

## Introduction: Relocating Development Economics

In the late 1860s, an economist stepped into a ‘small room in a smoky lane’ of London, ‘crowded with members of a large family’.<sup>1</sup> The economist remarked that the mother, her teenage daughter and small baby were crammed into the space. He could not help but notice the coal absent from the furnace, the broken windowpanes and the light clothing on their starved bodies. It ‘presents’, wrote Romesh Chunder Dutt, ‘a sight of misery compared to which the poorest classes of people in our own country are well off’.<sup>2</sup> Dutt, born and raised in Calcutta, Bengal, thousands of miles away, had sailed to London in 1868. He had come to take the Civil Service examination, which until recently had been open to only British candidates; Dutt himself would soon become the second Indian ever to serve as a civil servant in the British government in India. But he had also travelled to see with his own eyes the progressive and modern Britain and Europe that he had been taught and read about at home.

Dutt had graduated from Calcutta University in 1866. From 1856 to 1857, the British East India Company had established three universities in the main centres of imperialism in India: Calcutta, Bombay and Madras. These institutions were to diffuse ‘the improved arts, science, philosophy and literature of Europe; in short, European knowledge’.<sup>3</sup> At the same time, in early 1857, a rumour had spread among the sepoys, Indian soldiers, in the service of the British East India Company that the grease to lubricate the cartridges in their guns was a mixture of pigs’ and cows’ lard. To load the guns, they had to bite off the ends of the lubricated cartridges. Oral contact with the cartridges, then, was an insult to both Muslims and Hindus. A revolt, referred to as the Indian Mutiny, broke out on 10 May 1857 in northern India, not far from Delhi, and eventually spread to Delhi, Kanpur and Lucknow.

<sup>1</sup> Dutt, *Three Years in Europe*, 27–8.    <sup>2</sup> Ibid., 27–8.

<sup>3</sup> Wood’s 1854 despatch, quoted in Seth, *Subject Lessons*, 2.

Prior to this, Indians had not mounted such an overt, organised attack against their foreign rulers. The British saw no other solution than to reorganise the Indian administration. Control over the Empire of India was passed from the British East India Company to the British Crown. To further secure and legitimise their rule, the British were now said to have a 'civilising mission': while India was regressive and poor, its foreign rulers preached that they would bring progress and modernity, qualities they themselves possessed.

Yet when Dutt saw that mother and her children freezing and hungry in a rundown room in London, the civilising mission did not hold up. How could a country civilise and enrich another if it had so much poverty of its own? 'The London Labourer', wrote Dutt, 'is one of the most harrowing sights that civilisation can hold up to your view'.<sup>4</sup> Dutt was reversing the gaze after centuries of Europeans, including British, travelling to India to observe a population perceived as drastically different from their own. Along with others, he used the scientific method of comparison to study the Indian economy. In such a way, he and his contemporaries gained authority, objectivity and credibility.

Dutt was a part of the first generation of modern Indian economists who had graduated from the imperial universities. Born predominantly between the 1840s and 1850s,<sup>5</sup> they spent their lives studying India's economy. They were a group of middle-class men from Bombay, Calcutta and Madras. Some were professors of economics, some judges, other merchants or bankers working for imperial companies and institutions. Some had seen their families lose their riches as foreigners took over such lucrative economic activities as tea plantations and jute production. Some sought to better understand the worrying poverty they witnessed in the course of interviewing the poor. All of them were convinced that India was not doing well, and that the British, as their rulers, were not doing enough to better the condition of the average citizen. The civilising mission was failing.

This group of economists became known as the Early Nationalists, as they began India's fight for independence. When historians and political theorists analyse them, they often portray them as political scientists and nation-builders who mostly regurgitated existing

<sup>4</sup> Dutt, *Three Years in Europe*, 27.

<sup>5</sup> Except Dadabhai Naoroji, who was born in 1825, but as he outlived most of the others he remains a key member of this group.

European economic thinking. Much less has been written on their contribution to economics, despite them being the first generation of modern economists in India. My intention here is to show how they produced original, forward-thinking knowledge on economic development. In the chapters that follow, I explore their understanding of how India's economy evolved (Chapters 3 and 4), their prescriptions for bringing progress back to India (Chapter 5), the economic consequences of imperialism, and a global plan for development (Chapter 6).

## The First Generation of Modern Indian Economists

Speaking in his home state, Mahadev Govind Ranade coined the term 'Indian Economics' in a speech at the intellectual centre of western India, Deccan College, in 1892.<sup>6</sup> The lecture hall was filled with Indian students and probably some officials given that the college was in Poona, where the British administration moved during the warm summer months. As India's third oldest educational institute, it had been established on the initiative of the governor of the Bombay Presidency administration in 1821, Mountstuart Elphinstone.<sup>7</sup> The college was part of the imperial university system where the Indian middle and elite classes could get a higher education. It was through such an education that Ranade learned the skills that enabled him to understand this imperial system. Now he criticised it from within.

Ranade's lecture in 1892 is considered the main founding text of Indian Economics. Some ten years later, another Indian economist of the same generation, Ganapathy Dikshitar Subramania Iyer, published the other founding text.<sup>8</sup> Iyer was a leading journalist and founder of *The Hindu*, now the country's national newspaper. Ranade and Iyer argued that India needed its own economic thinking that considered India's past and present, different from that of western Europe where the thinkers they had been taught came from. Ranade and Iyer's initial idea proved popular with their contemporaries, enabling Indian Economics to emerge.

This book tells the story of the first generation of modern Indian economists. Thinkers focused on political economy had existed before,

<sup>6</sup> Ranade, *Essays on Indian Economics*, 1.

<sup>7</sup> First named Hindoo College, it was eventually renamed Deccan College in 1864.

<sup>8</sup> Iyer, *Some Economic Aspects of British Rule in India*, app. 1.

like in most other places, but they were found in the vernacular tradition, often isolated within their communities as they worked in their regional languages.<sup>9</sup> The economists in the first generation wrote primarily in English because that was the dominant language at higher educational institutions in India in the nineteenth century. But another reason they used English was to inform their British rulers about their conclusions regarding the problems facing the Indian economy and the appropriate solutions they identified.

There were nine economists in this first generation: Dutt, Ranade, Iyer, Dadabhai Naoroji, Dinshaw Edulji Wacha, Ganesh Vyankatesh Joshi, Surendranath Banerjea, Kashinath Trimbak Telang and Gopal Krishna Gokhale. They were a group of middle-class men from Bombay, Calcutta and Madras. Some were professors of economics, some judges, other merchants or bankers working for imperial companies and institutions. Most were Hindus from the upper castes with families that had the means to send them to school. Some of them, like Ranade, Iyer and Telang, openly self-identified as Indian economists. Others, like Naoroji and Dutt, were labelled as Indian economists later

<sup>9</sup> There is some literature on the history of vernacular political economy in India: see, for example, Dasgupta, *A History of Indian Economic Thought*. The ancient text, often thought of as the first ever manual on statecraft, *The Arthashastra* (Treatise on Success) appeared in India in the second and third centuries. At the time of writing, the most recent histories were published in 2019: McClish, *The History of the Arthashastra*; Kamal, *Kautilya's Arthashastra*.

For a regional study of how political economy was brought into the vernacular tradition in Bengal in the nineteenth century, to a large extent by translating British and some European political economy treaties into Indian vernacular languages, see Mitra, 'Exchanging Words and Things'.

There is one notable exception in this earlier period, Rammohun Roy, who worked for the British imperial officials in Bengal between 1803 and 1815, later becoming a private financier and public intellectual. His writings circulated in Bengal, Europe and North America, and he was active in British political debates, like Naoroji was later, and supported local free traders who criticised the British East India Company's monopoly. Being from an era earlier than the Indian economists, this book focuses on those who were later labelled the Early Nationalists. Roy was for imperialism, arguing that the advanced nation of Britain would bring progressive forces to India in the form of British capital and labour. This book focuses on the second half of the nineteenth century when there was a large group of economists, all eventually anti-imperialist, who engaged in dialogue between themselves to build a larger thinking around Indian economic development. For further discussion on Roy, see Ganguli, *Indian Economic Thought*, 41, 56; Bayly, *Recovering Liberties*, 49, 83; Helleiner, *The Contested World Economy*, 43.

because their research actively sought to understand and represent the Indian experience of economic development. Studies by this generation came first in the 1870s and continued into the early twentieth century, and led to the development of theories, concepts, ideas and solutions for India's idiosyncratic problems. Ranade's inauguration of an Indian Economics placed their growing number of studies under a new intellectual umbrella (see Chapter 2).

Members of the group were not all from the same place, although most were from northern India, where the British had the most control. Nor did they all take the same professional path, thus participating in and establishing diverse groups to build the then nascent nationalist movement. These Indian economists all fought for independence, but they were not always in agreement on how to bring about independence or how to, for example, alleviate poverty. Finding evidence of dialogue between them, however, is hard due to a lack of archival sources, making it difficult to flesh out their disagreements. Throughout this book, I show both the points of convergence and, where sources allow, the points of divergence among them.

## **Economics and Economic Change in the Nineteenth and Twentieth Centuries**

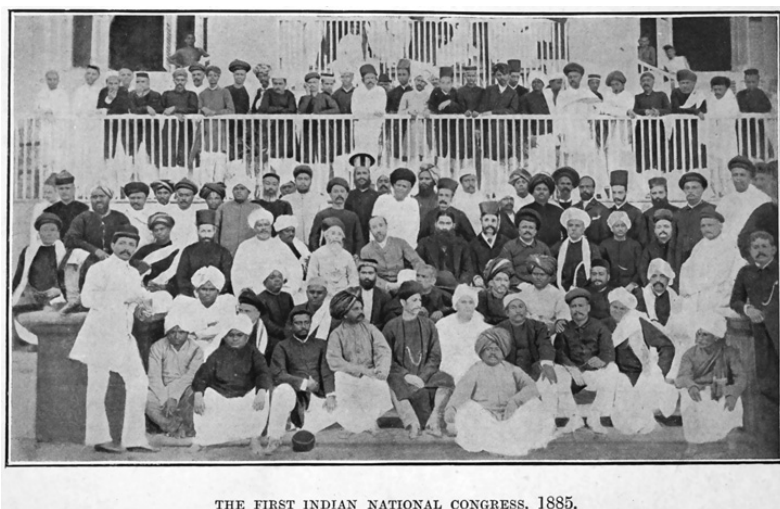
The last three decades of the nineteenth century are pivotal in the history of economics. There were more and more economists worldwide working on ever more specialised topics. As economic societies and journals flourished and multiplied, debates on economic issues became more technical and addressed increasingly specific questions within the discipline. Economists could soon become professors of economics, as universities started to establish departments dedicated to the field by the early twentieth century. At the same time, they shifted their perspective on how they saw the dynamics of an economy. In what is often labelled the marginalist revolution, economists broke from classical economists who had conceived the labour theory of value, seeing the value of commodities as prescribed by the costs of production. The marginalist economists instead defined the value of commodities according to the utility that consumers gained from them.<sup>10</sup>

<sup>10</sup> For more discussion, see Backhouse, 'Marginal Revolution'.

Moreover, significant economic progress in Europe and North America in the second half of the nineteenth century meant that things were changing fast, and not always for the better. Germany and the United States had now become firmly established industrial powers. Material output was rising dramatically, but prices were falling. Business losses were common, and workers were constantly at risk of losing their jobs. Rapid progress was thus accompanied by instability, inequality and poverty. Nevertheless, the average living standard was rising, inciting a novel sense of power that saw workers revolt against increasing job insecurity as unemployment rose. Social reform and industrial organisation were reactions to such upheavals. Germany, the United States and Japan now saw growing support for state-led development, which challenged British imperialism and laissez-faire politics such as free trade.

Britain's industrialisation had put Indian manufacturers out of business, especially in the textile industry. Cheap North American wheat flooded Europe thanks to improved land and sea transportation, and European agriculturalists suffered a depression that spread to other sectors. The so-called Long Depression in Europe lasted from the early 1870s to the mid-1890s, hurting global aggregate demand and causing ripple effects the world over. With less demand for their goods, the Indian population grew poorer. The great famines in India of the late 1870s, 1890s and early 1900s claimed tens of millions of lives, provoking a radical decline in the belief among Indians that Britain could successfully help develop their country (see Chapters 1 and 2).

Dialogue between Indians and their rulers increased during the last three decades of the nineteenth century. Throughout the subcontinent, Indians established local and regional organisations. During the 1880s, a hundred local associations were established in Madras alone. The Poona Sarvajanik Sabha (Poona's Public Society), established by Ranade and a group mainly consisting of mathematics teachers, promoted peasants' legal rights. Allan Octavian Hume (1829–1912), an imperial official who had seen the Indian Mutiny, along with Naoroji, Banerjea, Ranade and Wacha, established the Indian National Congress in 1885. The Congress was the first major organisation to house different professionals, including economists, teachers, lawyers, traders and merchants. It created a space for the Indian middle and elite classes to voice concerns about, and raise prescriptions for, the country's numerous problems. The seventy-two delegates that attended



**Figure 1.1** First session of the Indian National Congress, 28–31 December 1885, Bombay. Allan Octavian Hume is sitting in the middle (third row from the front) with Dadabhai Naoroji to his right, and Gopal Krishna Gokhale sits in the second seat to his left.

the first meeting in Bombay were all founders and leaders of modern institutions, and among them were members of the first generation of modern Indian economists (Figure 1.1).

By the early twentieth century, the Indian economists' political agitation against existing political economy education and laissez-faire imperial policies compelled the imperial administration to better understand the country's social and economic conditions. Consequently, courses on Indian Economics started being offered at the imperial universities as of the beginning of the century, along with the first textbook on Indian Economics.<sup>11</sup> The first complete history of Indian Economics came in 1966 when Bipan Chandra provided an overall picture of this first generation of modern Indian economists and their attempts to produce a body of works that theorised and modelled 'economic nationalism'.<sup>12</sup>

Until at least the early 1970s, however, scholars maintained that although Indian Economics identified British rule as a barrier to economic development, it did not offer solutions to the problem of

<sup>11</sup> Khodaiji, 'A Nationalistic Framework for Political Economy'.

<sup>12</sup> Chandra, *The Rise and Growth of Economic Nationalism in India*, 1.



generating economic growth, nor did it create alternative tools for analysing economic development.<sup>13</sup> The scholars seem to focus on the discursive and material constraints imposed upon the Indians. For instance, the research often concludes that there was little space for Indians to think outside of the norms and claims of European knowledge, as they were taught a European curriculum.<sup>14</sup> The Indian economists were subsequently critiqued for only regurgitating existing thought. Moreover, India's extreme poverty is said to have led its intellectuals to become preoccupied with urgent political and economic needs, rather than knowledge creation.

Studies from the late 1970s shifted the rhetoric. Birendranath Ganguli's and Christopher Bayly's analyses showed that late nineteenth-century Indian intellectuals were able to create new definitions of existing concepts and theories that reconciled the Indian context with dominant ideas within political economy.<sup>15</sup> Norbert Peabody examined how Indians harnessed, redirected and shaped parts of economic knowledge that emerged during the imperial encounter, establishing that the Indian actors formed a part of this knowledge.<sup>16</sup> Benjamin Zachariah found that Indian actors pushed for developmental theory to include an Indian element from 1930 to 1950 – a factor that he labels the 'indigenist' theme.<sup>17</sup> Jayasankar Krishnamurty published a book about twentieth-century Indian writers such as Bhimrao Ramji Ambedkar and Radhakamal Mukerjee, concluding that Indians anticipated many development debates emerging post-Second World War.<sup>18</sup> Goddanti Omkarnath briefly zoomed in on three periods of Indian development thinking: namely, Kautilya's ancient *Arthashastra* from the second and third centuries, economic nationalism in the late nineteenth century and post-independence Indian development thought.<sup>19</sup> These studies started to 'decolonise knowledge' by bringing India's discourses to the fore.<sup>20</sup>

<sup>13</sup> See, for example, Gopalakrishnan, *Development of Economic Ideas in India*; Chandra, *The Rise and Growth of Economic Nationalism in India*; Chandra, 'Reinterpretation of Nineteenth Century Indian Economic History'.

<sup>14</sup> Seth, *Subject Lessons*, chap. 1.

<sup>15</sup> Ganguli, *Indian Economic Thought*, 85; Bayly, *The Birth of the Modern World*, 323.

<sup>16</sup> Peabody, 'Knowledge Formation in Imperial India'.

<sup>17</sup> Zachariah, *Developing India*, 293.

<sup>18</sup> Krishnamurty, *Towards Development Economics*.

<sup>19</sup> Omkarnath, 'Indian Development Thinking'.

<sup>20</sup> See, for example, Apffel-Marglin and Marglin, *Decolonizing Knowledge*.



Partha Chatterjee and Manu Goswami contributed further to a growing consensus that late nineteenth-century Indian nationalists merged discourses from several European and North American thinkers, resulting in new knowledge to do with nationhood. Chatterjee offered one of the first detailed analyses of Indian thinking on nationalism. He found that it followed English utilitarianism, French positivism and Classical Political Economy in the mid-nineteenth century, while by the end of the century the discourse in Indian Economics had shifted to follow Friedrich List (1789–1846) and the German Historical School, becoming critical of Classical Political Economy.<sup>21</sup> Goswami was able to situate nationalistic discourses in India from around 1857 to 1920 within their political and socio-economic context by adopting a geographical–historical perspective.<sup>22</sup> She found that Indian intellectuals, including the Indian economists, constructed a nationalist imagining of a bounded national space and economy.<sup>23</sup> In their studies, however, Chatterjee and Goswami considered the Indian intellectuals principally as activists and thinkers in the nationalist movement, not as economists.<sup>24</sup>

This book places these economists into the history of economics and offers economic historians new sources on the Indian economy at the end of the nineteenth century. Each chapter zooms in on different aspects of this generation's thinking and work. They were part of the first batch of students to attend the imperial universities established in the mid-nineteenth century, graduating with degrees in history, mathematics and political economy. It was in 1870 that Naoroji presented the first study from this generation to an audience in London. He had done a back-of-the-envelope calculation to find India's national income per capita, and the result shook the London elite. Naoroji estimated India's national income per capita at 27 shillings – compared to Britain's £33 per capita income. India, lectured Naoroji, was undoubtedly poor, but the more pertinent question was whether India's poverty was increasing or decreasing (see Chapter 4). The studies by Naoroji's peers that followed started with the same overarching question. This

<sup>21</sup> Chatterjee, 'The Social Sciences in India', 487–8.

<sup>22</sup> Goswami, *Producing India*, 27–30. <sup>23</sup> *Ibid.*, 5, 215.

<sup>24</sup> Chatterjee, *The Nation and Its Fragments*; Chatterjee, *Nationalist Thought and the Colonial World*; Goswami, *Producing India*; Ganguli, *Indian Economic Thought*; Zachariah, *Developing India*; Bayly, *Indian Society and the Making of the British Empire*.

first generation of modern Indian economists saw poverty all around them and argued that they needed to better understand its evolution and its causes to find more appropriate solutions. In so doing, they could perhaps convince their British rulers to implement an effective plan for development that would bring forth much-needed progress.

## The Invention of Progress and Development

There was and is, however, little consensus on what progress and development mean. Some say development defies definition. Indeed, there are as many definitions as there are researchers, if not more. Nevertheless, in the nineteenth century a useful distinction existed between inevitable processes that occurred automatically without intervention – progress or regress – and intentional plans to harness progress – development.<sup>25</sup> However, the terms were still, on occasion, used interchangeably. Ranade, for example, wrote about a ‘dynamical progress or development’.<sup>26</sup> What was certain was that development was a positive intervention in society, often performed by the state, to limit negative change and bring about positive change. The negative changes, regress, for the Indian economists included increasing poverty, inequality and deaths during famines. The positive, progress, included increasing access to education, higher income levels and political participation.

Social scientists and historians quarrel over when the idea of development was invented. In economics, students are taught that it was invented after the Second World War,<sup>27</sup> while several historians place the beginning of development in the interwar period of the nineteenth century, when state development took hold more strongly.<sup>28</sup> A study cutting across history and economics, though, convincingly proves it started much earlier in Europe at the beginning of the nineteenth century.<sup>29</sup> Almost all of the studies, however, begin and end in

<sup>25</sup> Cowen and Shenton, *Doctrines of Development*, 22.

<sup>26</sup> Ranade, *Essays on Indian Economics*, 10.

<sup>27</sup> Arndt, *Economic Development*; Boianovsky, ‘Beyond Capital Fundamentalism’.

<sup>28</sup> Cooper, ‘Writing the History of Development’; Coquery-Vidrovitch, ‘La mise en dépendance de l’Afrique noire’.

For periodisations of the history of development, see the introductions of Unger, *International Development*; Macekura and Manela, *The Development Century*; Hodge, Hödl and Kopf, *Developing Africa*.

<sup>29</sup> Cowen and Shenton, *Doctrines of Development*, chap. 1.

Europe.<sup>30</sup> Imperialism and European industrialisation produced a European dominance in all things, giving rise to the belief that Europe had what the rest of the world lacked.

Progress was said to have spread from Britain to other European countries, then to European settlements in America, eventually reaching Russia and Japan by the end of the nineteenth century. Development is often confined to European industrial progress and that region's specific experience with progress. The idea of development itself is said to have originated in Europe and spread across the world like the material processes of progress. Development is thus extensively founded on European ways of knowing.

And yet, as Zachariah has written, ideas have no borders. Ideas spread with no rigid or final form; they exist within certain contexts and time periods, ever unstable. Zachariah has suggested considering 'a model of ideas gravitating towards each other', rather than pulling out individual words.<sup>31</sup> He found, for example, the terms 'progress', 'development', 'modernisation', 'industrialisation' and 'backwardness' in texts from early twentieth-century India.<sup>32</sup> In the chapters that follow, I show how ideas around development started to dominate the research agendas of the first generation of modern Indian economists some fifty years prior to the end of the Second World War. The idea of development can thus be found in places other than where historians usually look and earlier than economists think.

My intention here is not to define development a priori but to use development as an overarching focus to tease out the concepts, theories, models and policy prescriptions that the first generation of modern Indian economists studied and disseminated and to bring these Indian economists into the global debate around what progress and development mean.<sup>33</sup> By relocating development economics to another time and space, I uncover new variations on the idea of development.

<sup>30</sup> There are two exceptions, both published in 2020: Trincado, Lazzarini and Melnik, *Ideas in the History of Economic Development*; Decker and McMahon, *The Idea of Development in Africa*. The first includes one chapter on India in the interwar period, so a later period than my focus. The second looks at Africa and concludes that the idea of development was predominantly European or Western in Africa due to imperialism.

<sup>31</sup> Zachariah, 'Moving Ideas and How to Catch Them', 135. <sup>32</sup> Ibid., 139.

<sup>33</sup> As Eric Helleiner has done in his books that trace the deep and global intellectual roots of International Political Economy. Helleiner, *The Neomercantilists*; Helleiner, *The Contested World Economy*.

## Redefining Development

There are several examples of redefinition and hybrid theories in Indian Economics. Take Ranade's stadial theory of civilisation. The stadial theory had become popular in the eighteenth century to explain the differences between regions. Countries were different, according to the stadial theory, because they were in different stages of their development. To a large degree, Ranade's stadial theory looked like the existing four-stage model that had become widely accepted in the course of the late eighteenth-century Scottish Enlightenment. Nevertheless, he remade the theory by adding a lower imperial stage to which India had regressed due to imperialism. Ranade redefined a time in India's past as one where the country had been at a higher stage, enjoying greater progress than it was experiencing in the late nineteenth century. Ranade and his peers could thus refute the idea that India could not now skip to a higher stage of civilisation because they had already experienced a period of great progress in the past. India did not need to wait to progress or gain independence, like the stage theorists from Europe argued (see Chapter 3).

In this way the Indian economists of the late nineteenth century were the first to conceptualise a dependent imperial economy. Such an economy relied on its foreign rulers for demand, development, politics, infrastructure and education. In the case of India, dependence had ruralised the economy and drained the nation's resources. It had no chance of developing – as promised through the imperial ruler's civilising mission – because British domestic tariff barriers discouraged Indian textile exports, and tax payments drained Indian wealth. The Indian economy could and would not behave like other non-imperial territories (see Chapter 6).

Ranade also redefined universal development. For Europeans, David Ricardo's (1772–1823) theory of comparative advantage, which advocated for a global division of labour that assigned raw material production to Asia and industrial production to western Europe and North America, became irrefutable. Even List, who prescribed universal free trade once all countries had industrialised, denied the possibility of Asian progress. Industrialisation was thus only for Europe and, at best, North America. Theorists like List, who came from a country that was industrialising after Britain, argued that their countries should and could industrialise like Britain, but that the same did not hold for

Asia.<sup>34</sup> Seeing their economy – chiefly reliant upon agricultural production and exports – deindustrialise and become increasingly poor, the Indian economists did not believe there were benefits to such an international division. But while the Indian economists could not imagine a world without an industrialised western Europe, the British could imagine a world without an industrialised India (see Chapter 6).

The Indian economists could, however, imagine an industrialised India. Their rereading of Indian history, which resulted in the redefinition of the stadial theory where the country had been at a higher stage of civilisation before imperialism, enabled Indian Economics to reimagine the global political economy of development. If all countries industrialised, capital accumulation and global aggregate demand would increase. The resultant increase in exchange would enable still greater investment in industrial growth, thanks to higher levels of capital accumulation. Previous theories associated with Classical Political Economy, such as Ricardo's, were Eurocentric, justifying a zero-sum world-view that enriched Europe while impoverishing the rest of the planet. Global industrialisation would be win-win for everyone (see Chapter 6).

## Relocating Development Economics: An Approach

Some historians who study knowledge production in imperial contexts have convincingly argued that knowledge was dominated by Europeans and their experiences under imperialism. They stress that we cannot ignore the impact that the hegemony of European and imperial discourse had on the intellectuals among their imperial subjects.<sup>35</sup> Others call for deprovincialising narratives where we can expose how dominant narratives, like development, came from certain times and spaces.<sup>36</sup> Global historians insist that there is little to no space for Indian thinking as long as the Empire existed, due to the interconnectedness of India, and other imperial territories, with its rulers.<sup>37</sup> Another group of historians has

<sup>34</sup> Helleiner, 'Globalising the Classical Foundations of IPE Thought', 992; Boianovsky, 'Friedrich List and the Economic Fate of Tropical Countries', 658–62.

<sup>35</sup> See, for example, Patel, 'Towards Internationalism'; Seth, *Subject Lessons*; Guha, *Dominance without Hegemony History and Power in Colonial India*.

<sup>36</sup> See, for example, Escobar, *Encountering Development*; Daston, 'Whither Critical Inquiry?'

<sup>37</sup> See, for example, Kapila, *An Intellectual History for India*; Sartori, *Bengal in Global Concept History*.

successfully shown that the spread of ideas from Europe to India was not a simple diffusion – the receivers transformed, adapted and refracted the ideas that came to them.<sup>38</sup>

We are then, as Kapil Raj noted, presented with a dilemma. Either modern science is a product of western Europe that spread to the other societies as they encountered European capitalism, or modern science is made up of competing national narratives, each claiming their thought is most applicable to their national context. One way around the dilemma is to see modern science as dehumanising and alienating because it imposed a foreign framework of rationality on non-European regions. Gyan Prakash has shown, for instance, how a group of Indians produced ‘another reason’ in imperial India.<sup>39</sup> The knowledge produced, according to this view, can only be applied locally in direct contradiction to the supposed originators of modern science, who always considered it to be universal. Several scholars, nevertheless, now agree that modern science is not universal. Western Europeans produced various iterations of modern science; it is far from a unified entity.<sup>40</sup> Modern science does not have its own logic of development based on a formal set of propositions. It is not innately universal, nor is it always forcibly imposed on others. In his analysis of the role of European and Indian exchange in the making of modern science, Raj thus proposed that we relocate it to other, non-European spaces.<sup>41</sup>

I use Raj’s relocating approach to situate the Indian economists within their specific space and time. European imperial officials imposed modern science on the colonies through big, small, formal and informal institutions, arguing that it was the only universal way to understand and explain the world. The European curriculum employed in schools and universities in the imperial territories entrenched a hierarchy of knowledge where the European was held to be superior to all others. Indian scholars who went through that schooling system were often convinced themselves that Indian graduates and intellectuals were only regurgitating existing knowledge rather than producing anything original.<sup>42</sup>

<sup>38</sup> See, for example, Washbrook, ‘Intimations of Modernity in South India’; Stein, *A History of India*; Bayly, *The Birth of the Modern World*.

<sup>39</sup> Prakash, *Another Reason*.

<sup>40</sup> Porter and Teich, *The Scientific Revolution in National Context*.

<sup>41</sup> Raj, *Relocating Modern Science*, 6. <sup>42</sup> Seth, *Subject Lessons*, 28.

The first generation of modern Indian economists were rarely regarded as economists. For example, a 1902 newspaper review of Romesh Chunder Dutt's widely read volume on Indian history stated:

The literary skill and research which he has devoted to his object, prove Mr. Dutt to be capable of writing history if he could for a moment put his politics aside. But the work before us is not a history, it is merely a collection of historical arguments for the use of a political sect.<sup>43</sup>

Similar conclusions remained commonplace until the early 1970s.<sup>44</sup> Placing the Indian economists within their context is important to understanding whether and how they could voice their concerns and perspectives on the world and how their arguments were regarded.

This generation was struggling to be heard in a complex, and at times dangerous, milieu. It was thus challenging for them to contribute to economic knowledge. Censorship was a reality in imperial India. Propaganda, manipulation and domination challenged and constrained knowledge production. Ranade had his scholarship funding suspended for stating that the Mughal Empire had been better for India than British rule.<sup>45</sup> Surendranath Banerjee was found guilty of contempt and sentenced to two months in prison for publishing an editorial in the *Bengalee* on 2 April 1883 in which he compared Judge Norris with Jeffreys and Scroggs, British judges from the seventeenth century who were notorious for their infamous conduct, because Norris had been involved in a dispute regarding a family idol, a *saligram*, at the Calcutta High Court.<sup>46</sup>

Yet, by the turn of the century, this group of Indian economists was recognised as activists and leaders of the independence movement, their texts being used by other political activists, mainly those part of a widespread and successful Swadeshi (home manufacturers) movement (see Chapter 5). One key example is Sakham Ganesh Deuskar's *Desher Katha* (Story of the Country), published in Bengali in 1904. Deuskar (1869–1912) summarised the work of Ranade, Naoroji and Dutt in popularised form as he advocated for the use of handlooms in

<sup>43</sup> Reprinted in Gupta, *Life and Work of Romesh Chunder Dutt*, 294.

<sup>44</sup> Gopalakrishnan, *Development of Economic Ideas in India*; Chandra, *The Rise and Growth of Economic Nationalism in India*; Chandra, 'Reinterpretation of Nineteenth Century Indian Economic History'.

<sup>45</sup> Mahadev Govind Ranade: *His Life and Career*.

<sup>46</sup> Ramos, 'Contesting the Imperial Gaze', 242; Banerjee, *Studies in Administrative History of Bengal*, 151–5.



the textile industry to increase employment and compete with Lancashire cloth, rather than large capital investment in Indian textile factories. The imperial administration proscribed the text in 1910 when it had already sold over ten thousand copies, been summarised in a pamphlet, *Krishcher sarbanash* (Ruin of the Peasantry), inspired Swadeshi street plays and become mandatory reading for an entire generation of Swadeshi activists.<sup>47</sup> When in 1892 Naoroji became the first Indian to be elected as a Member of Parliament in Britain, he was hailed the Grand Old Man of India, a counterpart to the United Kingdom's Grand Old Man, William Gladstone, then serving as prime minister for the fourth time. Naoroji was recognised as the representative for the whole of India and the undisputed leader of the entire independence movement.<sup>48</sup> In Figure 1.2 he is drawn as a colossus with one foot in India and another in Britain, hailed as the voice of India. Naoroji had bridged the gulf between India and Britain with patriotism and perseverance.



**Figure 1.2** Cartoon depicting Dadabhai Naoroji's two roles as British MP and Indian Representative.

<sup>47</sup> Goswami, *Producing India*, 246. <sup>48</sup> Patel, *Naoroji*, 190.

Despite the challenges of producing economic knowledge, there will always be space for contribution and change – as Raj demonstrates in his book *Relocating Modern Science*. My relocation of development economics shows how the Indian economists' national and international context left room for imagining a new configuration of global development. They were Indians who travelled and studied in other countries, especially Britain. The historical, political and socio-economic context offered the discursive possibility necessary for them to rearticulate and redefine existing economic thinking, rather than only reproduce prevailing economic theories. As many historians of ideas theorise, ideas are necessarily transformed in dialogue.<sup>49</sup>

My relocating approach thus incorporates the idea that existing knowledge can both constrain and facilitate social actions. Our field of perception is limited by what we learn and know, but that knowledge simultaneously offers meaning and understanding of our context.<sup>50</sup> The late nineteenth-century Indian economists were taught concepts, frameworks and tools of analysis by their imperial university education and existing literature, which were primarily based on another regional context.<sup>51</sup> They used these imported and imposed ways of knowing to understand different regional circumstances in the South Asian subcontinent, speaking and publishing in diverse spaces where their legitimacy and ability to be heard varied substantially.<sup>52</sup>

My relocation of development economics happens on two fronts. First, development economics is relocated to another time. As previously noted, contrary to other economists I find that development economics predates the Second World War, going back to the late nineteenth century. Second, development economics is relocated to another space, India, where historians of economics have rarely gone before. In this way, I seek to offer a new perspective on the history of development economics.

At the end of the nineteenth century, Romesh Chunder Dutt declared that 'the East must produce its own thinkers, its own historians, its own

<sup>49</sup> Goswami, *Producing India*; Zachariah, 'Moving Ideas and How to Catch Them'; Sartori, *Bengal in Global Concept History*.

<sup>50</sup> Bakhtin, *The Dialogic Imagination*; Zachariah, 'Moving Ideas and How to Catch Them'.

<sup>51</sup> Govindarajan, G. Subramania Iyer; Ranade, *Essays on Indian Economics*, 2.

<sup>52</sup> For a more detailed discussion of my method, see Bach, 'Positive Discourse Analysis'.

economists'.<sup>53</sup> What follows is the story of how the first generation of modern Indian economists did just that. Indian Economics is a body of literature that used existing economic, philosophical and political thinking to better understand the Indian economy. In the process, it produced a refracted idea of development that illuminates the imperial economy and prescribes a more equal and prosperous global economy. But before dealing with their ideas of progress and regress, and their plan for development, I flesh out the intellectual, political and socio-economic context (in Chapter 1) and describe the beginnings of Indian Economics (in Chapter 2).

<sup>53</sup> Reprinted in Gupta, *Life and Work of Romesh Chunder Dutt*, 388.