

# How Britain 'stole' \$45 trillion from India, lied about it: Part 2

**L**ONDON ended up with all of the gold and silver that should have gone directly to the Indians in exchange for their exports.

This corrupt system meant that even while India was running an impressive trade surplus with the rest of the world – a surplus that lasted for three decades in the early 20th century – it showed up as a deficit in the national accounts because the real income from India's exports was appropriated in its entirety by Britain.

Some point to this fictional "deficit" as evidence that India was a liability to Britain. But exactly the opposite is true. Britain intercepted enormous quantities of income that rightly belonged to Indian producers. India was the goose that laid the golden egg.

Meanwhile, the "deficit" meant that India had no option but to borrow from Britain to finance its imports. So the entire Indian population was forced into completely unnecessary debt to their colonial overlords, further cementing British control.

Britain used the windfall

from this fraudulent system to fuel the engines of imperial violence – funding the invasion of China in the 1840s and the suppression of the Indian Rebellion in 1857. And this was on top of what the Crown took directly from Indian taxpayers to pay for its wars.

As Patnaik points out, "the cost of all Britain's wars of conquest outside Indian borders were charged always wholly or mainly to Indian revenues."

And that's not all. Britain used this flow of tribute from India to finance the expansion of capitalism in Europe and regions of European settlement, like Canada and Australia. So, not only the industrialisation of Britain but also the industrialisation of much of the Western world was facilitated by extraction from the colonies.

Patnaik identifies four distinct economic periods in colonial India from 1765 to 1938, calculates the extraction

for each, and then compounds at a modest rate of interest (about 5 percent, which is lower than the market rate) from the middle of each period to the present. Adding it all up, she finds that the total drain amounts to \$44.6 trillion. This figure is

out differently. India could very well have become an economic powerhouse. Centuries of poverty and suffering could have been prevented.

All of this is a sobering antidote to the rosy narrative promoted by certain powerful voices in Britain.



The conservative historian Niall Ferguson has claimed that British rule helped "develop" India. While he was prime minister, David Cameron asserted that British rule was a net help to India.

This narrative has found considerable traction in the popular imagination:

according to a 2014 YouGov poll, 50 percent of people in Britain believe that colonialism was beneficial to the colonies.

Yet during the entire 200-year history of British rule in India, there was almost no increase in per capita income. In fact, during the last half of the 19th century – the heyday of British intervention – income

in India collapsed by half. The average life expectancy of Indians dropped by a fifth from 1870 to 1920. Tens of millions died needlessly of policy-induced famine.

Britain didn't develop India. Quite the contrary – as Patnaik's work makes clear – India developed Britain.

What does this require of Britain today? An apology? Absolutely. Reparations? Perhaps – although there is not enough money in all of Britain to cover the sums that Patnaik identifies.

In the meantime, we can start by setting the story straight. We need to recognise that Britain retained control of India not out of benevolence but for the sake of plunder and that Britain's industrial rise didn't emerge *sui generis* from the steam engine and strong institutions, as our schoolbooks would have it, but depended on violent theft from other lands and other peoples. —

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just been taken from them. It was a scam – theft on a grand scale. Yet most Indians from India would do so using a special Council Bills – a unique because the real income from India's exports was appropriated in its entirety by Britain. ... calculates the extraction for each, and then compounds at a modest rate of interest (about 5 percent ...). \*Dr Jason Hickel is an academic at the University of London and a Fellow of the