Towards A New History Of Economic Ideas

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Abstract and Keywords

This chapter investigates the history of economic ideas in colonial India, with particular reference to poverty and famines. It travels on an intellectual path that crosses the borders of the disciplines of history and economics and locates South Asian thinkers in a broad transnational context. Using some of Amartya Sen's insights as points of departure, it places economic developments in modern South Asia in the vortex of the cosmopolitan thought zones having a global scope. It traces the process by which the question of poverty and famines was turned into a subject of history and political economy rather than one belonging to the ancient and natural order of things.

Keywords: poverty, famines, political economy, development, intellectual history, colonialism, nationalism

IN the history of economic ideas in India the specter of famine looms large in conceptions of poverty. The two terms came to be paired in the title of Amartya Sen's 1981 classic, Poverty and Famines: An Essay on Entitlement and Deprivation. Sen
was careful in delineating the connection between the two while spelling out what distinguished poverty from starvation as well as starvation from famines. Sen's entitlement approach is pertinent both to the analysis of famines in history and a re-evaluation of the history of economic ideas that have developed at the intersection of poverty and famines.

The credit for turning poverty and famines into a subject of history and political economy rather than a feature of the ancient and natural order of things must go to Indian economic thinkers of the late nineteenth and very early twentieth century. They not only managed to engage and defeat their colonial masters in a sophisticated intellectual debate, but also disseminated the changing terms of the discourse to a broad cross-section of politically aware society. The pioneering figure in this respect was the indefatigable Dadabhai Naoroji, who began writing on poverty against the backdrop of the 1870s famines (Naoroji 1901/1962). But it was the public discussion surrounding the devastating famines of 1897 and 1900 that took Indian ideas about poverty to a new level of reasoned, if impassioned, articulation.

“The shadows darkened and deepened in their horrors as the year advanced,” Mahadev Govind Ranade grimly recorded in 1897, “and it almost seemed as if the seven plagues which afflicted the land of the Pharaohs in old time were let loose upon us, for there is not a single province which had not its ghastly record of death and ruin to mark this period as the most calamitous year of the century within the memory of many generations past” (Ranade 1992: 180). This was the year in which Britain was celebrating the diamond jubilee of Queen Victoria’s reign with much pomp and ceremony. It was also the twentieth anniversary of her assumption of the title “Empress of India”, which had been translated for the benefit of her colonial subjects as “Kaiser-e-Hind”. Romesh Chunder Dutt opened his 1903 book, The Economic History of India in the Victorian Age, with a reference to “a celebration in London” six years ago that was “a scenic representation of the Unity of the British Empire”. Indian princes rubbed shoulders at this gathering with “loyal Canadians and hardy Australians”. “One painful thought, however;” Dutt pointed out, “disturbed the minds of the people. Amidst signs of progress and prosperity from all parts of the Empire, India alone presented a scene of poverty and distress. A famine, the most intense and the most widely extended yet known, desolated the country in
1897” (Dutt 1903/1969: p. v). Dutt may have been off the mark in his claim about Indian exceptionalism, since the sun never set on “late Victorian holocausts” (Davis 2001). But he was right about the scale of the calamity that had tarnished the jewel in the Victorian crown. After a brief respite in 1899 another huge famine gripped India from 1900. It lasted nearly three years and took 1.25 million lives according to official figures, and close to five million in the estimates of Indian nationalists. When the Viceroy of India, George Nathaniel Curzon, organized his glittering Delhi Durbar in January 1903, there were still tens of thousands of famine victims enduring a wretched existence in relief camps.

Curzon was the most eloquent early twentieth-century exponent of the food availability decline (FAD) approach to famine, which Amartya Sen eventually laid to rest in 1981. In 1900 the Viceroy squarely held India's capricious monsoons and the consequent reduction of agricultural output to be responsible for the series of 1890s famines. According to Curzon, no administration could “anticipate the consequences of a visitation of nature on so gigantic and ruinous a scale”. In 1902 he claimed that “to ask any Government to prevent the occurrence of famine in a country, the meteorological conditions of which are what they are here and the population of which is growing at its present rate, is to ask us to wrest the keys of the universe from the hands of the Almighty” (quoted in Chandra 1966: 49). This was a valiant attempt to pass off a man-made catastrophe as an act of God, and a striking case of an obsession with FAD leading to the failure of policies aimed at averting famines. R. C. Dutt resoundingly rejected the FAD explanation of famines. As he put it succinctly:

The food supply of India, as a whole, has never failed. Enough food was grown in India, even in 1897 and 1900, to feed the entire population. But the people are so resourceless, so absolutely without any savings, that when crops fail within any one area, they are unable to buy food from neighbouring provinces rich in harvests. The failure of rains destroys crops in particular areas; it is the poverty of the people which brings on severe famines.

(Dutt 1903/1969: p. vi)
However terrible the scourge of the famines and the high mortality they brought in their trail, Dutt was convinced that they were “only an indication of a greater evil— the permanent poverty of the Indian population in ordinary years” (Dutt 1903/1969, p. vi). Naoroji similarly believed that India was “able to grow any quantity of food”, but “a large proportion of the population was in a normal state of starvation” (Naoroji 1901/1962: 579). This emphasis by the doyens of turn-of-the-century Indian economic thought on shortage of purchasing power rather than shortage of food may be seen, to borrow Sen’s formulation, as “a rudimentary way of trying to catch the essence of the entitlement approach” without its “comprehensive account of a person's ability to command commodities in general and food in particular” (Sen 1981: 155–6).

Curzon’s other Malthusian fallacy—holding rapid population increase and overpopulation to be a cause of poverty and famines—had been anticipated and rebutted by another astute economic thinker, G. V. Joshi, more than a decade earlier. In an 1890 essay he had started from the premise that “increase of numbers is per se not necessarily or always an evil, as Malthusian writers assert”. He followed it up by comparing India’s demographic and developmental trajectory with the role of population increases and densities in Western Europe’s economic progress to argue that for a country like India a rise in population may well be a boon rather than “a curse as Malthusian economists would expect”. He also disposed of yet another colonial explanation for India’s economic misery—the improvidence of the Indian peasantry. “If our earning power is so low as at present and our income hardly ever comes up to the level of our necessary expenditure,” Joshi wrote, “the evil does not lie in our over-spending propensities, but in those conditions of industrial life in this country which keep our earning so low.” A comparative glance at the French peasantry after the end of feudalism was sufficient to show that the Indian predicament did not flow from its peasantry's bad habits but from the state's bad economic policies (Joshi 1912: 773, 775).

The debates about India's growing poverty that had been raging during the last three decades of the nineteenth century became even more topical during the great famines of 1897 and 1900. Figures on India's abysmally low per capita income compared with other countries, including Britain, and
estimates of basic subsistence needs, as revealed in expenditure on prisoners, did not remain confined to academic disputes once the colony was in the throes of massive famines. The biological definitions of poverty that had been in vogue in the late nineteenth century, to borrow an insight from Sen once more, now seemed in need of reformulation and not absolute rejection (Sen 1981). A premier British medical journal, *The Lancet*, estimated famine mortality in India during the 1890s at 19 million, which, William Digby underscored, was about half the population of Britain (Digby 1901). The death toll for the 1897 famine ranged from the official figure of 4.5 million to unofficial claims of up to 16 million (Davis 2001: 158). Economic ideas were now being traded in a highly charged political environment.

In addition to trotting out the FAD explanation, beleaguered colonial officials took refuge behind claims that India had suffered poverty since time immemorial, and that novel bureaucratic arrangements had been put in place by the colonial state since the 1870s to provide famine relief. Nineteenth-century colonial rhetoric had already painted the eighteenth century as a dark age of chaos and anarchy that had been replaced by the golden age ushered in by the *Pax Britannica*. Given the strength of this discourse, hardly anyone—not even the government’s staunchest critics—thought to point out that the first seventy years of the eighteenth century had been remarkably free of large-scale famines and was, in fact, a period of general agricultural prosperity. The first major eighteenth-century famine occurred in 1770, close on the heels of the East India Company’s assumption of the *diwani*, the right to collect the revenues of Bengal. Somewhere between a fifth and a third of Bengal’s population perished in that famine. This early colonial catastrophe was no Malthusian event; the state and the economically powerful had combined to create declines in entitlements to food of vulnerable social groups, turning, in Adam Smith’s phrase, a “dearth into a famine” (Bose 1993: 17–24).

Even though Indian economic thinkers in the early twentieth century did not wage their intellectual battles on the contested ground of the eighteenth century, they did come forth with an alternative narrative of history to question the colonial autocracy’s claims that India’s poverty went back to antiquity. Their argument was that the layered and shared sovereignty of India’s pre-colonial past had been better suited to serve the
country's economic needs than a centralized and unitary British administration. R. C. Dutt stated the position with his characteristic clarity:

Such was not the past in India. Hindu and Mahomedan rulers were always absolute kings, often despotic, but never exclusive. Their administration was crude and old-fashioned, but was based on the co-operation of the people. The Emperor ruled at Delhi; his Governors ruled provinces; Zemindars, Polygars, and Sardars virtually ruled their estates; villagers ruled their Village Communities. The entire population, from the cultivator upwards, had a share in the administration of the country. (Dutt 1903/1969: 615)

(p.429) What gave Indian critics of the government a decisive advantage over its defenders was their insistence on a public inquiry and debate. The Secretary of State for India had resisted the demand for such an inquiry in the aftermath of the 1897 and 1900 famines. The last official inquiry into the economic condition of the poorer classes of India had been conducted during the viceroyalty of Dufferin in 1888. Its results were kept a closely guarded state secret. R. C. Dutt, along with many other of his compatriots, berated the government for the “concealment of facts”. The poverty of the Indian people was, after all, “not a secret” and an evil could hardly be remedied “by being hidden from the eye” (Dutt 1903/1969: 608). The economic ideas of Indian thinkers were communicated to a broader audience through a network of newspapers and an expanding press and publications market. Colonial attempts to curb freedom of expression generally proved counter-productive and curtailed the government's own ability to fight famines. One example of this tendency was the decision to charge Balwantrao Gangadhar Tilak for sedition when his Marathi paper, Kesari, published some verses in 1896 titled “Shivaji's Utterances”. “What desolation is this!”, Shivaji chanted about the effects of British rule; “plenty has fled and after that health also. The wicked Akabaya [misfortune personified] stalks with famine throughout the whole country” (quoted in Chandra: 1966: 11). The government succeeded in convicting Tilak, but failed miserably to mitigate even slightly the dire consequences of
the 1897 famine, which brought utter ruin to the cotton-growing tracts of western India.

The government attempted to gag the press in India, where famine stalked the land, but the press was free in Britain. So newspaper readers in London and Manchester were well aware of the tragedies unfolding in India during the 1897 and 1900 famines. The best that concerned citizens in the imperial metropolis could do for their less fortunate fellow-subjects of Queen Victoria was to contribute to charity in aid of the relief work in India. The charitable cause of Indian famines had to battle for and usually cede newspaper space to other imperial events, such as the Boer War in South Africa. For Indian critics, charity was not the answer to the problem of poverty and famines. This had been caused by colonial policies and could only be remedied by changing them. R. C. Dutt summarized his remedy in two words: "retrenchment" and "representation". Under the category of retrenchment he included, most importantly, "a reduction in the imposts on land", but also a repeal of the excise duty on Indian cotton manufactures, a cut in Indian military expenditure, and a greater Indianization of the administration to lower the remittance of Home Charges, which included pensions for British officials who had served in India. By "representation" he meant a moderate dose of the elective principle in governing India. "Is it any wonder", he asked, "that...the oligarchy at Whitehall and the oligarchy at Simla should, amidst surrounding Imperial influences, sometimes forget the over-taxed Indian cultivator, the unemployed Indian manufacturer, the starving Indian labourer?" (Dutt 1903/1969: 612–15).

(p.430) Indian economic thinkers won their victory in the conceptual domain. They shifted the discourse on poverty and famines from the sphere of nature to the arena of political economy. In their indictment of British rule, these critics were not always on target when it came to the precise colonial policies they believed culpable for the economic ills afflicting their country. R. C. Dutt, for example, blamed the spate of late nineteenth-century famines on the high land revenue demand of the colonial state. Deploying the method of cross-regional comparison, he was able to show that provinces shouldering the highest burden of the land tax had the highest famine mortality rates. This attempt to establish proof by correlation fell short of the exacting standards required to establish a
clear chain of causation. Moreover, the revenue and rent offensive that had begun at the onset of the nineteenth century had been waning in most parts of India from the 1870s and 1880s. Tenancy legislation in the 1880s had assured a degree of security of tenure and a moderation in rents in the permanently settled areas, where famine mortality was the lowest. However, more generally, debt interest had replaced revenue and rent as the principal means of appropriating the surplus of the peasantry. Financial policy rather than fiscal policy alone—that is, colonial initiatives in the spheres of currency and credit, rather than just the heavy hand of the colonial land revenue burden—would have been a more plausible target for critics of the government. Indian intellectuals speaking in the name of an Indian nation in the making, however, could not help tailoring their discourse to their global and metropolitan audience, and to the encompassing multi-class constituency of which they saw themselves as spokesmen.

Another tier of economic ideas tended to be more responsive to recent shifts in the mechanisms of exploitation: ideas expressed through proverbs and folk-poems that belonged to what is sometimes regarded as an intermediate, if not quite lowbrow, level of economic thought. “I love the Sheth-Vaniya so much”, went one Rajasthani Bhil proverb, “that I have given him a fat stomach” (Hardiman 1987: 3). A rustic poet of Bengal, Maulavi Idris Ali, writing in a small tract published in 1921, had grasped the source of the indebted peasant’s descent into poverty:

Jedin theke mahajaner shange janajani  
Shedin thekei Kalu Sheikher bejay tanatani.

(Ever since he made the mahajan’s acquaintance  
Kalu Sheikh has been in straitened circumstances.)

The creditor, unlike the rentier, played the role from the late nineteenth century of giving and taking, nurturing and impoverishing, at the same time. One popular folk-poem after another in the early twentieth century recorded and lamented how debt followed in the wake of increased need for credit, rather than greater creditworthiness flowing from prosperity, during the decades of rapidly expanding commodity
production in rural India for the world market (Bose 1986: 80–1; 1993: 122–3).

(p.431) The historiography on economic ideas in India in the first four decades after independence annexed the work of key thinkers a little too easily to a thesis about “economic nationalism” (Chandra 1966) that sustained post-colonial India's inward-looking policies during those decades. While leaving the “lower” domains of thought out of consideration, such an approach did scant justice to the “elite” thinkers' attentiveness to regional differentiation within India as well as their transnational and global vision that transcended the borders of India. This vision included engagement with theory crafted in other regional contexts, such as Germany and Central Europe, and empirical comparisons with countries covering a very wide geographical spectrum. A new scholarly agenda on the transnational history of political and economic ideas is still in its infancy (Bayly 2007). Some preliminary work has begun to appear on political ideas which may liberate the study of economic ideas from its Swadeshi mode. The normative ideas and political practice of the economic thinkers who offered a sharp indictment of colonial policies used to be seen as leading to a political movement, beginning in 1905, that put the accent on the protection of indigenous identities and institutions. That movement is now being interpreted in a new transnational frame. The Swadeshi milieu, despite its interest in rejuvenating home-grown traditions and industries, was not wholly inward-looking in its cultural and economic orientation. The protagonists of Swadeshi were curious about innovations in other parts of the globe and they certainly felt comfortable within ever-widening concentric circles of Bengali patriotism, Indian nationalism, and Asian universalism. After the government cracked down on them in 1908, Swadeshi figures literally wandered beyond the confines of their home into the wider world (Manjapra 2007). The challenge facing political and economic thinkers of the Swadeshi era was how to reconcile their sense of Indian nationality with an aspiration towards a common humanity. In this endeavor hardly any of them allowed colonial borders to constrict their economic and political imagination.

Yet later anti-colonial thinkers differed in their interpretation of the economic tomes of turn-of-the-century critics of colonial policy. “When I read Mr Dutt's economic history of India,” Gandhi wrote in Hind Swaraj in 1908, “I wept; and as I think of
it again my heart sickens. It is machinery that has impoverished India” (Gandhi 1958: 22–3). While Gandhi condemned the evils of modern industrialism as the cause of India's poverty, many of his contemporaries denounced colonial fiscal and financial policy for having negated India's potential for industrialization, which was seen as vital to reducing poverty. Even at the height of the Indian famine of 1900, Dadabhai Naoroji had responded to a suggestion during a debate in London that in order to combat famines India “should look more to manufacturing industries and be less dependent upon agriculture”. Naoroji stated emphatically that India was “originally noted for her industries” and that “the Indian industries had been destroyed by the British policy” (Naoroji 1901/1962: 582). Three decades after Gandhi's Hind Swaraj the President of the Indian National Congress, Subhas (p.432) Chandra Bose, reckoned in 1938 that the eradication of poverty was the principal problem of reconstruction facing the country. It would require radical land reforms, including “the abolition of landlordism” as well as the liquidation of agricultural indebtedness and the provision of “cheap credit to the rural population”. But to solve the problem of poverty, agricultural improvement “would not be enough”, and a plan of state-led industrial development would be necessary. “However much we may dislike modern industrialism and condemn the evils which follow in its train,” Bose declared, “we cannot go back to the pre-industrial era, even if we desire to do so” (quoted in Bose 1997: 49). The National Planning Committee that he formed contained as one of its members a Gandhian, J. C. Kumarappa, who forcefully articulated the argument against industrialization and Meghnad Saha, the eminent scientist, who believed in exactly the opposite. The Committee, chaired by Jawaharlal Nehru, served as a venue for lively economic debates animated by a common ambition of reducing and ultimately removing poverty.

Four points need emphasizing about the ideas of development discussed by Indian thinkers in the inter-war period. First, the discourse on national development was not parasitic on colonial development, an idea that did not really jell until the British parliament passed the Colonial Development Act in 1944. Second, what was “national” in ideas of development did not prevent an engagement with theories and practices well beyond the “nation”. Third, the emphasis in this period was on
the idioms rather than merely the instruments of development, or what Amartya Sen later described as “means use” as distinct from “means enhancement” in thinking about development (Sen 1983). Fourth, economic ideas were articulated in tandem with political ideas that displayed great variation in preferences regarding the spirit and form of the state that ought to replace the British raj in India. Acquisition of power in a unitary, centralized state was by no means a foregone conclusion. It was a topic on which even self-avowed socialists espoused different opinions, as became evident in Meghnad Saha's powerful critiques of Nehru's over-centralizing policies in the immediate post-colonial era (Chatterjee 1987). These four elements might serve as useful guiding principles in any new exploration of the history of economic ideas. They would also enable scholars to avoid the pitfalls of viewing development as necessarily a project of oppressive, centralized states, as is the wont of votaries of “anti-development”, and keep in view a full consideration of the complex intellectual history of “development as freedom” (Sen 1999).

While Indian ideas about poverty and development in the early twentieth century were nourished by a strong argumentative intellectual tradition, colonial ideas about famines showed a remarkable insensitivity to the dramatically changing political and economic context and the flow of new ideas. As Amartya Sen showed in his 1981 book, an obsession with the FAD explanation for famines contributed in no uncertain way to the colonial state’s abject failure on all fronts during the great Bengal famine of 1943. The famine, which began in March 1943, was not acknowledged in the British parliament until October of that year. The fabled “famine code” of the nineteenth century was not even invoked by the colonial state. (p.433) External supplies of food for famine relief were either not sought or not accepted. As Sen noted, even if a famine is not caused by decline in food availability, large injections of food into the public distribution system are needed to break its grip on the economy and society (Sen 1981: 79).

The British rulers of India were not the only ones culpable for large-scale famine fatalities during the Second World War. The Guomindang regime in China, backed by the United States, and the Vichy French regime in Vietnam, propped up by the Japanese, played an equally dismal and dishonorable role.
Three gigantic wartime famines devastated Bengal in India, Honan in China, and Tonkin in Vietnam; in each of these somewhere between 2 and 3 million people died, all of them cases of “starvation amidst plenty” (Bose 1990). All three were “boom famines” that took their hefty toll in human life and suffering during the inflationary conditions of the war. Vulnerable social groups and families lost their entitlement to food in a period of soaring grain prices. The scale of the impact of the price and market mechanism on entitlement relations cannot, however, be understood without a reference to the global economic context. Bengal, Honan and Tonkin were old, complex agrarian societies, characterized until recently by diverse forms of appropriation, distribution and exchange. The almost exclusive dependence on entitlement to food in volatile product markets had much to do with the rupturing of credit relations during the worldwide depression of the 1930s. These ties had underpinned an uneasy and unequal symbiosis in social relations from the late nineteenth century to 1930. In the absence of credit, the only way to obtain money for food was to sell movable property and land, which in turn entailed a long-term loss of direct entitlement to food.

In his analysis of the Bengal famine Amartya Sen tracked the steep decline in wage—price exchange rates between 1939 and 1943 against wage labor. The greatest mortality and destitution was therefore to be found among the occupational category “landless agricultural labor”. Sen also discussed the decline in exchange entitlements to rice among those who produced other commodities, such as wheat, mustard oil, cloth, bamboo umbrellas, milk, fish and haircuts (Sen 1981: 67–70). The smallholding jute cultivators were critically dependent on relative prices and especially vulnerable to that determinant of entitlement. The famine was at its most intense in the jute-growing districts of east Bengal (Bose 1986: 94–5).

An emphasis on the “exchange entitlement” aspect of Sen's theory ought not to obscure the finer points he made on the subject of “direct entitlements”. These are quite pertinent to his own analysis of the 1970s famine in the Wollo region of Ethiopia and can help explain why the Bengal famine affected a whole spectrum of the rural poor, including rice-growers. To use Sen’s words, “the immediate influence affecting starvation is the decline in the food grown and owned by the family, rather than a fall in the total output in the region as a
whole” (Sen 1981: 101), a key distinction, since the FAD approach is based on the latter. In certain parts of Bengal in 1943 many would-be net sellers had turned into net buyers of rice for local reasons and would-be small buyers became larger buyers; some had sold early and been (p.434) caught out by the subsequent upswing in prices. The failure of direct entitlement can compel a peasant to rely on the food market at a time when his exchange entitlement has been damaged. The terrible predicament in the Bengal famine of smallholding rice cultivators, not just laborers and jute-growers, indicates the need to examine how fluctuations in food-grain availability for peasant family economies relate to their exchange entitlement in the food market, and the implications of that relationship for starvation and famine. Sen's insights also make it imperative to investigate the divergences in entitlements and capabilities within families along lines of gender and generation. Most famines are “man-made”, both in the sense of human agency as opposed to fate or divine ordinance, and specifically male decision-making in the social selection of famine victims. The power and elegance of Sen's “entitlements and capabilities approach” lies in its ability to address the intricate nuances of specific famines while simultaneously advancing a general theory of poverty.

When Indian economic thinkers engaged in the debate about poverty with their colonial masters in the late nineteenth and early twentieth century, famines were typically cited as the dramatic demonstration, if not conclusive proof, of India's deepening poverty. This close link between poverty and famines in the history of Indian economic thought may have had an unintended negative consequence in post-independence India. With the banishment of large-scale famines from democratic India, persistent poverty became less spectacular in its manifestation. It was once more left to Amartya Sen to point out that chronic hunger and malnutrition did not appear to upset India's democratic system, even though mortality rates higher than China's in normal years (rather than the years of the catastrophic Chinese famine of 1959–61) ought to have been grounds for grave disquiet (Sen 1982).

The best tribute that historians of South Asia can pay to its greatest economist, philosopher and man of ideas is to launch an innovative scholarly agenda for investigating anew the history of economic ideas. It would mean traveling an
intellectual path that crosses the borders of the disciplines of history and economics and locating South Asian thinkers along the "arcs of ideas" (to borrow Emma Rothschild's felicitous phrase) that traverse a transnational trajectory (Rothschild 2006). Placing South Asia in the vortex of the cosmopolitan thought-zones of the globe would be an endeavor worthy of one of the finest cosmopolitan intellectuals of the modern age.

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