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Panel 71

Beyond markets and hierarchies: Networking Asian Merchants and merchant houses since the 19th century

Indian Merchant Networks and the British Empire: instrumentality and agency in a global imperial context

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If the British Empire inevitably looms very large in any study of Indian trade and business in the nineteenth and twentieth centuries, particularly when the focus is on the outward ventures of Indian traders, the reverse is not true. Reading through that *magnum opus* that is the *Oxford History of the British Empire*, in particular volume 3 on the nineteenth century, one does not come across a single reference to Indian merchants, even in the two chapters that deal specifically with the economics of Empire in the “periphery”, i.e. B. R. Tomlinson’s “Economics and Empire: The Periphery and the Imperial Economy” (1) and Martin Lynn’s “British Policy, Trade and Informal Empire in the Mid-Nineteenth Century” (2). Whether this reflects a certain myopia on the part of imperial historians (although Tomlinson himself is an Indian historian and knows about Indian merchants and their role in the Empire) or rather the actual lack of visibility of Indian merchants in the overall set-up of the imperial economy is a question I shall not take up here. If imperial historians have generally tended to overlook the role played by Indian merchants in the imperial economy, historians of colonial Southeast Asia as well as of East Africa have been alert to it, largely because in these specific regional contexts, it is practically impossible to miss the Indian merchants, so pervasive was their presence at different levels of the economy, even if in Southeast Asia, with the exception of Burma, it was largely overshadowed by that of the Chinese. I feel it would be useful to try to situate regional narratives of imperial economic expansion, in which Indian merchants often figure prominently, within a global imperial framework, and this paper will be a very preliminary attempt at doing precisely that. I shall therefore start this presentation with a discussion of what is probably the most cogent attempt at defining a broad framework for analyzing the relationship between the British Empire and Indian merchants outside India, in an article by Rajat Ray. I shall then move to a presentation of some data on Indian merchant networks in the British Empire, largely drawn from an article written by me a few years ago, and shall then try to discuss a possible approach to the problem which could combine a recognition of the agency of these networks with an acknowledgment of a degree of instrumentality to overall imperial goals.

*The global Asian bazaar: a critique of a paradigm*

In his pioneering 1995 article “Asian Capital in the Age of European Domination: The Rise of the Bazaar, 1800-1914” (3), Rajat Ray attempts to grapple with the problem of the relationship between imperialism and Asian merchants on a global scale. He does not limit himself to either Indian merchants

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(he gives equal importance to Chinese traders) or the British Empire (he considers in particular the Dutch East Indies), but they are at the core of his analysis. Ray’s article starts with a critique of the classical dualist view of the Asian economy in the colonial era put forward in the 1930s and 1940s by Dutch economic historians J. H. Boeke(4) and J. C. Van Leur(5), somewhat reworked by Niels Steensgaard in the 1970s(6), and de facto endorsed by world system historians like Immanuel Wallerstein(7), in which a stark contrast is drawn between a capitalistic trading sector dominated by large-scale “rational” (in the Weberian sense) European firms and a whole universe of petty commercial transactions populated by different kinds of Asian “peddlars”, incapable of rational economic calculation, whose fate in that unequal struggle is inevitably to give way to the more efficient Europeans. Although this view had been severely undermined by several authors writing about Asia in the 1980s(8), it still somewhat held sway in most general economic histories in the 1990s. The main heuristic device Ray uses to construct his critique of the dualist views is a rereading of the notion of bazaar. He shows that, in its most current acception in Asia, the term was not seen as referring specifically to petty trade, but covered a whole gamut of financial and commercial transactions which could be on a very large scale. He thus insists upon the difference, in India, between the hat, the local rural market, where petty traders sold and bought agricultural produce in small quantities, and the bazaar, an urban market which was inserted within a connective chain encompassing the entire subcontinent. The main connective device in this system was the hundi, the promissory note which, in the eighteenth century, had become the dominant instrument of credit across South Asia from Kandahar to Kanyakumari. In the nineteenth century, this bazaar sector, far from disappearing before the onslaught of European capitalist modernity, survived and even flourished, constituting a whole parallel economy to the colonial European-dominated one. While the latter operated mainly from the few colonial port-cities, where most Europeans lived, the bazaar reigned supreme in the vast Indian hinterlands and had a significant presence in the port-cities also. It was governed by its own rules, which were different from European commercial law, largely reflecting norms which were specific to given merchant communities and castes, mostly Hindu and Jain (although Muslims and Parsis were also represented in the bazaar), and above all, it formed a separate financial system, with interest rates which were not directly correlated to those of the “official” European-dominated money market.

Ray’s most important insight, although it is not unproblematic, is his view that this Asian bazaar economy projected itself on a global scale during the period of European colonial domination of the long nineteenth century. As he notes, “The extensions of Chinese and Indian business activity into Southeast Asia, West Asia and Eastern Africa occurred precisely at the time when Western economic activity was

8 For India in particular, in C.A. Bayly, Rulers, Townsmen and Bazaars : North Indian Society in the Age of British Expansion 1770-1870, Cambridge, 1983.
consolidated”(9), and this, he underlines, necessarily implied some form of accommodation between what one would now call two different forms of “globalization”, from “above” and from “below”. Ray focuses in particular on the question of banking and finance and the effect of the European intrusion on the working of the money markets in Asia. He sees a dual pattern at work, on the one hand a growing penetration of the money market in Asia by European banking institutions, and on the other hand an outward expansion of the upper echelons of “indigenous” banking, represented in particular, in India, by the shroffs or sarrafs, who were real bankers (as opposed to the mahajans, purely local moneylenders) and in China by the Shansi bankers, towards the new frontiers of imperial expansion in the second half of the nineteenth century, such as Southeast Asia and Eastern Africa. Regarding the specific movement of Indian capital out of India, he contrasts two modes of expansion, one, exemplified by the Nattukottai Chettiar of South India and their inroads into finance in Ceylon, Burma and the rest of Southeast Asia, a process which he sees as fundamentally driven by and subordinated to British imperial aims, and one, in which figure different Gujarati groups from Western India, oriented towards East Africa, the Red Sea and the Persian Gulf, in which he grants more agency to the Indian traders. In his conclusion, he presents the Asian bazaar as a specific “global sub-formation” within the European-dominated world capitalist economy, a view which may actually, as I have noted elsewhere (10), somewhat smack of the dualism he had so rightly criticized at the outset of his paper.

One aspect which would perhaps deserve more scrutiny than Ray gives it, is the question of continuity in the operations of Indian networks outside India across the “colonial” divide, because it sets the question of agency in a different framework. If the expansion of Indian networks outside India had started before the onset of colonialism, its further progress has to be seen more in terms of adaptation than of accommodation. It has been shown by different authors that Indian networks were already fairly entrenched in East Africa, the Red Sea, the Persian Gulf, and parts of Southeast Asia before 1800 (11). In the former three areas, they then developed most spectacularly during the 1840-1890 period of “informal empire”, as I have shown in a still unpublished paper(12). Lower Burma, firstly Arakan and Tenasserim, and then the Irrawaddy delta region, is probably the only area where the penetration of Indian capital, in the form of the Nattukottai Chettiar moneylenders, totally coincided with the establishment of British colonial domination in 1826 and 1852(13). In some of the areas which became incorporated into the British Empire

9Ray, passim, p. 453.
12 “ A Bombay Empire? Western India and the Indian Ocean in the Nineteenth Century ” (forthcoming)
in the late nineteenth and early twentieth centuries, such as East Africa or Malaya, the triggering mechanism for the expansion of what Ray calls the “bazaar economy” was not actually colonialism, although the bazaar economy continued to expand under colonialism.

Identifying the logic at work behind the expansion of Indian merchant networks outside India in the era before the full flowering of colonialism is a perilous exercise, in which certain pitfalls have to be avoided. Particularly anachronistic is the tendency to treat these networks as being “Indian” in some kind of “national” sense, which was obviously meaningless in the early nineteenth century. India should be used here as a purely geographical term, referring to the whole of South Asia (including of course areas which are now part of Pakistan or Bangladesh), without any inference as to ethnicity (since traders from India could be people not belonging to any recognized present-day Indian ethnic group), language or religion (particularly to be avoided of course is the often assumed equivalence between Indian and Hindu). Perhaps India should be defined “ecologically”, in the same way as in medieval texts it is often defined as the land where a certain kind of antelope roams, as the land where the hundi had currency (although it would not be entirely satisfactory as Shikarpuri hundis in the late eighteenth and early nineteenth centuries circulated across an immense Eurasian space all the way to Nijni-Novgorod in the heart of Russia). A particularly vexing question is that of the political status of Indian merchants outside India prior to 1858; while, after the establishment of Crown rule, all Indians outside India were treated as de jure or de facto (if they belonged to Indian states) British subjects, in the Company era, their situation could vary enormously. If one takes the case of merchants from Western India, who accounted for the majority of merchants outside India, most of them in the early nineteenth century were not British subjects, belonging as they did to various small states of Kathiawar or to the pre-1818 Maratha states. What the policies of these native states vis-à-vis the merchants who had left them were is not a topic on which there is much literature. Reconstructing the logic of the expansion of various merchant networks from India in the late eighteenth and early nineteenth centuries would necessitate a disaggregation of the data to reach a subregional or local level, a strategy which has been rarely followed, and may not be readily available given the relative paucity of sources.

Such a disaggregation however becomes more feasible from the mid-nineteenth century onwards, especially after the establishment of Crown rule, when British official sources from outside India, as well as information gathered from commercial directories, can be crossed with the rich material compiled in the Gazetteers about various local merchant communities, thus allowing to follow specific trajectories from certain areas in India to certain destinations outside India. Not that a lot of that kind of work, which can be pretty tedious, has actually been done, but some general idea of the different movements is available.

*Indian merchant migrations within the British Empire: an overall view*
I tried to present a disaggregated picture of these movements in an article (14) which was written in 1994, ie before Ray’s article had come to my knowledge, but published only in 1999. Using whatever statistical data, necessarily very imperfect, are available to reconstruct trading migrations from India during the 1830-1930 period, I was able to give a general estimate of some 1.5 million commercial migrants, ie approximately 6 or 7% of global migration from India, the bulk of it having gone to territories within the British Empire, primarily Burma, Ceylon and Malaya, where commercial migration was however dwarfed by labour migration. It was only in East Africa that commercial migration accounted for an important share of overall migration from India. In spite of merchants (and commercial employees such as clerks and shop assistants) constituting only 6 or 7% of all migrants from India, I estimated that approximately one sixth of Indians residing outside India circa 1930 were employed in trade and finance, a discrepancy explained largely by the fact that some who left as labour migrants at a later stage moved into petty trade. The vast majority, some 80 to 90%, worked in territories which were part of the British Empire, including Burma and Aden, which till 1937 were administratively part of British India. However I drew attention to the often unrecognized fact that a significant share (10 to 20%) of these migrants had gone to territories belonging to other colonial powers, such as Portuguese East Africa, French Malagasy or Indochina, the Dutch East Indies, or US-administered Philippines, while a few had gone to nominally independent “semi-colonial” countries such as Siam or China, and a handful to the heartlands of old or new imperial powers, such as Japan, Spain and Britain itself.

Regarding merchant migration to British imperial territories, which is the topic under discussion here, it had not been, contrary to labour migration, organized or even regulated by the state, but resulted largely from private initiatives, which however take their full meaning only if analysed within the framework of specific trading networks. It was a rare case that, once a pioneering phase, about which little is generally known, was over, an Indian trader went abroad on his own without any connection with established networks through which men and credit circulated according to a specific pattern. I tried to identify a certain number of these networks on the basis of both the caste or quasi-caste affiliation of their participants and their area of origin defined in terms of subregion or even locality, so as to go beyond such broad categories as “Gujarati” or “Sindhi”, which I find are too general. I came up with a list (15) which has not the pretention of being exhaustive, but can be of some use to clear the ground. I shall not go back in detail into it here, but shall just make a few general observations.

The geography of Indian merchant migrations was fairly complex, but the movements of traders can be analyzed in terms of two major streams. The first stream was westward-oriented, from India’s Western coast towards the Western Indian Ocean, the Persian Gulf and the Red Sea (leading to limited inroads into the Mediterranean, all the way to Gibraltar, by Sindhi traders) with a small extension West of the Cape into the Atlantic, up to British West Africa and the Canary Islands, and to South and Central

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15 Ibid., Table 2, p. 898.
America, also by Sindhi traders. The bulk of these movements was directed towards the Eastern coast of Africa, from Jibuti to Durban, with a strong focus on British East Africa; they concerned almost exclusively traders from Western and Northwestern India, mostly Gujarati and Sindhi. The second stream was eastward-oriented, leading from ports on the Western and Eastern coast of India towards Southeast Asia and, beyond the Malacca straits, China and Japan. This stream included merchants from Western India, Northern India and Southern India. Marwaris, from their stronghold of Calcutta, expanded into neighbouring Burma, and reached also Malaya and Singapore. The Chettiers extended their financial network mostly to Ceylon and Burma, but also to Malaya and Singapore. Marakkayar and Mappillai traders from Tamilnadu and Kerala were most active precisely in Malaya and Singapore. Punjabi Sikh traders as well as Sindhis also followed this route, as well as various Gujarati groups, including Parsis.

The question of time-scale is less susceptible of generalization, as various trends and events could strongly influence the rhythm of merchant migrations: in terms of push factors, famines in India, such as those which affected Kutch and most of Gujarat in the 1820s, resulting in a surge of departures of traders, epidemics such as cholera outbreaks which stimulated movement from Hyderabad (Sind) in the 1890s, economic depressions such as that of the 1830s and 1840s; in terms of pull factors, new developments in commercial agriculture, such as the sudden surge in clove production in the islands of Zanzibar and Pemba in the 1840s to make up for a shortfall in production in the traditional producing area of the Moluccas, in the Dutch East Indies, the opening of railway lines linking coastal areas to undeveloped hinterlands, etc. It seems however that the movements of traders from India to other territories of the British Empire accelerated considerably from the 1880s onwards, remained at a fairly high level till 1914, were stopped by the First World War and restarted in the 1920s to remain fairly buoyant till the late 1930s, in spite of the disruption caused by the world depression of the early 1930s.

Looking in detail at the actual economic role of these Indian traders in the different territories where they operated, I stated that it was difficult to characterize it globally in relation to imperial economics. Often their activities could not be related in any direct or indirect way to specific imperial interests, but simply reflected existing exchange patterns between India and different colonial territories, some of which went back to pre-colonial times. One could try a product approach to Indian networks in the Empire, and it could yield some interesting indications. Indian merchant networks occupied a significant position in two types of goods which were widely exchanged within the Empire: agricultural commodities on the one hand and textiles on the other hand. Regarding the former, rice was undoubtedly one commodity in which Indian merchants were actively involved. Burma was by far the main source of rice for export in the Empire, and Indian traders, particularly Kutchi Memonis, dominated the Burma rice trade to India, Ceylon, Malaya and Mauritius, operating both at the exporting and importing end, while rice exports to Europe were mostly handled by British firms. Unfortunately no good study of that trade exists. In the jute trade, Indians occupied an increasing place after 1918, and Marwari trading firms such as Birla Bros were active on the London Jute Exchange, although British firms remained globally dominant in the trade in hessians and sacks to various destinations. In the cotton trade, growing imports from Africa into India, more particularly from Uganda, constituted an Indian-controlled chain, linking Gujarati traders in Uganda
with Bombay importing houses which supplied the Bombay and Ahmedabad cotton mills (16). Other Indian traders, mostly Gujarati, based in various emporia such as Penang or Singapore in Southeast Asia, were active in the rubber and palm oil trades. But undoubtedly textiles was the field in which Indians occupied the strongest position. Gujarati exporters largely controlled the export trade from Ahmedabad and Bombay to East Africa, while Sindhi traders promoted the sale of Indian textiles to West Africa and Southeast Asia in the late 1930s, when the Japanese textiles in which they used to deal suffered a setback due to Sino-Japanese hostilities. Tamil traders dominated the trade in handloom-made lungis and dhootis from South India to Burma, Ceylon and Malaya which serviced a mostly South Indian clientele of coolies. In spite of the existence of various connections between different Indian networks (thus Shikarpuris in Burma rediscouned Chettiar bills in India, taking advantage of a difference in rates between banks in Burma and in India), it would be difficult to identify a connected pattern of Indian-dominated trade and finance at work in the Empire. This led me to briefly discuss the applicability of the notion of “sub-imperialism” (which could be seen as a kind of equivalent of Wallerstein’s notion of “semi-periphery”) to define the relationship between India and some of the colonial territories with a large Indian commercial presence such as Burma, Kenya or Uganda, but I found it inadequate because of the difficulty of pinpointing what exactly constituted “Indian” interests independently of it being the sum total of those of specific trading networks. The paper was conceived of as a preliminary survey, and did not reach a set conclusion, except for a call to multiply micro-studies of specific networks. Having thereafter produced such a study of two specific networks from Sind in the form of a book, I feel that it is somewhat necessary to rethink globally the question of the relationship between South Asian trading networks and the British Empire.

Instrumentality and agency in the relationship between the British Empire and Indian merchant networks

One of the most difficult obstacles to surmount to reach a balanced view is the enormous asymmetry between the two terms. The British Empire, seen as a whole, was undoubtedly one of the most impressive imperial edifices in human history, and its weight in the world economy remained considerable up to the Second World War. On the other hand, South Asian merchant networks generally evoke an image of “peddlars” of the Van Leur variety, even if the Van Leur thesis has been largely demolished. So, taken at the most general level, the relationship between them can be only conceived of in vastly asymmetrical terms. However, if the angle of vision is shifted from a global macro-level at which one deals only with abstractions to a more micro level, things become different. The mighty British Empire, deprived of its almost mystical aura, and reduced to a handful of administrators and commercial people facing the odds of trying to “open up” loosely controlled territories to the modern commercial economy without much institutional support, becomes a much more fragile entity, and Indian merchants with deep local knowledge

of markets and well-honed financial skills, such as the mastery of complex double-entry bookkeeping techniques, appear as most desirable, even indispensable partners in the imperial endeavour. In fact it has been recognized by various witnesses at the time, as well as by later scholars that, without the support of Indian merchant networks, it would have been much more difficult for the British to make headway in a certain number of colonial territories such as Uganda, Kenya or Lower Burma. The question is of course that of the nature of the partnership between British colonials and Indian merchants. Was it based mostly on coercion, the result of the political domination by Britain of the homeland of the merchants, or was it mostly a voluntary association? It would be difficult to argue that Indian merchants were coerced into entering into arrangements with British colonials by the political situation in India. Although the British in India certainly had ways of making things difficult for recalcitrant traders, the degree of cohesion of the British state was not such that colonial administrators working for the Colonial Office, say in Kenya, could necessarily influence the Government of Bombay or the Government of India into taking measures against the assets of Indians trading in Africa, all the more so as most of these were often subjects of Indian States, such as Kutch or one of the many petty principalities of Saurashtra, and therefore not directly under British administration. Association could only be voluntary, but it does not mean of course an association between equals. The British ability to commandeer Indian financial and human resources outside India was an effect of their global dominance in India and in the neighbouring seas, but they had to offer concrete advantages to their Indian “collaborators” to enrol them in the service of their imperial aims. Not that some of them did not somewhat share those aims: after all some British Indian merchants were loyalists at heart and, even to those who were not, the progress of British “civilization” at the expense of African “savagery” was a goal in the desirability of which they could easily believe. However, business is business, and belief in the benevolence of British imperialism could never be the main motivation for Indian merchant participation in imperial ventures. One could also make the point that, at least in some areas, the Indians had no choice but to side with the British, because their highehandedness and rapacious practices had alienated them from local society and local traders, and they actually needed British protection to do business profitably. Although undoubtedly valid to a certain extent, this argument should not be overstretched: for it was precisely their local connections which made the Indians valuable to the British.

Regarding the instrumentality of the Indian commercial presence to British imperial aims, one should however beware of teleology. In particular there is overwhelming evidence that the British never specifically encouraged the migration of “free” or “passenger” Indians into their imperial territories, and on the contrary tended at times to discourage it. Between 1834, when slavery was abolished in the Empire, and 1916, when indentured emigration was de facto abolished, all the attention of the British imperial state and of its colonial offshoots in India and in the various dependencies administered by the Colonial Office was geared towards the delicate question of ensuring an adequate supply of Indian labour, through indenture(17), to those sugar-producing colonial territories which had been deprived of part of their

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manpower by the emancipation of slaves without upsetting the balance of the Indian labour market, which was put under heavy strain in the second half of the nineteenth century by the competing demands of labour for factories and plantations in India itself, as well as by the massive operations of the kangani system in exporting labour for the plantations of Ceylon and Malaya, and the rice fields of Burma. The only exception to this pattern of privileging the needs of plantation agriculture was the recruitment, in the late 1890s, of thirty four thousand workers in Punjab and Gujarat for the building of the Uganda railway, a small part of whom stayed behind in East Africa to form the backbone of the dukawalla class of petty traders (18). But as far as the migration of passenger Indians was concerned, it was entirely organized by private entrepreneurs, without any support from the colonial state, and often met with the hostility of local colonial authorities, acting under pressure from local European traders, wary of the competition of the “free Indians”. Quarantine regulations in particular were often used as a weapon to limit the movement of free Indians, as revealed by some of the cases in which the young lawyer Mohandas Karamchand Gandhi was involved in Durban in the late 1890s (19). The situation somewhat changed in the 1920s when, following the de facto abolition of indentured migration in 1916, a new Emigration Act was passed in British India in 1922, which purported to regulate all movements and to impose minimal standards, which were enforced through Protectors of Emigrants stationed in the main emigration ports. It does not seem, however, judging on the basis of some evidence from Sind (20), that the adoption of that legislation changed much in the actual way the emigration was organized, beyond the fact that it allowed to trace better the movements of Indians. Essentially, the obstacles which existed before the First World War to the free movement of Indians within the Empire were only increased by the anti-Asiatic measures taken in many colonies and by the generalization of the passport, a document which Indians could not procure as easily as the certificates of identity which which previously they had often equipped themselves. To introduce an element of comparison, Indian traders, although British subjects, appear to have been less protected by their status than Taiwanese merchants, who were Japanese subjects (21).

One could well then ask: if Indian traders were so instrumental to British imperial aims, why did the imperialists themselves put all kinds of obstacles in the way of their movements within the Empire? One possible answer of course is that various colonial authorities did not necessarily have a proper understanding of the broader interests of the Empire, and could act in a manner which appears irrational to us with the benefit of hindsight, but simply reflected local pressures and prejudices. Two categories of Britshers were of course particularly hostile to the Indian traders: small traders, who saw in them dangerous competitors, and colonists, who resented them less at the economic level but were fearful of

21 See the paper by Man-houng Lin, “The Japanese Government and Taiwanese Investment in Southeast Asia, 1895-1945”, presented at this panel.
their “freedom”, which could give wrong ideas to the “coollies” whom they needed as docile labour force (this was particularly true in Natal). These groups of white settlers had increasing political weight in the late nineteenth century, as the trend towards colonial self-government grew outside of the confines of the traditional settlement colonies (Canada, Australia). That led to the growth of conflicts between British settlers and Indian merchants, and forced the imperial government to intervene as an arbiter, an intervention which it would have preferred to avoid. Kenya in particular became, from the early twentieth century onwards, the locus of a power struggle between powerful English settlers, often of aristocratic background, who could attract political support in Britain, and Indian mercantile interests, which tried, without much success, to enrol the help of the Government of India and the India Office, but found a significant echo in Indian commercial and political circles. Their attempt to make Kenya (and also, after the First World War, Tanganyika, the ex-German East Africa) an “Indian colony”, strikes us now, with the benefit of hindsight, as quixotic, but mobilized considerable support from influential Indian “moderates” who believed naively (like Gandhi himself prior to 1919) in an imperial partnership between Britain and India. Witness the cri du coeur of Liberal politician Srinivasa Sastri when, in the early 1920s, the battle for Kenya had ended on a clear defeat for the Indian interests: “Kenya lost, everything lost”(22). Elsewhere, when white settlers did not have the same pull with the imperial government, they did not hesitate to resort to rioting, as they did in Umtali in Rhodesia in the late 1890s(23), to force curbs on the movement of Indian traders. Settlers should not however be seen unilaterally as the main fount of hostility to the Indians. The callous indifference, bordering at times on outright hostility, shown by the entire British colonial state apparatus towards the movement of Indian traders, and contrasting with the almost obsessive care they took in smoothing the movement of Indian labour, tends to suggest another hypothesis, which takes us into the realm of representations. The view of Indians that was prevalent in colonial milieux was of them as a “docile” and abundant labour force, and traders, who were perceived as greedy and aggressive, a view which was not uninfluenced by the kind of anti-semitic prejudices very common amongst the squierarchy, the social class from which many British colonials were recruited, did not fit within the stereotype. Therefore excluding them or putting obstacles in the way of their movement was not seen as a form of racial exclusiveness, but as a kind of prophylactics. When it had become obvious, even to the more stubborn of the colonial administrators, that the presence of the Indian trader or moneylender was indispensable to the prosperity of many colonial territories, a new justification for their containment cropped up in the form of the increasing hostility of “natives” to their presence, which the British felt they had to take into account if they wanted to conciliate a growingly restive native opinion. This was particularly the case in Burma in the 1930s, when the separation of Burma from India coincided with a wave of hostility to the Indian presence(24). So we are faced with the paradox of a so-called “auxiliary” minority which was indispensable to the imperial economy, but was not actually welcomed by the

imperialists. Not that the case is unique: Chinese traders in Southeast Asia, whose role was even more crucial to colonial economies than that of the Indians in Burma or East Africa, often faced strong hostility from Spanish, Dutch, French or even British colonial authorities. These so-called “middlemen minorities”, to use an expression framed in the 1970s by American sociologist Edna Bonacich(25), were in a particularly ambiguous position, and it would be useful, at least heuristically, to break away from dominant functionalist models to try to reconstruct the internal logics of their operations, an endavour which is not made easy by the paucity of written sources directly emanating from these groups.

Given the extreme segmentation of the Indian mercantile population in the Empire, it seems to me that the way ahead lies in trying to reconstruct, in a way which can be only indirect, what I call “network” logics which were determined by a certain number of parameters, of which imperial policies were but one. These network logics could at times coincide with the logics of Empire, but the relationship between the two was not necessarily a structural one. Services rendered by Indians to the British in colonial territories of the Empire could be conceptualized, from the Indian point of view, as “protection costs”, ie the price paid by Indian traders to obtain British protection, in particular ensuring that their property rights were recognized by judicial authorities. But they did not define the entire gamut of activities that the Indian traders engaged in. In particular, Indian traders did not feel bound to give preference to the distribution of British manufactures in the colonial territories of the Empire. It is true that, at least till 1932, when imperial preference was introduced in the wake of the Ottawa Imperial Economic Conference, the economy of the Empire was supposed to be regulated by the principle of free trade, but at the same time there had always been a trend, amongst administrators and policy-makers, to favour intra-imperial trade at the expense of trade with non-Empire destinations(26). Various British lobbies, Lancashire being the most powerful, were also keen on specifically promoting sales of British goods, in particular cotton textiles, within the Empire, and they often managed to get some support from the Imperial Government and various colonial governments. Indian traders seem not to have been very sensitive to pressures from these quarters and to have tended to act more rationally, motivated mostly by cost-benefit calculations which could lead them to promote at certain times sales of British goods, but at other times to give preference to Indian goods or even Japanese goods: in the wake of the devaluation of the yen in 1931, Indian traders, in particular Sindhis, turned to Japanese goods in a big way and, in different territories, boosted their sales at the expense of those of British goods, which often created bad blood between them and local colonial administrations(27), prompted by the Imperial Government into trying to limit Japanese inroads into the markets of the British Empire.

27 For a case study in British West Africa, see Markovits, The Global World of Indian Merchants, pp. 209-210. The situation in West Africa was different from that in Asia, where, as shown by Naoto Kagotani in his paper on “ The Indian merchants’ networks and Japan’s Trade Recovery from the Great Depression in the 1930s”, in this panel, the British did not really object to Japanese exports of manufactured goods to British colonies, given the fact that they were dutiable, and that financial considerations were more crucial to them than defending British manufacturers’s interests.
I do not want to overstretch the point and to present Indian traders as being systematically engaged in trying to undermine the economic dominance of the British in their own Empire. I just want to draw attention to the fact that their strategies were rational from an economic point of view, based on a careful consideration of cost and price, and could at times clash with imperial interests, especially after free trade had been abandoned for a system of imperial preference. There was a fine line between instrumentality and agency, which functionalist accounts tend to blur with their bias towards seeing Indian traders exclusively as auxiliaries of imperial domination. Instrumentality could also work both ways: to a limited extent, Indian networks could instrumentalize the British Empire, derive some degree of protection from being British subjects, without rendering very important services to the British. It all depended on the conjuncture, and detailed case studies alone could enlighten us on this point.

To sum up, I detect, in contrast to those who view the relationship between Asian merchant networks and European imperial powers as entirely defined by an existing power equation, a certain degree of fluidity in the way Indian merchant networks and the British Empire interacted. That fluidity was as much spatial as temporal, as at different periods and in different locations things could look widely dissimilar. Even in the period defined as the “high noon of empire” (broadly 1860-1914), Indian networks were not completely devoid of agency and contributed to shaping the various forms that imperial economic domination took in different geographic contexts. Conversely, in a period conceived of as one of imperial “decline” (1914-1947), Indian networks could be instrumentalized in the service of Empire in unexpected ways. As Naomo Kagotani shows in his paper28, Indian traders exporting from Kobe Japanese cotton goods to India in the 1930s, although apparently boosting an industrial rival of Britain, were actually contributing to the imperial balance of trade and to the stability of imperial finance. No definite conclusion is possible regarding the degrees of agency and of instrumentality of Indian merchants in their relationship to the British Empire. In some ways, the jury is still out, and further empirical research is likely to fill in only some of the blanks.

28 Kagotani, passim.
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