

# India in the World Economy

A presentation based on the book *India in the World Economy from Antiquity to the Present*, CUP, 2012.

Osaka University Graduate Seminar  
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## Preconditions of emergence of capitalism

- Karl Marx: private ownership of property (capital) + emergence of property-less wage-labour
- Max Weber: 'rational-legal state' and an 'economic ethic'
- Both Marx and Weber interested in India as a case that is Europe's opposite - Marx's Asiatic Mode of Production, state domination over capital and labour, Weber's Hindu ethic.
- Present-day interpretations of capitalism in India follows either
  - Marx: Mode of Production debate of the 1970s
  - Weber: Modernization theory of the 1960s

## Critique

- Both Marx and Weber criticized by Indianists for ignoring indigenous entrepreneurial traditions.
- In trying to show India as no different from Europe, these critical accounts miss the distinct quality of capitalism in India.
- *India in the World Economy* tries to understand this distinct quality by returning to long-range history of private enterprise.

## Summary 1 - two worlds

- There were fundamental differences within India on the character of private enterprise.
- The difference was shaped by geography:
  - Long coastline - lots of maritime trade and seafaring, ship-building - weak and small states because agricultural possibilities limited.
  - Interior had huge river valleys and flood-plains - fertile agriculture - large prosperous empires.



## Summary 2 - States try to bridge the worlds

- Two worlds not integrated, because cost of trading from interior to coast high due to terrain, many rivers.
- But empires knew the value of maritime trade, and tried to build access to the coasts
- These efforts start very early (example, Indo-Roman trade c. 3d century BCE) - but result in strong ports only centuries after the Indo-Islamic empires begin (c. 1200).

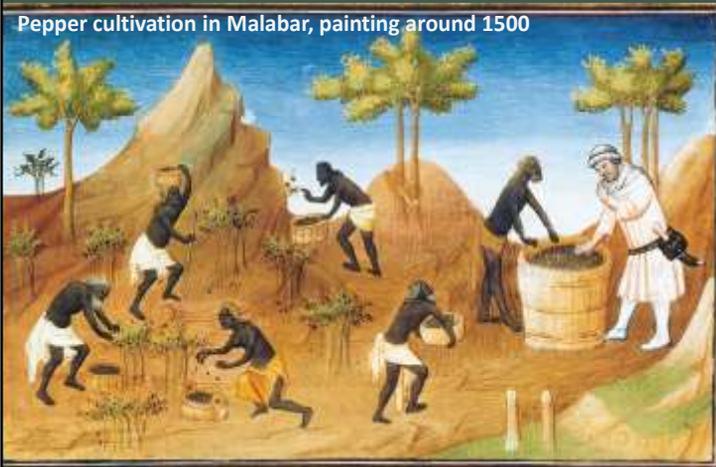
At 1650: Surat (Mughal Empire), Masulipatnam (Golconda), Hooghly (Mughal Empire) function as ports belonging to land-based interior states.

Surat at 1650



Europeans reach India 1500-1600: Portuguese pepper trade

Pepper cultivation in Malabar, painting around 1500



Goa market around 1600



## Summary 3: The era of the East India Companies

- Dutch and the English East India Companies begin trading from the existing coastal cities - diplomacy
- They start with pepper - move to textiles.
- The British Company set up its own port-cities (Bombay-Calcutta-Madras) between 1630 and 1690, taking advantage of the weak state power on the coast.

## Bombay Fort at 1700



As Mughal Empire begins to collapse in interior - the Company cities experience rapid growth.

Leads to a merchant company establishing a powerful state - for the first time in Indian history.

## The first globalization 1850-1914

- 19<sup>th</sup> century : a period of great expansion in overseas trade - main exports agricultural goods
- Two worlds of capitalism meet - coastal merchants shipping goods abroad and interior merchants financing agriculture cooperate. - Railways bring them closer
- 1930-1950: the overseas trading world collapses
- First because of Depression
- And next because of independence that closes the economy. Cosmopolitan global capitalism ends in India.

## The present

- The closure was lifted in the 1990s
- Exports revived, now exports of labour-intensive manufactures and services.
- Small towns grew big - agricultural commodity trade no longer significant.
- Segmentation disappeared or new ones appeared?

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