

Was imperialism
good for europe



The word 'imperialism' has in the course of its speedy career become vague and elusive to a degree. In essence Imperialism can be described as, " The policy of extending a nation's authority by territorial acquisition or by the establishment of economic and political hegemony over other nations¹. "

There is however, one connotation, which often overpowers all others, and to convey to the reader a clear-cut meaning corresponding to a great historical revelation. This connotation is implied most clearly when the noun 'imperialism' is qualified by the adjective 'economic'.

Imperialism during the early colonial era of Europe was driven by profit. The benefits colonists gained ranged from items such as nearly exclusive trade rights in these regions or even more the usurpation and creation of property rights and laws favoring them and in essence theft of the land that the native peoples had lived on, usually by force of arms. Europe gained tremendously from Imperialism, as the profits generated from countries such as India, Brazil and China contributed significantly to the GDP of the colonists.

However, this does not mean that they did not encounter several problems. For instance, the British encountered problems of " race, language, and caste distinctions. ²" Moreover, " Indian industrial efficiency was hampered by the British administration's neglect of technical education. ³"

Consequently this led to diseconomies of scale as long run average cost of production increased as output decreased. Managing became challenging as, " maintaining... completely unskilled group[s] who had to bribe the jobbers to get and retain their jobs⁴" In contrast to India, China was hit by the " era of free trade imperialism. "

The British gained tremendously from the unequal treaties that enforced low tariffs, the legalization of opium, extra territorial rights, the freedom to travel within inland China, and the opening of 92 ports. Penetration was further emphasized by the capture of Hong Kong, and in due course other concessions were made. Imperialism inarguably was extremely beneficial for Europe as demonstrated through China and India.

Although the colonists faced problems, they were at large minor and incomparable to abnormal profits that were gained. Specifying whether imperialism was strictly beneficial or detrimental to the colonial regions is not feasible. However, re-occurring events in history have demonstrated that there are both advantages and disadvantages to imperialism. The South East Asian region was one of the key areas in which imperialism struck. The industrial revolution began to create challenges that required a reassessment of economic conduct.

The production of greater quantities of goods, the need for additional sources of raw materials and greater markets-in general the expansive nature of capitalism-all called for the West to begin to look outward. An explicit example of this is portrayed through British colonization of India, which was brought about by the formation of the East India Company in 1600. The EIC was granted a trade monopoly between the Indies and GB. EIC increased its control over India by exploiting differences between rulers, which led to shift in its role from trading to governance.

Through absolute power, transfer pricing became evident, and the extraction of raw materials became possible at their own will. For instance, the trading

of tea, silk, spices and opium contributed significantly to the British economy. However, these markets were only able to benefit because local industries were no longer permitted to protect their own markets. (See Figure. 1.) Figure. 1. With world price being set at P_0 , in conjunction with the freedom to export anywhere, India would produce at output O_2 , where colonial supply curve (S) intersects world price.

At this price, GB consumers buy and consume O_0 . However since GB instigated a law that requires India to only sell exports to GB, this results in price P_1 and quantity O_1 , given by intersection of colonial supply curve with GB demand curve. GB receives net welfare gain of $P_0E_0E_1P_1$, also referred to as additional consumer surplus⁶. In addition, " British imports entered India duty free. By 1934, the tariff on cotton cloth had been raised to 50 percent with a margin of preference for British products. As a result there was a considerable substitution of local textiles for imports. " As a result, India's economy rapidly declined, as it became difficult to specialize in the agricultural sector. Local firms were almost instantly competed away, as GB was able to produce with a higher level of productive efficiency due to their advancement in technology and were therefore able to provide goods at cheaper prices. Since the artisans were unable to compete with the low prices of machine made goods there was widespread unemployment. In perspective this is merely one sector of the economy, but the effects felt in one sector had a rippling effect in all others.

For example, there was a decline in the cottage industry, leading to a shift in labour from the industries to agriculture. Disguised unemployment multiplied leading to an increase in pressure on land. As the demand of land exceeded

its supply, it gave the British the opportunity to set taxes at an exorbitant rate, aggravating poverty. In effect, the masses were left in a state of destitution. The EIC carried home enormous fortunes extorted from Indian rulers, zaminders, merchants, and the common people.

Approximately 6 million pounds was extorted between 1758-1765. Although the ramifications of colonialism and imperialism are still felt in India today, there are also several benefits that prevailed. For instance, the British introduced a parliamentary form of government, and a legal system that gave India a framework. Railways, postal and telegraph systems gradually contributed immensely to the economy, creating employment and networking India, so that the country became more accessible. Once again, these benefits must be looked upon in perspective.

While the Indians were forced to do much labor in the construction of these things, they were often kept from enjoying and benefiting from the finished products. Many of the features that were apparent in colonized India were also evident in other regions such as China, Brazil and South East Asia.

Although there are many similarities that categorize colonized nations, there are several differences that makes one ask whether trade would have been a better option. China for instance believed that they were the centre of the civilized world, and refused to trade and liberate their economy.

Consequently China was forced to open up and agree to the terms outlined in the unequal treaties, signed under 'gunboat diplomacy.' Thailand on the other hand chose to abide by the terms and conditions of the west and as a result was able to keep their national sovereignty. Thailand, China and many

other regions were forced to comply with unfair terms of trade, therefore making European domination inevitable. European nations were profit driven, leaving little room for local economies to flourish. Essentially, Imperialism was damaging for colonized regions.

The effects are still felt till date for many regions, hindering development and economic growth. In India for example, once the British left, they left with much of the technology they brought, leaving Indian industries inefficient and unable to compete with world markets. The colonized regions faced widespread poverty and many of the ramifications are yet to be dealt with. In contrast, the European nations prospered, injecting their economies with immense wealth. Imperialism was thus good for Europe.