CHAPTER V

Economic Comparison between Iraq and India during 1857-1914.
5.1 Comparative study of Agriculture:

1. In Iraq and India, agriculture had been the most important pillar of the economy. It was the essence of the economy. The major portion of the population in both countries were engaged in agricultural activities. 80% of India's population was engaged in agriculture.

In the same way, in Iraq, 70% of the population was occupied in agriculture. The agriculture was adopted by the farmers on the basis of three main factors: the ownership of the land, the quality of the crop and the methods of agriculture and irrigation.(1)

2. Farmers were suffered in India as well as in Iraq. The daily wages they earned were not enough and thus always had to face the problems like hunger and poverty. All the members of the farmer’s family had to work in the farms and thus this the agriculture, as an important means of livelihood, was passed from father to son. The social condition of the farmers in both countries had always remained deprived and thus belonged to the lowest layer of the society.(2)

3. India also suffered due to natural disasters, mostly like famine, which affected human life and resulted into thousands of death. Famine in Orissa, in the year 1865-66, was one of the major famines that took place due to lack of rainfall and import of food. As the rice was destroyed which again led to famine and loss of human life. A quarter of the region’s population had lost their lives. The government also did not respond appropriately and had failed to implement rescue missions. The second famine in 1868-70 led to the spread of diseases like smallpox and cholera, which increased the number of deaths to 12,00,000 people.(3) The famine that occurred during 1874-73 was due to climatic conditions. The poor monsoon led to the damage to rice crops. During 1877-78, 800 thousand people died in Bombay. The government attempted to reduce the losses, but it did not succeed. On 11th October, 1877, the Viceroy wrote to Queen Victoria:

“Whilst the Madras famine has cost the Government of India over 10 millions, the Bombay famine, under General Kennedy’s management, has cost only four millions, although a much larger saving of human life has been effected in Bombay than in Madras.”(4)

During 1896-97, the fourth famine occurred. The main reasons for the occurrence of famine were the high temperatures resulting into damage of the
agricultural crops and the spread of cholera which increased number of death. The number of people who died were 230 thousand because of the disease.

In the year 1907-1908, there was a famine in India. The human and material losses were very large. However, the responsive actions taken by the government to tackle the situation were slow and weak as far as the famine was concerned. It was necessary to take a serious action that would avoid a crisis. The necessary steps that should have taken by the government were:

1. Ban the export of grain and food during the famine.
2. Decrease the prices of food in the market.
3. Give compensation to the farmers for the damage of crops in order to help them.
4. Waive taxes for farmers.
5. Distribution of food to those who were affected.
6. Pass necessary laws for the above-mentioned necessities.\(^{(5)}\)

However, Iraq did not suffer due to disaster or famine like India. But in the late nineteenth century, especially in 1877, when Iraq experienced wave of cold, which led to the damage of wheat crop.

The production was small and was not enough for the local market. The wheat traders had exported most of the crop to European markets. People in Iraq were angry because of the export of wheat by traders. They went to the port to pull down the entire crop. Consequently, the Ottoman government issued a decision which prevented the export of wheat for two years. The export was banned to fulfill the demand from local markets and relieve the tension of the Iraqi people. This step was taken by the government also to avoid the revolution against the government. The position of the Iraqi government to intervene during a crisis was much better than the government’s position in India.\(^{(6)}\)

4. In Iraq, alike in India, the ownership of land used to pass from the farmer to his sons after him. However, very few Iraqi farmers owned land; on the contrary, most of the farmers in Iraq were working for the zamindars, who were the owners of the land and the farmers worked for them.\(^{(7)}\)

In India, the Hindu Succession Act was binding on the farmer. The act had identified the relationship between the farmer and the land, that the Father and the Son were equal in their rights of the land. As in the case of division of land, the elder son
used to take the largest share than his younger brothers. This law was prevalent in the north and south-west India.

In Bengal, the father was the owner of the land. In case of his death, the land was divided among his children. However, there were a large number of farmers in India who did not own land but were working in the farms of zamindar.(8)

5. In India, the division of the land had negatively affected agriculture. The division of land into small pieces created disorder in the cultivation of crops. A single family used to control a large area of land, and cultivate only one type of crop at one time. From the economic point of view, division of the land increased the marginal ownership of land, which was responsible for the creation of small pieces of land. This newly created land structure caused to increase the cost of cultivation and production of a particular crop, as the land was distributed among the brothers belonging to a single family. This crop was cultivated at the expense of another crop. Thus, growing crops yielded profits at the expense of other crops and so on.(9)

6. In Iraq and India, the farmers used cattle for the cultivation. However, the farmers faced the problem of providing food for the cattle. Because of unavailability of food, a large number of cattle died, which led to the inability of farmers to cultivate their land and provide manure for the land.(10)

7. The most serious problem, which was faced in agriculture in Iraq and India, was to provide water for irrigation purposes. In Iraq, the farmers tried to deal with this problem by building the canals and wells. However, these means were not sufficient to meet the needs of the ground water, particularly in times of drought. The Ottoman government intervened and provided irrigation supplies to the farmers. However, the priority of the Ottoman rulers was to collect money from farmers and impose taxes on the farmers rather than paying attention to the problems of peasants.(11)

In India, the farmers also tried to deal with this problem by building canals, wells and reservoirs. However, these means were not sufficient to meet the needs of the ground water, particularly in times of drought.(12)

8. In India, the farmers depended more on rain than irrigation by canals or wells. However, this does not mean that the rain water was the only source of agriculture in India. For 20% of the total of land was irrigated with the water from wells.(13)
In Iraq, the farmers depended more on irrigation than rain. It was difficult to rely on the rain for the cultivation of crops because the rain in Iraq was volatile and unstable.\(^{14}\)

9. In Iraq, during the early twentieth century, the banks started to lend money and other substantial benefits to the farmers.

In India, since the eighteenth century, the banks began to lend money with advances to the farmers. The farmers took full advantage given by the banks for cultivation of the land. Farmers had to pay back the amounts taken by the banks as loan for cultivation immediately after the harvest, which amounted almost to two-thirds of total production.\(^{15}\)

10. In Iraq, the Ottoman government did not force the farmers to plant industrial crops. However, in India, the British government had enforced the peasants to cultivate industrial crops instead of food crops because England needed the industrial crops as raw material used to manufacture the finished goods. The important cash crops were cotton, tobacco, opium, indigo, jute etc.\(^{16}\)

In Iraq, the peasant had freedom in the cultivation of the crop. However, at the end of the 19th century, specifically after the European markets demand to buy the dates from Iraq that led to prompting farmers to plant palm trees to reap profits by selling the crop to traders. We find that the majority of agricultural land in Iraq was indulged in cultivation of palm trees.\(^{17}\)

11. In India, money lenders and the banks used to lend money to the farmers for the cultivation of agricultural land on the condition that they would return the money taken from the banks after harvest. Farmers found that the cultivation of food crops like rice, sugar, wheat etc. could not have gained much profit to pay interest to the bank. Therefore, the farmer cultivated industrial crops such as tobacco, jute, indigo etc. These crops earned big profits for the farmers as the demand for these crops was large in European markets and it was possible for the farmers to pay back the loan amount to the bank.\(^{18}\)

12. The British government in India intended to increase the revenues by enacting the law to acquire money from the peasants and by imposing taxes on agricultural land. However, the farmer’s condition was underprivileged because he had to repay the loan amount and interest to the banks and also had to pay taxes on the land imposed by the British Government, which sometimes reached more than 66% of
the agricultural production. Therefore, the farmers had to suffer due to such payment
to bank and government. To overcome this loss, the farmer cultivated the industrial
crops that generated big profits to help him pay his debts. The farmers in other areas
could not bear such burden imposed by the banks and British government. As a result,
in 1859-1860, the farmers in Bengal called a great revolution against the British
government as the government forced them to cultivate indigo crop (a crop which was
used in the industry of textile fabrics for coloring). Consequently, the production of
indigo crop was stopped for two years; however, of the British government had to
intervene to stop the strike.\(^{(19)}\)

In Iraq, the Ottoman government did not impose higher taxes on the peasants. The tax was not more than 2% of the total value of production in case of undeveloped land. In 1872, Ottoman government issued a law of the land distribution. It intended to settle the land issues of the tribes and clans. The government, during the reign of Medhat Pasha, distributed land to the peasants for planting for a maximum period of 3 years with a condition that the government would withdraw the non-cultivated land from the farmer. The government provided free seeds to the farmers to encourage them for cultivation. In Iraq, there had been no revolution or strike against the government because the Ottoman government did not force the farmers to grow a particular crop against the interest of the farmers.\(^{(20)}\)

13. The British government, especially during the reign of the British East India Company, did not take care of the agricultural sector in India. It did not spend funds for the irrigation projects or land reclamation. On the contrary, the government invested huge funds on railway and military projects. However, in the early of twentieth century, the government had taken interest in irrigation projects especially in 1901 by Lord Curzon, who brought his reforms and projects in the field of irrigation.\(^{(21)}\)

In Iraq, the Ottoman government did not spend money on irrigation projects or land reclamation. On the contrary, the government provided funds for the military budget because the Ottoman Empire needed the funds meet the expenses of the army for its involvement in ongoing wars.\(^{(22)}\)

14. There had been a tradition of Zamindari both in Iraq and India since a long time. Zamindars were the people who possessed large areas of agricultural land. They belonged to the richest layer of the society. They had a prominent position in society.
They were not a judicial authority of the government, but they were affiliated to the government.

In India, during the reign of the British company, the Zamindar was the helping hand for the British government to collect taxes and revenues from the farmers and pass on to the British government.\(^{(23)}\)

In Iraq, during the period of Ottoman rule, Zamindar or feudalism was the political stage and represented the government's social class. They were closer to the government and the governor. They were not responsible for raising funds and taxes from peasants for the government, because the Ottoman government had such authorities called as al mlitzam. He was responsible for tax collection and payment of the same to the government keeping a amount for himself.\(^{(24)}\)

15. The agricultural production in India and Iraq was divided into two types, i.e. food crops and non-food crops. The food crops were cultivated in a very high quantity compared to non-food crops.

From the above points, it is clear that the British rulers made development in India like establishment of railway network, ports, communication network, roads, etc. These developments mainly aimed toward the ease in transportation of raw materials from remote areas in various parts of Indian states to the ports to send it to Britain, as Britain needed raw materials like cotton, indigo etc. for its industries. For this, the British government converted most of the agricultural land which was used for the cultivation of food crops such as wheat, rice, etc. to non-food land i.e. industrial crops, such as, tobacco, indigo, jute, cotton, etc. especially after the increase in demand for Indian cotton by the Japanese markets. Thus, the large proportions of land in India was turned to cotton cultivation. The British trading houses controlled the foreign trade of India and the rates of export.\(^{(25)}\)

In Iraq the targets of biggest production were ascertained and production of food crops such as wheat, barley, rice etc. was continued on a large scale. The Ottoman government did not interfere in the amount or type of production or the proportions of food crop production which was to be exported abroad.\(^{(26)}\)
5.2 Comparative Study of Industry and Craft:

1. Iraq and India since ancient times were known for the production of crafts like textile, wooden and leather commodities. India was the richest country in the world as far as the arts and crafts manufacturing was concerned. Iraq was famous for its craft and manual work. However, its production did not reach to the level where the Indian industry had reached. Moreover, the labour with experience in such fields were found in abundance in India as compared to Iraq in terms of number and experience.\(^{(27)}\)

2. The political situation of the country had an impact on the economy of the state and vice-versa. After the fall of the Mughal Empire, the arts and crafts industry was badly affected and had a setback coincided with the rise of the industrial revolution in Europe.\(^{(28)}\)

   In Iraq, it was the political situation that had a substantial impact on the industry as the Ottoman government allowed to import the foreign goods especially British were allowed to enter the local markets. It led to weaken the demand for domestic production in Iraq.\(^{(29)}\)

3. In India, the British government formulated its industrial policy to destroy the infrastructure of the Indian industry with an intention to grab the world market for its own industrial products. According to this policy, British decided to destruct Indian industry and transform India from a center for the production of goods to a free market for the disposal of British goods.\(^{(30)}\)

   In Iraq, the Ottoman government did not pay any attention to the development of the infrastructure of the industry. On the contrary, the government made its contribution toward the destruction of local industry and gradual deterioration after the industrial revolution in Europe. Britain interfered in Iraqi internal affairs and turned Iraq into a market for the disposal of their goods. Iraqi market was flooded with English goods, especially textiles and clothing, which were cheap in price and were available in variety of brands.\(^{(31)}\)

4. In India, in 1880, the British government changed its policy and decided to revive the Indian arts and crafts industry again because Britain was no longer able to meet the needs and preferences of European markets.\(^{(32)}\)

   During the reign of Midhat Pasha, the industry in Iraq began to flourish and rise again. Medhat Pasha emphasized on the establishment of factories, industrial
workshops, industrial schools for technicians. The industry in Iraq was revived during 1870-1880, which was the same period when industrial reforms took place in India.\(^{(33)}\)

5. In India, the British East India Company had control over the prices of industrial products. The company during the period of its rule reduced the prices of the products with an intention that the goods could be bought at low prices and could be exported to England.\(^{(34)}\)

While in Iraq, the agents of foreign companies controlled the prices of industrial products. They reduced the price to enable them to buy the goods at cheaper price and export it to European markets.\(^{(35)}\)

6. Industry in Iraq and India did not develop during the 19\(^{th}\) century and the early years of 20\(^{th}\) century because of the collapse of handicraft industry and the emergence of modern industry. Accordingly, the markets in Iraq and India were transformed into the hubs of foreign goods, especially British instead of domestic goods.\(^{(36)}\)

7. In 1869, the Suez Canal was opened, which led to the development of commercial activities between Iraq and India. Similarly, during this period, these developments contributed to the industry as it eased the access of imported goods to local markets.\(^{(37)}\)

8. The policies of the rulers in Iraq and India were against the development, revival and prosperity of the industry. Therefore, the agriculture was adopted as a source of livelihood in both countries.

9. The most important industries in Iraq and India before 1857 were textiles, leather, pottery, glass, baskets and wood industries. However, India produced various products, which were not produced in Iraq, such as, toys, ivory, perfume, cotton, etc. India was one of the leading cotton producing countries in the world, where silk industry had also flourished.

Like cotton textile, India was famous for mineral industries as it had a large number of copper and iron mines found in the mountains. It was also famous for the sugar and ship industries. Ships were built at costal regions of India and exported to Europe as the ships were known for its good quality and its ability of navigation, which was supposed to last up to 45 years.\(^{(38)}\)

In Iraq, the condition quite different compared to India. There was no existence of toys and perfume industries in Iraq. However, the textile industry had been
performing its role since ancient times in Iraq, but the production of cotton textile did not reach the level where the India had reached. In case of wool textile industry, Iraq was distinguished than India. As far as the mineral industry in Iraq was concerned, only small industries of metals like cottage industries were existed in Iraq. Iraq was short of good timber which was mainly used for shipbuilding. Consequently, shipbuilding industry was not existed in Iraq. However, sailing boats were used for the purpose of fishing and transport because. Moreover, sugar industry did not exist in Iraq; however this industry began to perform only in the mid of 20th century. (39)

10. After the year 1857, textile industry was the most important industry, which was prevalent in India and Iraq.

In India, Bombay was emerged as an important center in the manufacture of cotton fabrics. British investors were attracted toward cotton textile industry by the British government in India by providing cheap labour and raw materials of cotton. The climatic conditions in Bombay were suitable to store cotton for the largest possible period. Thus, cotton textile was one of the most important exported items from India to European and British markets. (40)

In Iraq, the most important industries were wool and cotton textiles, but it did not gain the fame alike the Indian cotton textile industry.

Since the early nineteenth century, the textile industry had suffered from the deterioration in Iraq because of competition with foreign goods that invaded the local markets. These goods were cheap in price and high in quality. The production of textile industry was gradually reduced and the markets in Iraq became merely the centres of imported goods. (41)

11. New industries, which did not exist prior to 1857 were established gradually after 1857. These industries consisted of gun industry, the confectionery industry, soap industry, ice making industry, the wool industry, licorice, and finally the oil industry. (42)

In India, new industries established before 1857 included cement industry, the tea and coffee industry, the iron industry, indigo industry and jute industry. (43)

12. The industries, which continued to perform after 1857 in India and Iraq were timber, leather, pottery, glass and the boating industry.

13. India was lacking oil industry until the First World War, while Iraq had its oil industry since the mid-nineteenth century. Iraq was of the richest country in the oil
production during the rule of Ottoman government.\(^{(44)}\)

14. In Iraq, cement industry was not prevailing in the earlier years of 20th century. Cement industry began to perform in Iraq in the mid-twentieth century. The first Indian cement factory was established in 1904.\(^{(45)}\)

15. Iraq's did not know Steel industry, while India's famous iron it established the first factory for the industry in 1873.\(^{(46)}\)

16. Tea and coffee industry did not exist in Iraq, while India was known for the abundance of tea cultivation. First tea company was established in Assam. In 1860, the number of companies working in tea industry was 20.\(^{(47)}\)

17. There was no paper industry in Iraq, while in India, the first factory of paper was established in 1870. The large quantities of for the manufacture of paper\(^{(48)}\)

18. As the climatic conditions in Iraq was hot and dry in summer, ice-making (snow) industry flourished in Iraq, whereas it did not exist in India.\(^{(49)}\)

19. Iraq was known for licorice and wool industry. Both products were exported to foreign countries, while there was no such industry in India.\(^{(50)}\)

20. Both Iraq and India were well-known for the manufacture of ornaments and jewelry. However, Iraq could not make the ornaments and jewelry production, as India was already specialized in designing cloths and making the swords and daggers more decorative with jewelry.

In Iraq the jewelry industry had spread on a small scale. The number of shops was very few. Most of jewelry shops were run by Christians and Jews.\(^{(51)}\)

21. Iraq and India were famous for coal industry. In India, there was a huge demand for coal, which was needed as a fuel in railways, especially after the mid of 19th century when the network of railway expanded in many parts of India. Whereas, in Iraq, the use of coal was confined to cooking only.\(^{(52)}\)

22. In India, in 1833, a law passed by British conferred the right to European and British investors to invest their capital in India. The East India Company exposed monopoly of internal and external trade and all investments made in India. The impact of this law reflected in the largest expansion of trade and construction of laboratories, commercial companies in India. This law attracted European investment.\(^{(53)}\)

While Iraq did not enact such type of law allowing foreign investment in Iraq. Ottoman Sultan was dominated by Britain, which had a significant influence on the import and export of Iraq. In such circumstances, Ottoman Sultan was not in favour of
the issuance of such law that could invite foreign investment in Iraq. Under such
policy, Britain destroyed the local industry in Iraq and filled the Iraqi markets with
English goods, which resulted in the collapse of local markets.\(^{54}\)

23. India was famous for cultivation of industrial crops, such as, indigo, jute,
tobacco, cotton, etc. These crops had a great demand in European markets, especially
in the markets of United States. Therefore, the British government gave stimulus to
British investors to invest in the cultivation of these crops, which yielded enormous
profits.\(^{55}\)

In Iraq, the farmers were not aware of these crops. Similarly, the agricultural
production was confined to the food crops.
5.3 Comparative Study of Transportation:

1. India’s geographical location played an important role in the development of transport and communications, particularly river transport. As India was gifted with a large number of rivers. There was an increasing demand of transportation of people and goods from one state to another during British rule. Another mode of transport was the road transport. The wood available in India was of excellent quality, which was known for its strength and hardness. The Mongols established the first center of the manufacture of ships. This shipbuilding center was the first center in Asia. The Indian ships had a great demand from all over the world. Its reputation also reached to Europe. As a result, the Portuguese bought Indian ships, which were built through a careful manufacturing process. Therefore, it can be said that the river transport had contributed significantly to the revitalization of internal and external trade of India.\(^{(56)}\)

Iraq's geographical location also played a significant role in the development of transport and communication, particularly river transport. The presence of the Tigris and Euphrates rivers and suitability of navigation proved the most important means of transporting goods and people and contributed to the development of internal and external trade of Iraq. The foreign companies established in Iraq realized the importance of river transport. the Lunge company was in the forefront, which played an important role in stimulating trade in Iraq in the import and export.\(^{(57)}\)

2. Britain had played an important role in transport and communication both in Iraq and India. In India, British Government controlled and dominated the economic side of the country through the British East India Company. In Iraq, since the first half of the nineteenth century, the British rulers intended to search for new ways to link Britain with India by way of Iraq, instead of the old route i.e. the around Africa. Consequently, Britain found that it was possible to navigate through Iraq, which could shorten the distance and time so as to reach India. Therefore, the British government sent its team to Iraq to study the possibility of navigating through Tigris and Euphrates. The first mission under the headship of F. R. Chesney was sent in 1830. However, he did not succeed in his mission.\(^{(58)}\)

3. The opening of the Suez Canal in 1869 helped the development of transportation in the world and contributed to the prosperity of external trade of both Iraq and India. However, the local industries in both countries had collapsed because
of the selfish policy of British rulers, who destroyed the domestic markets and flooded them with foreign goods, especially goods manufactured in England.\(^{(59)}\)

4. In Iraq, according to its policy, the Ottoman government decided to set up a company to compete with the Lunge company in river transport. However, the Ottoman Empire could not compete with the lunge company because it could not build modern sailing ships and steam engines and failed timely delivery of the shipment.

On the contrary, the Lunge company proved its efficiency through the rapid delivery of post, cargo and passengers to Bombay and London. But the Ottoman government tried to obstruct Lunge company by forcing the company to pay customs duties to the government and other clans.\(^{(60)}\)

In India, the British government was not able to control river transport because majority of the people were working in the field of river transport. After the mid-nineteenth century, with the establishment of railways, river transport became less important mode of transport.\(^{(61)}\)

5. In India, during the middle of the nineteenth century, especially in 1853, the railway was introduced as an important mode of transport. It made a great impact on the evolution of transportation. Network of railways in India promoted bilateral trade, especially the internal trade. As the network of railway went on expanding, the ground and river transportation collapsed.\(^{(62)}\)

Until the beginning of 19th century, Iraq was unknown of the railway. However, after 1912, the German company put the foundation stone for the construction of the railway in Iraq. The company began its work to construct railway tracks, it could not complete because of the First World War. Hence, Iraq adopted the river and ground transportation for trade and delivery of post, cargo and passengers from one state to another. The importance of river transportation had increased in Iraq when the people began to establish companies for navigation in 1897. At the time, one of the Iraqi traders established a river transport company.\(^{(63)}\)

6. In Iraq and India, river transport was in use more than road transport because road transport was dependent on animals. The road transport had a threat of risks and bandits, therefore, the river transport became more important than road transport in India. However, after the mid of 19th century, British government did not pay attention to the establishment of river transport companies because of emergence
and expansion of railways in India.

7. The railway transport became more important in several aspects including the delivery of military equipment to the areas where the revolution or rebellion was carried on against the British government.

- The railway proved beneficial in the delivery of goods to the ports and in transporting the imported goods from ports to the markets in the country.
- It became possible to carry the aid quickly to the affected areas during a famine.
- Moreover, the extended network of railway provided a large number of job opportunities for Indians.\(^{(64)}\)

8. Iraq played a significant role in the field of transportation. Because of its geographical location, land of Iraq was a link between India and the Arab countries on one side and a link between India and African countries on another side. The historian Ibn Battuta has said that “a great many ships of the merchants of India was up to Iraq and Syria, loaded with Indian goods to sell in the Iraqi markets and then going Indian ships to North Africa then to Europe. After that it went back to China, as well as, the ports of India were centers for the influx of Iraqi traders, especially the port of Bombay, the Arabs and Persians ships which tend to carry cargo of dates, horses from Iraq to Bombay and return laden with spices, jewelry, sugar and cotton fabrics.”\(^{(65)}\)

9. India had commercial relations with the outside world since ancient times. The direct sea routes connecting India with the West were mainly the Persian Gulf route and the Red Sea route. The latter was rather hazardous due to the existence of a number of rocks, violent winds and thick fog. Therefore, sailors and merchants preferred the Persian Gulf route, which was from Baghdad in Iraq to Canton in China.\(^{(66)}\)

10. Before the opening of the Suez Canal, cargo boats departed from London could reach to Bombay within more than three months. However, after the opening of the Suez Canal in 1869, the cargo boats could complete the voyage between London and Bombay in only twenty-five days. Consequently, for the first time in the history, a large scale trade of Indian agricultural products with Europe took place. The Indian coastline was thus linked to the markets of Britain, France, Italy, and Germany while the extension of railways, post, and telegraphs tended steadily to make the whole country one market instead of many.\(^{(67)}\)
5.4 Comparative Study of Trade :

1. The British government by using its power drained off India’s natural resources, raw materials and ultimately paralyzed the entire economy by way of tax burden and other oppressive measures. India was transformed into a market of British manufacturing goods. In Iraq, the Ottoman government did not drain the wealth of the country. However, Iraq was transformed into a market for the disposal of goods, especially goods imported from Britain and Europe and a center for raw materials, especially wool.

It is clear from above explanation that there was no drain of wealth in Iraq as compared to India. On the contrary, almost 4 million pounds were spent for Britain from Indian British government. As well as a lot of funds were spent to meet the military expenditures such as payment of salaries of British officers. (68)

2. British capitalists retained a dominant control over Indian banking, commerce, exchange and insurance with their capital resources. Official patronage dominated industrial sectors in India’s economy. According to an estimate, in 1913, foreign banks held over 3/4th of the total bank deposits while the Indian banks could attract only 1/4th of the deposits. (69)

In Iraq, there were no banks till the late of 19th century. In 1890, in Basra a bank was opened; it was a Iranian bank. It dealt in exchange of money only and closed in 1912. Subsequently, the British bank was opened in Iraq but the bank did not last long because of the First World War in 1914. As far as the trade was concerned, the Ottoman government did not dominate the trade in Iraq. For example, whenever the government issued a decree banning the export, the Iraqi traders began to smuggle. (70)

3. The economic policy of British rulers in India had not only established an institution, which could continue the exploitation of the Indian resources to the advantage of British financial house, but their policy had also systematically drained out India’s wealth. India had been a rich country since ancient times as gold and silver were flowing in India. However, the British carried this wealth to Britain. In every aspect of the economic activity of Britain, the people of India were contributing their share directly or indirectly to Britain. However, before 19th century the business houses acted as the Banks to the merchants. After the second half of 19th century, the business houses were converted into banks and European used it and developed it. (71)
In Iraq, the financial houses did not drain of wealth of people, as was the case in India before the 20th century. But in the early years of 20th century, merchants in Iraq began to play a role of the bank, where they lent money and charged high rate of interest to earn more profits. Foreign companies played a distinctive role in the export and import. The policy of these companies was to appoint agents in Iraq, who represented these companies. Thus, the Iraqi people paid funds directly or indirectly to these companies. (72)

4. India had a major share in the world export market for textiles in the early 18th century. However, by the middle of the 19th century, it had lost all of its export market and much of its domestic market. India produced about 25 per cent of world industrial output in 1750, this figure had fallen to only 2 per cent by 1900.

The collective impact of British Colonialism on India was as follows:

- British rulers drained out the wealth and resources of India. As a result, India became poor country, while England became richer.
- India’s centuries-old handicrafts, village industries, and agriculture became the only source of sustenance to the Indians, which also suffered badly due to British selfish policy.
- During the first phase, the Mercantilist phase, from 1757 to 1813, the East India Company fully monopolized trade. The Company manipulated the prices of Indian finished goods for exports to England and Europe. Thus, it began to plunder India’s wealth.
- With the second industrial boom in England, India entered the second phase of classic British colonialism, viz., Free Trade Industrial or Mercantile Capitalism during 1813-1858. During this phase, India was transformed into a free market for the import of industrially manufactured British goods and a source of raw materials exported to England.

The third stage of British colonialism was known as Finance Capitalism, which began after 1860. (73)

Thus, India being famous for its richness, wealth and prosperity, became one of the poorest countries in the world and the people of India began to struggle for a decent livelihood. After the First World War, the British financial houses became financially weak, which led to the drain of wealth of India.

In Iraq, the situation was similar as in India. The natural resources of Iraq were
plundered by Britain. Consequently, England became richer and Iraq became poorer.  

- Declining industries of handicrafts and agriculture became the only source of income for Iraqi people.  

- Trade in India had passed through three stages. However, Iraq did not experience such phases of trade. British companies influenced the export and import of Iraq. The Ottoman government could not weaken the dominance of British companies over Iraq’s trade.\(^{(74)}\)

5. The Bombay market was one of the most important world markets in the import and export of horses since the mid-nineteenth century. Especially the Arabian horses from Basra and Australian horses were exported to Bombay. Basra in Iraq held an important place in the export of Arabian horses, which were mainly exported to the Bombay. In 1891, the McKinsey Company was one of the shipping companies operating between Bombay and Basra. It played a vital role in the import and export trade of horses.\(^{(75)}\)

6. The Bombay market was a major importing centre of the dates from Iraq. Similarly, the Basra was famous for the export the dates to India and European markets.\(^{(76)}\)

7. Both India and Iraq imported the paper and pasteboard for printing, writing paper and envelopes. Iron, steel and copper were also imported to build railways in India. In 20\(^{th}\) century, Iraq began to import iron, steel and copper as the railway network was established in Iraq in the year 1912.

8. India exported two types of crops i.e. food crops and non-food crops. Food crops included sugar, wheat, rice, tea, coffee, spices, etc. and the non-food crops consisted of cotton, tobacco, opium, jute and Indigo, etc. Similarly, Iraq exported wheat, horses, wool and sheep.\(^{(77)}\)

9. The export policy of the British rulers was selfish because they continued to export and neglected that the country was facing famine and the people were dying on large scale.\(^{(78)}\) In Iraq, the Ottoman government followed a reasonable policy regarding food crops production, particularly wheat, barley, and dates. They sometimes prevented the export when they found that production was not enough for the Iraqi local markets. Moreover, the Ottoman government imposed high custom duties on ships which were moored in the port of Basra in order to protect the Iraqi market.\(^{(79)}\)
10. In India a qualitative change was brought in the character of Indian foreign trade to suit the interests of industrialized British economy. India’s exports mostly consisted of food-stuff and raw materials and her imports largely included manufactured goods of Britain. British agency houses exercised a great control over India's internal and foreign trade. In 1852, British cotton cloth, silk piece goods, woolens, metals etc. paid only 5% duty as compared to 10% duty charged on these items imported from non-British countries. Similarly, 3.5% duty was paid for British cotton yarn, whereas 7% duty was charged on non-British import of cotton yarn. Books imported from Britain were allowed duty-free while the books imported from non-British countries were charged 3% duty. Preferential tariffs on imports up to the year 1858 from non-British countries were subjected to double the rate of customs duty as compared to goods imported from Britain. This British policy began to implement from the year 1858 until 1914.

In Iraq, a qualitative change was also brought in the nature of Iraqi foreign trade to suit the interests of industrialized British economy by British. Iraq’s exports mostly consisted of foodstuff and raw materials and her imports largely included manufactured goods of Britain. Iraq's internal and foreign trade was controlled by the British agency houses. The policy of the Ottoman Empire regarding the customs duties was vague and volatile. It was not based on any system or law. Consequently, it had a negative impact on the development of trade and traders in Iraq. In 1861, the Ottoman government reduced customs duties by 1% annually for the goods which were being exported by Britain and their associates or by their agents in Iraq. Before 1861, the customs duties was being charged 12% annually for the British goods.

11. The foreign companies, especially the British East India Company had played a major role in India’s trade when it began its trading activity in 1600, when Queen Elizabeth granted the Royal Charter to the company to trade with the East Indies and permitted to trade in spices to compete with the Dutch company. The company built a factory in southern India, which earned a huge profit for the company. After 1857, the company lost almost all of its assets because of the revolt. After the revolt of 1857, the East India Company was nationalized by the British Government. However, the company preferred to introduce the English language as an official language of India. Even after nationalization, the company was engaged in the opium and slave trade.(80)
In the beginning of the 19th century, the East India Company was re-exporting Indian goods to Europe and North Africa and even Turkey! Obviously, this attitude of the company made a deadly impact on the Ottomans, the Persians, since a large amount of the revenues of these states came from the trade with India. The trade activity of the Arab and Gujarati traders was not entirely eliminated, but it was truncated and confined to the inter-Asian trade. This new approach left considerably more advantage for the East India Company and encouraged it to expand its activities in India. Thereafter, the Company demanded even greater concessions from Indian rulers. Hence, for almost 200 years, there had been systematic shift of wealth from India to Europe. Although Britain might have been a primary beneficiary, its allies in Europe and the new world were also benefited. British Banks used their Indian capital to provide funds to the industries in USA, Germany and other countries of Europe. The industrial revolution and the development of modern capitalism were based on the colonization of India and the rest of the world. It was the forced pauperization of the colonized world that allowed nations such as Britain to industrialize and "modernize". (81)

In Iraq, foreign companies played an important role in the trade like Lunge Company. It was a subsidiary company of the British East India Company, which was established in 1839 by Henry Lange, a representative of the British East India Company to Iraq in the field of river transport and navigation. The company's activity was expanded and the profits amounted to 25% per year. The company owned land in Iraq, which was used for palm tree plantation as well as a large number of stores of grain. With the establishment of laboratories for wool packs, the Ottoman government made attempts to set up a shipping company to compete with Lunge Company, but the Ottoman government could not prove itself a strong rival of Lunge Company. Because the Lunge company had large modern ships and strong working staff as well as the support from British government through the British East India Company in India. (82)

There was a similar condition between Iraq and India regarding foreign companies. The East India Company had a branch in Iraq, which was known as the Lunge company. The company owned properties in Iraq, but it did not work in the trade of opium or a slave because the social situation in Iraq was different from India. The Lunge company did not impose English language as an official language in Iraq.
as the East India Company did in India. The Lunge company did not have a strong influence on drain of wealth from Iraq. The British East India company had been dominating the trade and agriculture in India. But the Lunge company did not occupy a large place in the economy of Iraq because the Ottoman government did not allow the company to extend its trade activities more than the river transport. Ottoman government allowed other companies to work in Iraq to compete with the Lunge Company, such as, Bombay Company, the Persian Gulf Steam Navigation Company, Kerry McKenzie Company, Gulf Steam Navigation Company, Muir Tweedie Company Ltd., Mimna Francs Strick Company, Russian Company of Steam Navigation and the German Company.
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