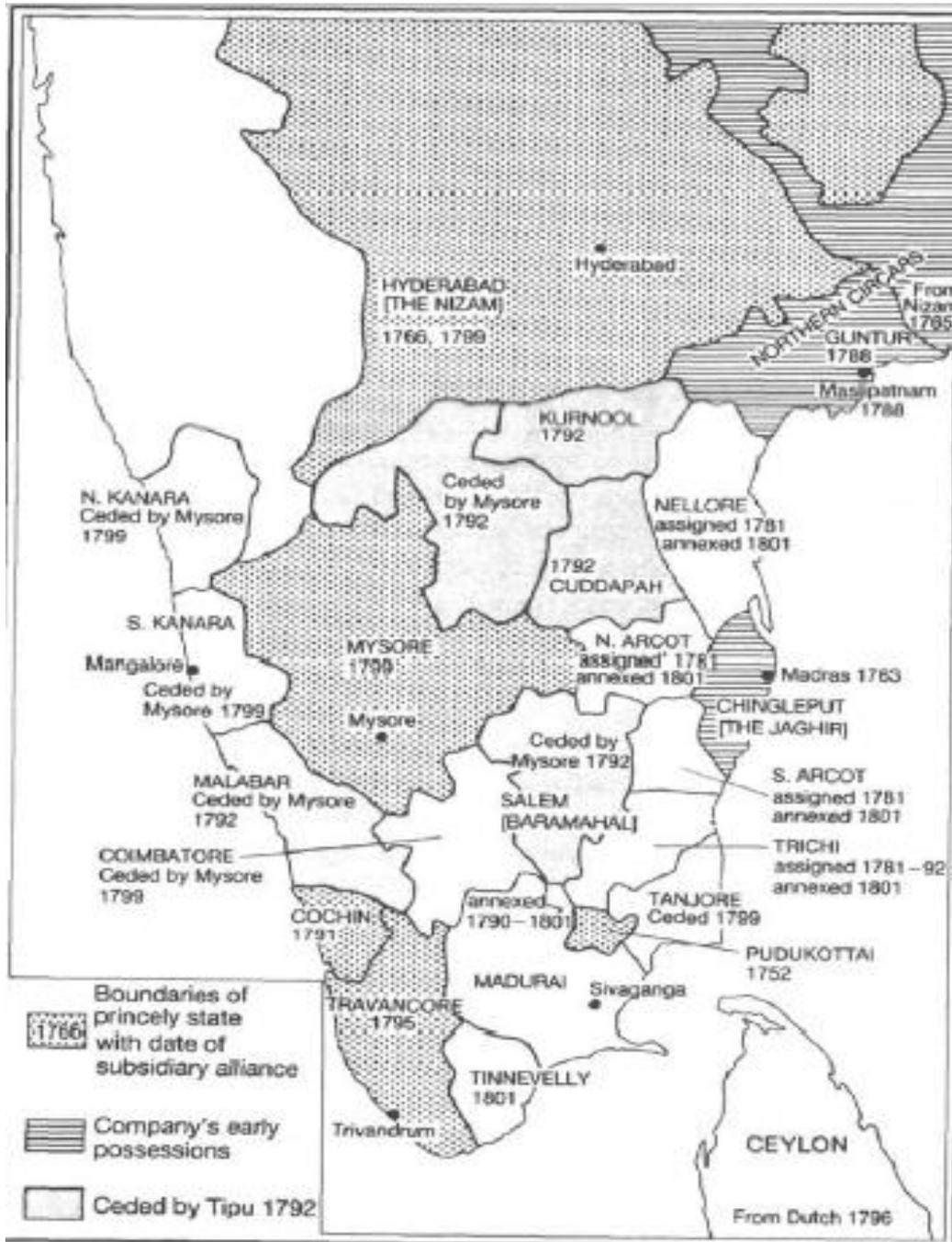


Figure3: Britain dominated the world economy (1870). (Moran 27).



Map2: British Expansion in South India 1750-1820: (Bayly 102)

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