

*What was ‘Indian’ Political Economy? On the separation of the ‘social’, the ‘economic’, and the ‘ethical’ in Indian nationalist thought, 1892–1948**

ANIRBAN KARAK

Department of History, New York University

Email: ak5982@nyu.edu

Abstract

This article argues that to gauge the significance of state planning in mid-twentieth century India, it is necessary to study the trajectory of what was called ‘Indian political economy’ during the late nineteenth century and first half of the twentieth. Through a close reading of selected texts, I demonstrate that the transmutation of Indian political economy into an abstract science of economics was a function of Indian nationalists’ inability to hold together the ‘social’, ‘economic’, and ‘ethical’ spheres within a single conceptual framework. The separation of these three spheres was the enabling factor behind the conceptualization of planning as a purely technical process of economic management. Further, the article contends that these conceptual developments cannot be adequately explained with reference to either ‘elite’ interests or the insidious effects of ‘colonial’ discourses. Rather, the narrative demonstrates that economic abstractions can—and must—be grounded in the historical development of capitalist social forms that transformed the internal fabric of Indian society. Drawing on a theory of capitalism as a historically specific form of social mediation, I argue that a Marxian social history of Indian state planning can overcome certain limitations inherent in extant approaches. Finally, the interpretation proposed here opens up the possibility of putting Indian history in conversation with a broader development during the first half of the twentieth century, namely the separation of political economy into economics and sociology.

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In a Society so constituted [by relations of status], the tendencies assumed as axiomatic [by Classical Political Economy], are not only inoperative, but are actually deflected from their proper direction. You might as well talk of the tendency of mountains to be washed away into the sea, or of the valleys to fill up, or of the Sun to get cold, as reasons for our practical conduct within a measurable distance of time.¹

Introduction

By the 1930s, the belief that state planning could act within a purely technical ‘economic’ realm, irrespective of both historical and social specificities, had begun to establish itself across vast swathes of the world. Indeed, planning, as a modality of state governance, would remain in vogue until the 1970s, when it began to be superseded by a neoliberal state order.

In recent decades, historians have traced how the application of formalistic planning models played out in different contexts from the 1920s onwards. Timothy Mitchell’s work on the ‘rule of experts’ in Egypt, and Stephen Kotkin’s detailed study of the fallouts of Soviet state planning are well known.² These works have demonstrated that, especially in so-called ‘developing’ nations, planning was inextricably linked to the perceived historical necessity of rapid industrialization. Planners attempted to justify the role of the state as the primary facilitator of industrial production by foregrounding the need to overcome the disadvantages of ‘backwardness’. In the process, they often ended up justifying the excesses of state power. The critical edge of histories of state planning has resided in the substantiation of this fact, and in exploring the relationship between state action and discourses of economic expertise.

Similar concerns have animated the field of South Asian historiography. Scholars have tracked the effects of state planning by scrutinizing the link

¹ M. G. Ranade, *Essays on Indian Economics: A Collection of Essays and Speeches* (Madras: G. A. Natesan and Co., 1906), p. 11, capitalizations in original. The first edition of this book was published in 1898 during Ranade’s lifetime (1842–1901), and the quote is from his speech at the Deccan College, Poona, in 1892. The date of publication of the volume therefore hides the fact that Ranade’s ideas had taken shape by the early 1890s.

² Timothy Mitchell, *Rule of Experts: Egypt, Techno-Politics, Modernity* (Berkeley: University of California Press, 2002); Stephen Kotkin, *Magnetic Mountain: Stalinism as Civilization* (Berkeley: University of California Press, 1995).

between economic abstractions, on the one hand, and the emphasis by planners on rapid capital accumulation through industrialization, on the other.³ The central claim in such histories—in line with the larger critique of nationalism that informs them—has been that the outcome of Indian nationalism was an elitist politics of development that endlessly deferred the actual realization of 'national-popular' (subaltern) sovereignty.⁴

This article does not contest the broad consensus that the effects of state planning in India were not always salutary. Nevertheless, I believe extant historiography has not adequately grasped the import of planning for two reasons. First, the literature generally begins its narrative in the early to mid-1930s. While all narratives must begin somewhere, such a periodization obscures longer-running internal developments that are important in order to understand the significance of planning. In fact, the oeuvre can sometimes give the impression that the adoption by Indian planners of conceptual frameworks such as 'development economics' in the 1950s was an abrupt, almost *ex nihilo* affair.⁵ Second, even when planning is placed in the context of long-run developments with roots in the late nineteenth century, the uncritical adoption of Foucauldian schemas means that economic abstractions are understood as mere instruments for portraying 'elite' interests as the universal 'national' interest.⁶ What is conveniently ignored is the more fundamental problem of plausibility: 'the historical constitution of the

³ Influential works include Kalyan Sanyal, *Rethinking Capitalist Development: Primitive Accumulation, Governmentality, and Post-Colonial Capitalism* (London: Routledge, 2007); Partha Chatterjee, 'Development Planning and the Indian State', in *Empire and Nation: Selected Essays*, Nivedita Menon (ed.) (New York: Columbia University Press, 2010), pp. 241–266; and Raghavendra Chattopadhyay, 'The Idea of Planning in India, 1930–1951', PhD thesis, The Australian National University, 1985.

⁴ Partha Chatterjee, *Nationalist Thought and the Colonial World: A Derivative Discourse?* (London: Zed Books, 1986). It is significant that whatever their differences may be on the reasons for such an outcome, and the appropriate political and intellectual response to it, both Chatterjee and Vivek Chibber agree on the *fact* of such an outcome. See Vivek Chibber, *Locked in Place: State-Building and Late Industrialization in India* (New Jersey: Princeton University Press, 2006).

⁵ Sanyal, *Rethinking Capitalist Development*, is particularly susceptible to this criticism.

⁶ See Chatterjee, 'Development Planning and the Indian State'. The central problem with the Foucauldian approach is its conflation of the instrumental use of concepts with the prior problem of the historical constitution, plausibility, and availability of ideologies. See Andrew Sartori, *Bengal in Global Concept History: Culturalism in the Age of Capital* (Chicago: Chicago University Press, 2008), Chapters 1 and 2, for a clear-headed historiographical statement of this distinction. In my interpretation of the trajectory of

conditions of possibility for the power of specific discursive repertoires in specific historical contexts'.⁷

In what follows, I make a twofold argument in defence of a Marxian social history of Indian state planning. First, I insist that to answer the questions of how and why planning, as a strategy of state governance, became plausible, it is necessary to study the trajectory of what was called 'Indian political economy' (IPE) during the late nineteenth century and first half of the twentieth.⁸ Once a constitutive component of Indian nationalism in general, the transmutation of IPE into an abstract science of economics was a function of the inability of nationalists to hold together the 'social', 'economic', and 'ethical' spheres within a single framework.⁹ The separation of these three spheres was the enabling factor behind the conceptualization of planning as a purely technical process of economic management.

Second, I argue that conceptual developments within IPE cannot be adequately explained with reference to either the particular, 'elite' interests of nationalist thinkers or the insidious power of 'colonial' discourses. Rather, these separations can—and must—be grounded in changing political circumstances and the historical development of capitalist social forms that transformed the *internal* fabric of Indian society. In other words, the narrative set out below emphasizes Indian agency, while simultaneously insisting that the content of that agency cannot be effectively grasped either as mere mimicry or as the functional expression of already-constituted interests. The methodological impulse of my approach, therefore, is to ground conceptual continuities and discontinuities in practical developments.

Indian political economy, I follow the basic critical impulse vis-à-vis the question of plausibility set out in those chapters.

⁷ Sartori, *Bengal in Global Concept History*, p. 16.

⁸ That there could, or should, be a distinct and unified body of thought called 'Indian' political economy was the self-understanding of Indian nationalists and therefore requires no assumption of conceptual coherence on my part.

⁹ Up to the penultimate section of this article, I use 'social' and 'economic' to refer to the understanding of these categories proffered by Indian nationalists themselves. The views of the nationalists are not my personal views, for reasons that will become clear in the concluding section. My chosen actors, however, did not often use the term 'ethical', and at times they used it interchangeably with 'moral'. I use 'ethical' to refer to historically specific, background normative orders of thought and action. From my perspective therefore, the separation of the 'social' from the 'ethical' in late colonial India was crucial and it demands more careful historical interpretation than it has hitherto received.

History of economic thought and social history: a note on comparison

Before delving into the narrative proper, it will be useful to briefly clarify how the interpretation proposed here opens up the possibility of comparison on a broader front. It is well known that the rise to prominence of state planning was paralleled, during the first half of the twentieth century, by the separation of 'political economy' into the two distinct and non-overlapping disciplines of sociology and economics.¹⁰ This was a result of the insistence by economists—paradigmatically by Lionel Robbins (1898–1984), and also by sociologists such as Talcott Parsons (1902–1979)—that the strength of 'economic science' resided precisely in its abstract character and its eschewal of both institutional contexts and normative considerations.¹¹ The famous claims by Robbins—that 'economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses',¹² and that economics is completely indifferent to the *content* of the ends chosen by actors—has a long and contested history, however. For the purposes of this article, the following five points will have to suffice.

First, there is a consensus among scholars that within the body of thought generally referred to as classical political economy (CPE)—the works of Adam Smith (1723–1790), David Ricardo (1772–1823), Thomas Malthus (1766–1834), and John Stuart Mill (1806–1873) among others—the study of what are classified today as 'economic' questions was undertaken within the framework of a science of 'society'. The production of wealth and its distribution among 'classes' were

¹⁰ This is not to suggest that the works of a previous generation of scholars such as Auguste Comte (1798–1857) and Herbert Spencer (1820–1901) should not be considered important forerunners of twentieth-century sociology. The point is that the insistence on the study of 'society' and 'economy' as distinct and non-overlapping domains was a product of intellectual developments during the last three decades of the nineteenth century. In the twentieth century, both economists as well as sociologists came to agree that although overlaps could continue to occur, such as in the sociological determination of 'preferences', economics and sociology would now ordinarily function in non-overlapping zones.

¹¹ See Mark Granovetter, 'The Old and the New Economic Sociology: A History and an Agenda', in *Beyond the Marketplace: Rethinking Economy and Society*, Roger Friedland and A. F. Robertson (eds) (New York: Aldine de Gruyter, 1990), pp. 89–112.

¹² Lionel Robbins, *An Essay on the Nature and Significance of Economic Science* (London: Macmillan and Co. Ltd., 1932), p. 15.

considered distinguishable moments of a single process but not separate problems. Most importantly, Smith was the first to argue that the *mechanics* of the new ‘commercial’ society that was coming into being could be studied using the analytic categories of political economy.¹³

Second, the emphasis from Smith onwards on self-love and self-interest as not only constitutive of sociability, but also as the driving motor of wealth generation, meant that an *ethical* question also held pride of place in this tradition: the problem of how to define the *limits* of laissez-faire. In other words, while ‘society’ was seen as a domain of human interaction that did not depend on political regulation for its viability, there was also an acknowledgement that the proper inculcation

¹³ The use of a phrase such as ‘classical political economy’ is bound to overlook significant internal differences. Indeed, other than a basic orientation towards the study of the production of wealth in commercial society and its distribution among classes, there was perhaps little else on which all thinkers within the tradition unanimously agreed, with Ricardo being the only one who unambiguously and consistently adhered to the ‘labour theory of value’. The use of the phrase is justified in historical terms, however, since no body of social or economic thought in the nineteenth century proceeded without clarifying either its own adherence to or its difference from ‘classical’ ideas. It should also be mentioned here that a fierce debate has been ongoing over the past 40 years on the question of whether CPE (especially Smith) should be read as a branch of the history of political thought or as a precursor of modern economics. At stake is the problem of whether a ‘commercial society’, based on a form of sociability constituted by a historically specific mode of human interdependence *not* immediately dependent on political authority for its viability, can be said to have emerged as a new object of analysis in the late seventeenth and eighteenth centuries. If yes, then political economy can indeed be considered a new science of the ‘social’ as a pre-political category, otherwise not. A well-known collection of essays delineating a reading of seventeenth- and eighteenth-century political economy as a branch of political thought is Istvan Hont, *Jealousy of Trade: International Trade and the Nation-State in Historical Perspective* (Cambridge, MA: The Belknap Press of Harvard University Press, 2005). For a good overview of the ways in which the Scottish Enlightenment thinkers distinguished their concepts of ‘sociality’ and ‘socialization’ from the quasi-mythical concept of a ‘state-of-nature’ in contractarian theories of political authority, see Christopher Berry, ‘Sociality and Socialisation’, in *The Cambridge Companion to the Scottish Enlightenment*, Alexander Broadie (ed.) (Cambridge: Cambridge University Press, 2003), pp. 243–257. And for a Marxian reading of the emergence of political economy as a new science of the social in late seventeenth-century England, see Andrew Sartori, ‘From Statecraft to Social Science in Early Modern English Political Economy’, *Critical Historical Studies*, 3, 2 (2016), pp. 181–214. The debate surrounding the early modern period is crucial and, although it does not directly impinge on the subsequent narrative here, it is important to the extent that any attempt to *explain* the internal contradictions within IPE and its conceptual-political trajectory points to the need to understand the history of capitalism as a history of a *social* and not merely a *political* form.

of 'moral sentiments' through education and deliberate intervention may be necessary to prevent the thin sociality of commerce from eroding a sense of ethical belonging. The important point is that this normative question was not considered extrinsic to the concerns of political economy as such, but rather as constitutive of it.¹⁴

While CPE developed primarily in Scotland, England, and France, the nineteenth century witnessed a range of reactions to it from different vantage points. One of the most important developments was the rise of the German historical school of economics that sought to historicize the absolutism of CPE on the question of 'free-trade' and 'laissez-faire'. It is significant that the ideas of the historicists acquired greatest salience in regions where a practical-political project of developing an industrialized 'national economy' was on the agenda (Germany, India), and in spaces that existed in a relationship of political/imperial subordination vis-à-vis the second British empire (India, Ireland).¹⁵ Even the most sympathetic commentators have conceded, however, that the historicists were never able to clarify whether they wanted an 'economics' suited to the historical specificities of particular countries or to historicize the *content* of CPE itself. The only new analytical category that came out of the historical school was that of the 'national economy', which aimed to spatially delimit the economy but fell back on categories developed by CPE for the actual analysis of it.

Fourth, the weakness in the historicist argument invited a trenchant critique from Carl Menger in his *Methodenstreit* of 1883. In it, he made a distinction between 'theoretical economics' and the 'history of the economy', claiming that the former *must* consist of abstractions that existed *prior* to empirical or historical investigation. Thus, a theme that was still a *problem* for the historicists—how to judge the applicability of political-economic abstractions to any particular, concrete set of social relations—was transformed into a reified separation of the abstract (the economic) and the concrete (society) in the hands of Menger. Moreover, he was also among the first to set 'economics' on a rigorously

¹⁴ Again, this is not to suggest that CPE was marked by complete unity, coherence, and a lack of internal contradiction on the issue of how to study economy, society, and normative commitments in conjunction. It is rather to emphasize that such a unified study was still considered possible and desirable. It is the rapid change with regard to such a possibility in the course of the nineteenth and twentieth centuries that requires substantive explanation.

¹⁵ Geoffrey M. Hodgson, *How Economics Forgot History: The Problem of Historical Specificity in Social Science* (London: Routledge, 2001), pp. 56–78.

methodologically individualist basis, a formulation that depended on a subjectivist and psychological method of analysis, but required no assumption about the content of human needs or preferences.¹⁶ This meant that ethical or normative questions became impossible to formulate within the basic parameters of an economic science, and such questions would henceforth have to be considered as external to it.¹⁷

Finally, in the first half of the twentieth century, the establishment of economics and sociology as distinct disciplines that could coexist peacefully owed much to Robbins and Parsons respectively. The two important mediating figures, however, were Alfred Marshall (1842–1924) and Max Weber (1864–1920). Marshall acknowledged the contributions of the historical school in emphasizing the problem of historical specificity, but his main theoretical contribution lay in developing a theory that synthesized the classical and marginalist approaches to value, while generating new tensions in turn.¹⁸ Similarly, Weber's influence in demarcating the domains of 'economics' as the study of the choice of means to given ends, 'sociology' as the study of ends, and 'history' as the study of changes in ethical orientations of human action is difficult to overstate. Indeed, the post-Second World War period has

¹⁶ Ibid., pp. 79–94. Simon Clarke, *Marx, Marginalism, and Modern Sociology: From Adam Smith to Max Weber* (London: Macmillan, 1982), pp. 182–206. The emphasis here on Menger's influence is not meant to belittle the impact of William Stanley Jevons (1835–1882) in England or Léon Walras (1834–1910) in Switzerland. It is important, however, to recognize the different motivations of these writers. While Jevons lived in England and hence was understandably addressing CPE, Menger fought with the German historicists and Walras worked in a tradition of utility theory with roots as far back as Smith and Jean-Baptiste Say (1767–1832). And of course, the contribution of the American economist John Bates Clark (1847–1938) to the consolidation of a marginal productivity theory of distribution must not be forgotten. The upshot is that as an intellectual current, 'marginalism' was rather more diffuse than both its champions and its detractors have made it out to be. Cf. Hodgson, *How Economics Forgot History*, pp. 89–94.

¹⁷ Clarke, *Marx, Marginalism, and Modern Sociology*, pp. 182–204, interprets this eschewal of normative considerations as a separation of the problem of substantive equity from that of formal efficiency. But even that seems too generous, since the central question of how and where to place limits on 'laissez-faire' in order to nurture ethical life was framed in much broader terms as a historical (even epochal) problem within CPE. Indeed, the question of equity can be (and has been) addressed in quite narrow technical terms in the field of 'welfare' economics during the second half of the twentieth century. Cf. in this regard the section in this article on K. T. Shah: Conceptual foundations of state planning in India.

¹⁸ See the section in this article on Radhakamal Mukerjee: Giving up on the social? The economic and the ethical in Radhakamal Mukerjee's thought, for an elaboration of this point.

seen such a strong institutional consolidation of this 'partitioning of contested territory'¹⁹ that it is extremely difficult to conceive of any alternative today.

The historical school and marginalism were clearly the two great intellectual currents of the nineteenth century that mediated the move from CPE as a mode of social theory and moral philosophy in the late eighteenth century to the consolidation of abstract economics and disciplinary sociology in the twentieth. In fact, Weber strongly believed that even sociology could not *explain* normative change as such, which ultimately meant that any change in the forms of rationality constitutive of human action had to be understood as the irrational adoption of new behaviour provoked by 'charismatic' forms of authority.²⁰ There can also be little doubt that by the mid-twentieth century, both IPE and CPE had arrived at the same conclusion—that the study of the social, the economic, and the ethical could not be undertaken in conjunction. This is especially intriguing because, as we shall see, IPE began by criticizing the applicability of classical political-economic abstractions to Indian society. This, then, poses the rather large and difficult question of whether and on what terms a historical comparison between the trajectories of IPE and CPE might be undertaken.

The only way to address the problem is to draw attention to conceptual influences, similarities in intellectual projects, and contingent political differences, woven together in a compelling historical as well as explanatory narrative. This article is such an attempt. Two points deserve particular emphasis, however. First, I take seriously the fact that IPE played an essential role within anti-colonial nationalism in India, and hence was marked by a striving for coherence. In seeking to

¹⁹ Hodgson, *How Economics Forgot History*, p. 121.

²⁰ Clarke, *Marx, Marginalism, and Modern Sociology*, p. 285. This claim, by no less a figure than Weber, points to the need to also take seriously the rise to prominence of psychology as a separate discipline since the second half of the nineteenth century, and its meteoric rise since the end of the Second World War. In terms of historical trajectories, it is significant that among Menger's students in the late nineteenth century—Friedrich von Wieser and Eugene Böhm-Bawerk, for example—the psychological study of the content of preferences was not considered anathema, even though Menger's own theoretical formulations meant that such a study no longer needed to be considered a necessary component of economic science as such. By the time we reach Robbins and the 'second-generation' Austrians (especially Ludwig von Mises and Friedrich von Hayek), however, a complete indifference and apathy towards any analysis of the content of preferences is clearly discernible. See Anthony M. Endres, *Neoclassical Microeconomic Theory: The Founding Austrian Version* (London: Routledge, 1997), pp. 41–59.

historicize the content of Indian agency, I resist the temptation to view political economy as merely a discursive imposition of empire. Rather, I consider the crucial historical task as one of working out how the plausibility of economic abstractions among Indian nationalists may be grounded in practical developments within Indian society.²¹

Second, conceptual developments in India seem to have moved directly from the ideas of the German historicists to those of Alfred Marshall and subsequent twentieth-century thinkers. It is unclear whether the interventions of Menger or of other marginalists during the last three decades of the nineteenth century had been studied and/or reworked in any significant way by Indian nationalists or economists.²² By contrast, the political attempt to actualize the nationalist vision of autarkic industrial development through *Swadeshi* (self-sufficiency), and the failure of that project, seem to have played a much more important role in generating conceptual innovation and discontinuities in the Indian context.

Thus far, while histories of planning in the colonized world have been written within the boundaries of area studies, only the thought of seminal figures in the ‘West’ has been taken seriously as intellectual developments worth interrogating.²³ It is unfortunate that even in the scant literature on

²¹ Indeed, the subsequent narrative will hopefully demonstrate that adequately undertaking such a task can, and will, have implications for how events elsewhere, including in the ‘West’, are to be understood. It also seems worth mentioning here that, given the impact of the German historical school on thinkers within IPE, future research might fruitfully undertake a comparison of the Indian experience with other erstwhile-colonized regions where the school has been influential. This has hitherto been made difficult both by the often narrowly disciplinary mode in which the history of economic thought is written, as well as by the tendency to focus only on canonical thinkers.

²² It may be possible to fill this lacuna by going through the volumes of the *Indian Economist* journal, which was published from 1869 onwards.

²³ For example, Granovetter, ‘The Old and the New Economic Sociology’. See also the study of the same separation in the American context by Cristobal Young, ‘The Emergence of Sociology from Political Economy in the United States: 1890 to 1940’, *Journal of the History of the Behavioral Sciences*, 45, 2 (2009), pp. 91–116. It should also be mentioned in this context that the story of CPE’s trajectory as one of the loss of an object, that is, as a move from coherence to incoherence, is way too schematic and insufficiently attentive to historical detail. Such a narrative of disintegration can be found in Theodor Adorno’s ruminations on this question in the last lecture series he delivered between April–July 1968 before his death in 1969. Theodor W. Adorno, *Introduction to Sociology*, Edmund Jephcott (trans.) (Stanford, CA: Stanford University Press, 2000), pp. 136–144. Cf. Hodgson, *How Economics Forgot History*, pp. 95–112.

the history of Indian economic thought which does exist, the move from IPE to economics has been read linearly, and rather casually labelled as a 'breakthrough'.²⁴ The larger possibilities for comparison have thereby gone unnoticed. In the rest of this article, therefore, I focus on the trajectory of IPE and connect it to the history of state planning in India. My aim is to demonstrate the necessity of rethinking both the relationship between modern disciplinary formations in the 'West' and the 'non-West', and the extent to which the history of that relationship can be told in isolation from the history of capitalism.

Framing a problem: IPE and its afterlives

My narrative begins in the 1880s, when Indian nationalists first appropriated political-economic discourse as an appropriate vehicle for the critical appraisal of colonial rule. The immediate and most important aspect of IPE was its critique of empire as a political barrier to the economic development of India. This already involved, however, a theoretical assessment of CPE: in particular, nationalists criticized the lack of an adequate spatial referent for the concept of economy within CPE as a form of rootless cosmopolitanism, and they castigated the notion of 'free-trade' as an imperialist ruse.²⁵ As an alternative, nationalists borrowed from Friedrich List the notion that the 'economy' should be coterminous with the territorial limits of the 'nation'. By deploying the concept of a 'national economy', Indian nationalists were able to develop a critique of the 'drain of wealth' from India to Britain.

The stalwarts of the first generation of thinkers within IPE—Dadabhai Naoroji (1825–1917), Mahadev Govind Ranade (1842–1901), Gopal Krishna Gokhale (1866–1915), and Romesh Chunder Dutt (1848–1909)—were concerned primarily with this directly political aspect of nationalist economic thought, and the invocation of German historical

²⁴ Joseph Spengler, *Indian Economic Thought* (Durham, NC: Duke University Press, 1971), pp. 144–155.

²⁵ This aspect of IPE, therefore, was a critique of the regime of 'free trade imperialism' that the second British empire had come to practise in the nineteenth century. For an account of how ideas drawn from CPE came to inform the regime of free trade imperialism, see Bernard Semmel, *The Rise of Free Trade Imperialism: Classical Political Economy, the Empire of Free Trade, and Imperialism* (Cambridge: Cambridge University Press, 1970), especially Chapter 6, 'Parliament, Political Economy, and the Workshop of the World'.

economics was sufficient for this purpose. Yet, such an argument in favour of a universalist aspiration towards development also seemed insufficient. It did not adequately conceptualize the specificity of the 'Indian' nation and appeared to suggest that India's future would be merely an imitation of its colonial masters. The project of delineating an 'Indian' political economy, therefore, also had a more explicitly theoretical strand within it, one that raised the question of the possible historical and sociological 'relativity' of economic science.²⁶ The political burden of this line of thought was to work out how 'national' economic development could combine the modern and the traditional. And its intellectual burden was 'the formulation of a framework adequate to the perceived inner dynamic of indigenous social institutions and practices'.²⁷

The benefit of hindsight allows us to see, however, that a unique conceptual apparatus of IPE never came into being. As contemporary commentators also pointed out, the project fostered descriptive studies and the articulation of desired state policies, but not the development of new theories.²⁸ Indeed, the possibility of the emergence of a new conceptual apparatus faded during the first half of the twentieth century, when a conceptualization of the 'economic' as a technical process that was divorced from the specificities of social relations became both increasingly plausible and more confidently asserted. In the writings of a second generation of IPE thinkers—Radhakamal Mukerjee (1889–1968), K.T. Shah (?–1953), and D. G. Karve (1898–1967), among others—we find a gradual acceptance that all one could

²⁶ See Ajit Dasgupta, *A History of Indian Economic Thought* (London: Routledge, 1993), pp. 112–119, for a discussion of this question as it pertains to M. G. Ranade's thought. It should be mentioned, however, that even this project of 'relativization' was neither unique to India nor a completely alien problem for thinkers within the tradition of CPE. John Stuart Mill, for example, had ruminated on the extent to which 'competition' or 'custom' informed social interactions and determined political-economic outcomes in different societies. See John Stuart Mill, *Principles of Political Economy: With Some of their Applications to Social Philosophy*, Books I–II (London: Routledge and Kegan Paul, 1965; 1848), especially Chapter IV of Book II, 'Of Competition, and Custom'.

²⁷ Manu Goswami, *Producing India: From Colonial Economy to National Space* (Chicago: Chicago University Press, 2004), p. 237.

²⁸ See James Kellock, 'Ranade and After: A Study of the Development of Economic Thought in India', *Indian Journal of Economics*, 22 (1941–42), pp. 245–260; and T. M. Joshi, 'A Critique of Indian Economics', *Indian Journal of Economics*, 22 (1941–42), pp. 276–279.

achieve conceptually was the formulation of an economics applicable to Indian conditions.

Historians have neglected to study this move away from Indian economics, perhaps owing to a belief that such a subtle move within the broader political progress of nationalism was of little import. In subsequent sections, I offer a critique of this neglect by substantiating the basic claim that the relevance of this move resided in the gradual acceptance among Indian nationalists of a separation of the economic and ethical domains from the social. I ground my argument in a close reading of selected works of three important figures in the history of Indian economic thought, spanning the period 1892–1948.²⁹ The choice of authors and texts is motivated by three reasons: all of the authors had an influence on planning; their works are representative of the historical changes that this article seeks to emphasize; and I believe that historians have not adequately analysed either the content or the significance of these changes.³⁰

In terms of content, the reading proffered here suggests that by the time planning was on the verge of being implemented (the First Five-Year Plan began in 1951), there was a double acceptance among Indian nationalists of the transhistorical, socially non-specific character of labour, on the one hand, and of the impossibility of intrinsically relating or combining economic development with ethical life, on the other. The crisis of internal justifiability that this created for Indian nationalism is the point at which the narrative culminates.

As mentioned in the introduction, however, the fact that nationalists arrived at such a position by the 1940s cannot be explained either as a merely discursive manoeuvre or with sole reference to the instrumental use of concepts. Therefore, the article also contends that the conceptual separation of the social and the economic owed its plausibility to the emergence of industrial labour processes in India from the late

²⁹ I focus on four texts: Ranade, *Essays*; Radhakamal Mukerjee, *The Foundations of Indian Economics* (London: Longmans, Green and Co., 1916); R. Mukerjee, *Groundwork of Economics* (London: Longmans, Green and Co., 1925); and K. T. Shah, *National Planning, Principles and Administration* (Bombay: Vora and Co. Publishers, 1948).

³⁰ Mukerjee and Shah were members of the original 15-member National Planning Committee established in 1938 under the chairmanship of Jawaharlal Nehru. For a brief summary of the influence of Ranade's legacy on Indian planning, see D. G. Karve, 'Ranade and Economic Planning', *Indian Journal of Economics*, 22 (1941–42), pp. 235–244. For a dissenting view, see the chapter on Ranade in V. B. Singh, *From Naoroji to Nehru: Six Essays in Indian Economic Thought* (Delhi: Macmillan, 1975), pp. 40–66.

nineteenth century onwards. In other words, the existence of a labour process indifferent to the particular form of labour was the experiential ground that rendered intelligible a concept of human labour as a purely technical (and not social) activity oriented towards the production of use-values.

Lest it should be misunderstood, I should clarify that my argument is not based on a claim about the sociological extent to which India was industrialized. On the contrary, my emphasis on industrialization is inspired by a *textual* fact. Industrial production—for the proponents of IPE—was more than just a new form of production. It was constitutive of a vision of freedom and future development that informed Indian nationalism as a whole. Indeed, it was essential to refer to industrialization to even begin to conceive what it meant for the Indian ‘nation’ to act as a collective agent capable of overcoming its poverty and colonial dependence. My emphasis on the need to understand the relationship between industrialization and conceptual developments is meant to underscore the mutual entailment between textual arguments and social forms. Without such an emphasis, the significance of neither can be adequately grasped.

In a similar vein, with regard to the separation of the ethical domain from the social, the article emphasizes that its significance can only be appreciated by following the actual trajectory of Indian nationalism and political challenges to it. In the late nineteenth century, IPE began by equating the social in India with the ethical, and identified the unique content of Indian social relations with the caste system and the joint Hindu family. From the early twentieth century onwards, however, anti-caste movements and the movement for women’s rights struck at the heart of this claim. The 1920s represented a decisive break in this respect, because the passing of the 1919 Government of India Act meant that appeals to democratic rights could now become a constitutive component of all political movements.³¹

³¹ See Mrinalini Sinha, *Specters of Mother India: The Global Restructuring of an Empire* (Durham: Duke University Press, 2006) for an important interpretation of events between 1917 and 1935, when women began acting as political subjects for the first time and articulated a demand for suffrage using a novel language of individual rights. The literature on caste mobilizations tends to be more province-specific and has not focused as much on clarifying the extent to which the 1920s represented a break. Nevertheless, it is clear that the question of political representation had taken centre-stage by the early 1930s in the run-up to the passing of the second Government of India Act in 1935.

An adequate engagement with these important challenges to the nationalist claim to representativeness must investigate the experiential basis of such challenges themselves. Nevertheless, given that IPE identified caste and the joint Hindu family as the unique content of Indian social relations, and given that it was precisely these institutions that were challenged by new forms of political assertion, it is clear that once these challenges had been made, it was well-nigh impossible to consider as emancipatory a politics that equated the social in India with the ethical. An awareness of this separation allows us to see that although industrialization remained constitutive of the vision of freedom that informed Indian nationalism for the entire period 1892–1948, what changed were the kinds of arguments that could be plausibly defended regarding the relationship between industrialization, ethical life, and an 'Indian' difference at the level of social relations.

The burden of IPE: Ranade's legacy

Any narrative of theoretical ruminations within IPE has to begin with the writings of M. G. Ranade (1842–1901). An erudite social scientist, a judge of the Bombay High Court, and a social reformer committed to widow remarriage, Ranade was the first nationalist thinker to state clearly and boldly the conceptual problem of IPE. In hindsight, however, it is clear that the legacy of his life and thought, at least as far as the question at hand is concerned, was more the handing down of a set of contradictions to his successors than the provision of ready-made solutions.

To understand these contradictions, one must see them in light of both the historical moment Ranade sought to grasp and the various levels of abstraction that his thought tried to manoeuvre. Most of Ranade's significant writings on the question of IPE were completed in the period 1890–1893. During the 1880s, state protectionism of national economies (a neo-mercantilism of sorts) was in vogue in various countries of Europe as well as in North America (the 'late industrializers' as they

The well-known Poona Pact of 1932, for which the Dalit leader B. R. Ambedkar agreed to withdraw the demand for separate electorates for Scheduled Castes in return for greater representation within the electorates reserved for Hindus, was symptomatic of the historical moment. For a good overview of the events leading up to the Poona Pact, see Ravinder Kumar, 'Gandhi, Ambedkar, and the Poona Pact, 1932', *South Asia: Journal of South Asian Studies*, 8, 1–2 (1985), pp. 87–101.

have come to be called).³² Given such a situation, Ranade felt, quite justifiably, that the British colonial policy of using India as a captive market for its own manufactures was helping to prop up the British empire while holding back industrialization in India. This led Ranade to formulate a political-economic critique of British rule as one of the major causes of the agrarian marginality in which India had come to find itself. In line with the general character of Indian nationalism, this aspect of Ranade's thought was based on a critique of 'free-trade' as an imperialist ruse and an insistence on the 'nation' as the appropriate (even natural) scale of capital accumulation.

Ranade was also interested, however, in a more fundamental, ground-level assessment of CPE. His attempted critique generated contradictions that deserve closer attention today. The starting point of his attack on CPE was a historicist critique of its abstractions.³³ Ranade foregrounded the absurdity of believing that the 'economical aspect' of human life cannot be historicized:

³² On the concept of 'late industrialization' in general, see Alexander Gerschenkron, 'Reflections on the Concept of "Prerequisites" of Modern Industrialization', in his *Economic Backwardness in Historical Perspective* (Cambridge, MA: The Belknap Press of Harvard University Press, 1962), pp. 5–30.

³³ My attempt to clarify the contradictions that arose from the attempt of Indian nationalists to hold together various modes of critique is fundamentally informed by Andrew Sartori's observation that *Swadeshi* discourse attempted to weld together four such modes: a political-economic critique of British rule, an ethical critique of commercial society, a historicist critique of abstraction, and an idealist critique of materialism. See Sartori, *Bengal in Global Concept History*, Chapter 1, 'Bengali "Culture" as a Historical Problem'. Although Sartori focuses only on developments within Bengal, my reading of Ranade suggests that similar attempts were underway in other parts of India as well. Indeed, the idea that only national self-sufficiency (*Swadeshi*) could act as the grounds for self-rule (*swaraj*) was almost a truism within Indian nationalist thought. On this point, see Goswami, *Producing India*, Chapter 8, 'Territorial Nativism: Swadeshi and Swaraj', which is particularly germane to the arguments made in this article, for two reasons. First, Goswami demonstrates that the fusing together of a universalist and productivist vision of development with local idioms and (allegedly) indigenous norms of self-sacrifice, informed Indian nationalism *en bloc* from the 1870s onwards. Hence, the relevance of studying *Swadeshi* ideology cannot be limited to the movement in Bengal during 1903–08 in response to the proposed partition of the province. Second, she underscores that although the immediate content of the *Swadeshi* movement was an emphasis on the substitution of imports with indigenous manufactures, what was effectively at stake was the deeper question of what it meant to conceive of the Indian 'nation' as a collective agent capable of overcoming its poverty and colonial dependence. This is the reason why the Indian National Congress officially endorsed *Swadeshi* in 1906 as the only possible path for the attainment of *swaraj*.

If in Politics and Social Science, time and place and circumstances, the endowments and aptitudes of men, their habits and customs, their Laws and Institutions, and their previous History, have to be taken into account, it must be strange, indeed, that in the economical aspect of our life, one set of general principles should hold good everywhere for all time and place, and for all stages of Civilization.³⁴

Once this point had been emphasized, the central questions for Ranade boiled down to the following: did CPE presuppose a set of social relations completely alien to India? If so, was it possible to take into account the unique (or at least different) social relations of India and still have an economic science for delineating the appropriate path of national development? Ranade tried to answer these questions in a way that could support the practical suggestions that followed from his political-economic critique of British rule. It is in this attempt that we can discern the contradictions that he ultimately bequeathed to later generations.

Ranade stated his unease with the 'assumptions' of CPE categorically. In his essay on 'Indian political economy', he provided a list of 12 problematic assumptions, a careful reading of which shows that he posited differences between India and the assumptions of CPE along three axes: social, ethical, and economic. At the social level, Ranade believed that CPE assumed relations of 'contract' between atomized individuals whereas Indian society was based on relations of 'status'.³⁵ Whereas the ethical (or non-ethical in Ranade's terms) impulses of individualism and excessive competition followed from contractual relations between individuals, cooperation and collectivism followed from status-based Indian social relations.³⁶ Finally, at the economic level, Ranade asserted that the perfect mobility of labour and capital, and the tendency of markets to equilibrate, as assumed by CPE, did not operate in India precisely because relations of status constituted Indian society.³⁷

By positing these civilizational binaries, Ranade clarified his unease with CPE. Yet that only raised more questions in need of answers. First, what was the content of status-based social relations in India? Second, what was Ranade designating as constitutive of 'economic' life? Since he clearly believed that an economic dimension existed even

³⁴ Ranade, *Essays*, p. 5.

³⁵ *Ibid.*, pp. 9–10.

³⁶ *Ibid.*

³⁷ *Ibid.*

within Indian social relations, some clarity on this question was needed. Otherwise, it would be unclear how such a dimension could be acted upon and developed by the national state. Third, the positing of an ethical binary through a critique of excessive commercialism suggested the need to explain how economic development in India could be combined with the ethical ideals of cooperation and collectivism. Finally, the most difficult task for Ranade was to identify how (and whether at all) the historicist critique of abstraction and the ethical critique of commercial society mapped on to the practical suggestions that followed from his political-economic critique of British rule.

Ranade did not address these questions directly, but one can find answers to them scattered sporadically throughout his writings on IPE. My reading suggests that these answers did not cohere into an intelligible whole and led to contradictions irresolvable within the overall framework of Ranade's thought. Let us address the questions raised in the previous paragraph one at a time. First, Ranade stated quite clearly what he considered to be the content of status-based social relations in India:

With us an average individual man is, to a large extent, the very antipodes of the economical man. The Family and the caste are more powerful than the Individual in determining his position in life. Self-interest in the shape of the desire of Wealth is not absent, but it is not the only nor principal motor ... Custom and State Regulation are far more powerful than Competition, and Status more decisive in its influence than Contract.³⁸

Two aspects of Ranade's assertions are significant. First, he believed that the social relations of caste and joint families were the experiential foundations for the generation of ethical impulses such as cooperation. This clearly resonates with the high philosophical discourse of Hindu idealism in the late nineteenth century that informed the *Swadeshi* movement, in which the ideal of the sphere of exchange—the freedom of abstract individuals to enter into contractual association—was identified with the materialist 'West', and the productive labouring subject with organic connections to indigenous society was conceived of

³⁸ Ranade, *Essays*, p. 10. Simon Clarke has suggested that despite its criticisms of CPE, the German historical school found no way of defining the content of the necessary moral regulation that could specify the limits of self-interest. Ranade's approach was clearly superior in this particular respect, since it proceeded from an assertion of difference at the level of social relations that was itself generative of ethical content. See Clarke, *Marx, Marginalism, and Modern Sociology*, pp. 161–166.

as the 'normative national'³⁹ who embodied a determinate negation of such rootless abstraction.⁴⁰ Second, Ranade's mapping of the social onto the ethical can seem extremely regressive today, since the joint Hindu family was the site of patriarchal gender norms, and the inequalities of the caste system have been challenged throughout the twentieth century in multiple ways. Yet it would be hasty to simply dismiss this as a careless and patriarchal sleight-of-hand on Ranade's part, for he was also involved in social reform movements such as widow remarriage. The larger point is that Ranade encountered the same difficulty that any argument about civilizational difference faces even today: that of holding together an epistemology of difference at the social level with a commitment to the undeniably modern norms of freedom and equality for all.

On the question of what he was designating as constitutive of economic life, Ranade was less clear, but he provided clues by falling back on a binary that had become familiar by the 1890s: production (or use) as opposed to exchange. As he put it:

National well being does not consist only in the creation of the highest quantity of wealth measured in exchange-value, independently of all variety of quality in that wealth, but in the full and many-sided development of all productive powers. The Nation's Economic education is of far more importance than the present gain of its individual members, as represented by the quantity of wealth measured by its value in exchange.⁴¹

Once such an identification of the economic with the production of use-values had been made, it was necessary to clarify how Indian (or indeed any) social relations could impinge on the economic. Within *Swadeshi* discourse, this was accomplished by further identifying indigenous labour (the economic) with ethical norms. Ranade's equation of the social and the ethical implies an identical move, but some of his own ideas about the future path that India ought to take generated difficulties for the viability of such a position. He explicitly argued that industrial production represented a new labour process that India must adopt, and asserted in the same breath that the cause of Indian poverty was not only colonial rule but also 'Old Traditions':

³⁹ Goswami, *Producing India*, p. 251.

⁴⁰ See Sartori, *Bengal in Global Concept History*, Chapter 5, 'The Conceptual Structure of an Indigenist Nationalism'; and Goswami, *Producing India*, Chapter 8.

⁴¹ Ranade, *Essays*, pp. 20–21. Here, and in subsequent quotations, I have slightly modified spelling in order to keep it consistent with the rest of the article.

We have to work against great odds, which are represented by our Old Traditions, our Poverty of Resources, and the hostile Competition of Advanced Races, whose industrial organization has been completed under more favorable conditions than our own. My object in reading this paper before you is chiefly to show you that, notwithstanding these disadvantages, and the Free-Trade Policy of the Government, we may win, if we will only persevere in our efforts, and direct them by co-operation on a large scale into proper channels. We cannot afford to be dreamy and self-contained, and turn back from our present opportunities [for industrialization] to a past which cannot be recalled.⁴²

And again:

Many millions among us scarcely earn a couple of annas a day, many millions more are always underfed, and live on the borderland of Famine and slow Death, into which the failure of a single Monsoon precipitates them. Of course, this condition of things is not of yesterday, and is not the result *Solely* of Foreign Conquest and Competition.⁴³

The problem with these arguments lay in their clear implication that the 'social' in India had not always been conducive to 'economic' development. Moreover, once the set of causes of Indian poverty was enlarged to include not only foreign rule and excessive competition but also 'Old Traditions', it was no longer clear how the political-economic critique of colonial rule mapped onto the historicist and ethical

⁴² Ibid., p. 128. Already in this statement of Ranade, we can discern an emergent teleological conception that characterizes 'advanced' and less advanced races in terms of economic development. Although I cannot elaborate on this point here, it can be argued that the acceptance by twentieth-century Indian nationalists of developmental historicism (whether of the classical Marxist or Rostovian 'stages of growth' variety) was one modality of possible resolutions to the contradictions in Ranade's thought. Specifically, the historicist critique of abstraction, once divorced from the political-economic critique of British rule and the ethical critique of commercial society, became a developmentalist ideology in which any concrete historical moment could be grasped as a 'stage' in an abstract, necessary process of economic growth. This resolution, however, only reinforced the separation of the abstract and the concrete, and failed to address the central question so clearly posed by Ranade: how might the applicability of economic abstractions to any particular, concrete set of social relations be judged?

⁴³ Ibid., p. 195, emphasis mine. Subsequent nationalist thought has never really clarified these issues raised by Ranade. Did the onset of colonialism merely worsen India's ancient poverty? Or did it bring about new *forms* of poverty? And what might an adequate critique that grasps the role of both colonial subjugation and 'old traditions' as causes of Indian poverty look like? The fall from grace of economic history in recent decades has meant that less smoke has been blown over such questions, but the issues themselves have hardly been settled.

critiques. If, as Ranade claimed, 'stagnation and dependence, depression and poverty' were 'old legacies and inherited weaknesses' that were 'written in broad characters on the face of the land and its people',⁴⁴ and if industrialization was a new labour process that had been instituted first in England and now was a *necessity* for India (to overcome poverty), then the only conclusion could be that the Indian 'social' (as construed by Ranade) had nothing to contribute to a science of economics adequate for its time.⁴⁵

Once the relationship between the 'social' and the 'economic' became unclear, the questions of how ethical fulfilment could be combined with economic development, and how the theoretical critique of CPE could map onto practical suggestions, also became shot through with contradictions. Ranade's practical recommendations were effectively twofold: some sort of 'state paternalism'⁴⁶ to ensure rapid industrialization, and state-protectionism, a suggestion based on his neo-mercantilist critique of free trade. What grounded the twin roles of the state within the same territorially delimited space was Ranade's insistence on the 'nation' as the appropriate scale of capital accumulation. There was nothing in these suggestions, however, that made even remotely clear how industrialization would ensure or necessarily lead to ethically justifiable outcomes. Indeed, this made him vulnerable to the critique that he had little to say about the 'possible evils' of industrialism.⁴⁷

⁴⁴ *Ibid.*, p. 24.

⁴⁵ One way of getting around this problem was to reverse the argument and assert that the sociological in India had always been, and could continue to be, the ground for economic development. Ranade himself took up such a position at times, for example, when he argued that the people of the Torrid Zone could claim that in the past 'their skilled products found a ready market in temperate kingdoms, and excited such jealousy as to dictate prohibitive sumptuary laws both in ancient Rome and in modern England'. *Ibid.*, p. 26. In recent decades, a similar line of thinking has informed a large literature on Afro-Eurasian early modernity and its vibrant commercialization. An influential text in this genre that deals with the Indian case is Prasannan Parthasarathi, *Why Europe Grew Rich and Asia Did Not: Global Economic Divergence, 1600–1850* (Cambridge: Cambridge University Press, 2011). For a good, extended, critical review of Parthasarathi, see Peer Vries, 'Challenges, (Non-)Responses, and Politics: A Review of Prasannan Parthasarathi, "Why Europe Grew Rich and Asia Did Not: Global Economic Divergence, 1600–1850"', *Journal of World History*, 23, 3 (2012), pp. 639–664.

⁴⁶ I have borrowed this phrase from Bhabatosh Datta, 'The Background of Ranade's Economics', *Indian Journal of Economics*, 22 (1941–42), pp. 261–275.

⁴⁷ *Ibid.*, p. 273.

Moreover, Ranade's arguments regarding the possible 'relativity' of economic science were weak on two accounts. First, the link between his theoretical critique of CPE and his practical suggestions remained tenuous. As Eric Stokes pointed out long ago, in the context of debates over land revenue in India, James Mill had argued for the need for state action and technocratic management to produce economic transformation. This argument was made in the first half of the nineteenth century, and was entirely framed within the terms of CPE and 'Utilitarianism'.⁴⁸ Thus, there was no necessary reason why an argument in favour of state action had to reject CPE per se. What was new in Ranade's Listian neo-mercantilism was precisely its nationalism, not the invocation of state intervention as such. He was also clearly aware that within the tradition of CPE, thinkers such as Adam Smith and John Stuart Mill had always emphasized the intertwining of the social, economic, and ethical domains.⁴⁹

Second, although Ranade may have justifiably felt that to criticize British rule he had to simultaneously reject theories used by the British, he was never able to develop an alternative conceptual framework. He drew from Friedrich List and German historical economics to argue in favour of state protectionism, but never clarified why Listian economics was any more suited to Indian social relations constituted by status than CPE.⁵⁰ This led more than one commentator among his successors to insist that while Ranade began by criticizing theories, he ended up only offering very specific policies in return.⁵¹ These limitations meant that, ultimately, the questions of how the social constituted by family and caste, economic development construed as industrialization, and the ethical ideals of cooperation and collectivism could be either

⁴⁸ See Eric Stokes, *The English Utilitarians and India* (London: Oxford University Press, 1959), especially Chapter 2, 'Political Economy and the Land Revenue'.

⁴⁹ See Ranade, *Essays*, pp. 7, 17 and *passim*.

⁵⁰ This issue strikes at the heart of the contradiction in Ranade's thinking. Many countries were pursuing state protectionism in the late nineteenth century. It is hard to see how such statist developmentalist frameworks had anything to do with the specific 'social' relations of joint families and caste in India that Ranade had foregrounded. Indeed, he never resolved this tension between an argument in favour of specific policies on the basis of conceptual frameworks not spatially delimited to India, and an insistence on the uniqueness of Indian social relations. Ultimately, as Kellock pointed out, it was unclear whether Ranade wanted a modified economics (such as Listian economics) applied to India or a separate set of economic principles for each nation. See Kellock, 'Ranade and After', p. 252.

⁵¹ See Datta, 'The Background of Ranade's Economics'; Kellock, 'Ranade and After'.

meaningfully combined or construed as related to each other at all, remained ambiguous in Ranade's own writings. It is this problematic that he bequeathed to his successors, one that the immediately succeeding generation grappled with, before the study of economics, sociology, and ethics became completely separated by the second half of the twentieth century, in India as in the wider world in general.

Giving up on the social? The economic and the ethical in Radhakamal Mukerjee's thought

During the 1890s, when Ranade developed his theoretical ideas and practical suggestions about India's future development, he was aware of and encouraged by the fact that, from the 1870s onwards, industrial labour processes had taken root in certain sectors of indigenous production. In his addresses to the Industrial Conference, he repeatedly emphasized the need to build on 'pioneer attempts' and to reduce dependence on manufacturing imports.⁵² At that time, however, the majority of industrial capital within India was of colonial origin and the indigenous 'bazaar economy' played a subordinate role while also seeking out new markets in Southeast Asia and East Africa. Moreover, in the 1890s, there still had not been any political attempt to actualize the nationalist aspirations articulated by Ranade. This meant that conceptual tensions had not yet been rendered fully untenable.

The situation on both the social and political fronts changed dramatically after Ranade's death in 1901. From the First World War onwards, the indigenous capital of the 'bazaar' infiltrated the colonial sphere.⁵³ By the late 1930s, when institutionalized deliberations on planning began, an Indian industrialist class had well and truly materialized. The 1910s and 1920s also witnessed the emergence of political movements whose relationship with nationalism was ambiguous

⁵² See, especially, Ranade, *Essays*, Chapter IV, 'Present State of Indian Manufactures and Outlook of the Same'; Chapter VI, 'Iron Industry—Pioneer Attempts'; Chapter VII, 'Industrial Conference'.

⁵³ On the fortunes of indigenous capital during the nineteenth century and first half of the twentieth, see Rajat Kanta Ray, 'Asian Capital in the Age of European Domination: The Rise of the Bazaar, 1800–1914', *Modern Asian Studies*, 29, 3 (1995), pp. 449–554; Rajat Kanta Ray, 'The Bazaar: Changing Structural Characteristics of the Indigenous Section of the Indian Economy before and after the Great Depression', *The Indian Economic and Social History Review*, 25, 3 (1988), pp. 263–318.

at best. For example, the women's movement was often forced to make difficult decisions such as choosing between internationalist feminism and nationalism, or having to acknowledge a subordination of the identity of womanhood to religious identities.⁵⁴ Whenever the demands of an incipient feminism went beyond the politics of nationalism, women's organizations were liable to be characterized as jeopardizing the unity of the nationalist movement.

Similarly, caste-based mobilizations such as the 'self-respect' movement in Tamil Nadu also sought to deliver an emancipatory message 'outside the framework of the nation-state'.⁵⁵ Self-respecters pointed out that the lowest castes had historically only been saddled with 'responsibilities' without 'rights'. They also foregrounded the relationship between caste and gendered discrimination, claiming that caste had to be overcome through intermarriage, but only under a reformed notion of marriage as a unity of 'life-partners under common cause'.⁵⁶ Although the self-respect movement eventually degenerated into a narrowly ethnic Tamil revivalism for contingent political reasons, its vision of grounded social reform is well worth reconsidering at a moment when endogamy shows no signs of decline in India.

The most significant blow to the conceptualizations of IPE, however, was the failure of the *Swadeshi* movement to sustain mass mobilization. Although historians are divided on the question of how to interpret this failure, there is a consensus that resistance to the movement's aims often came from poorer strata and lower castes. After all, it made little economic sense to purchase Indian cloth if Manchester cloth was cheaper.⁵⁷ As Andrew Sartori has convincingly demonstrated, this discovery within 'the people' of a 'Western' propensity for the pursuit of self-interest created a profound ideological crisis for nationalist thought.⁵⁸

⁵⁴ Michelle Elizabeth Tusan, 'Writing Stri Dharma: International Feminism, Nationalist Politics, and Women's Press Advocacy in Late Colonial India', *Women's History Review*, 12, 4 (2003), pp. 623–649; Geraldine Forbes, *Women in Modern India* (Cambridge: Cambridge University Press, 1996), pp. 64–156.

⁵⁵ Sarah Hodges, 'Revolutionary Family Life and the Self Respect Movement in Tamil South India, 1926–49', *Contributions to Indian Sociology*, 39, 2 (2005), pp. 251–277, at p. 252.

⁵⁶ *Ibid.*, p. 266.

⁵⁷ The role of social divisions and the use of coercion in the *Swadeshi* movement have been narrated in detail by Ranajit Guha, 'Discipline and Mobilize: Hegemony and Elite Control in Nationalist Campaigns', in his *Dominance without Hegemony: History and Power in Colonial India* (Cambridge, MA: Harvard University Press, 1997), pp. 100–150.

⁵⁸ Sartori, *Bengal in Global Concept History*, see especially Chapter 5 and Chapter 6, 'Reification, Rarification, Radicalization'.

Given this changed political context and the socio-economic transformations that accompanied it, the contradictions inherent in Ranade's arguments could no longer be ignored. This problem was approached innovatively by Radhakamal Mukerjee (1889–1968), rightfully remembered as an important figure in the development of social scientific study in India. Born in the small country town of Berhampur in western Bengal, Mukerjee's baptism by fire in politics came while he was still a teenager, with his involvement in the *Swadeshi* movement. This experience, and a realization of the extent of mass poverty in India, motivated his study of the social sciences, particularly of sociology and economics. Together with D. P. Mukerji and D. N. Majumdar, he founded the School of Economics and Sociology at Lucknow University in 1921.⁵⁹ To the many generations of students he taught at Lucknow, Mukerjee tried to impart a sense of the interdependence between the individual, society, and normative commitments.⁶⁰

Nevertheless, this section demonstrates that his attempt to respond to changed circumstances actually pointed towards the separation of the social, economic, and ethical dimensions upon which planning came to rest. Through a close reading of two texts—*The Foundations of Indian Economics* (1916) and *Groundwork of Economics* (1925)—I show that Mukerjee attempted to theorize the 'economic' dimension more seriously than Ranade, and argued in favour of 'economic organization' and not 'social relations' as the site of ethical fulfilment. Although at times he succumbed to the same kind of civilizational binaries posited by Ranade, Mukerjee's thought travelled in fresh and interesting directions that generated new tensions in turn.

At the heart of Mukerjee's new project was an attempt to theorize the 'economic' at a deeper level that could respond conceptually to two

⁵⁹ Lucknow was not the only university with joint departments of economics and sociology. At Bombay University too, the Department of Economics and Sociology was founded in 1914. Eventually, separate sociology and economics departments were established at Lucknow during the 1950s, a separation that Mukerjee opposed but could not prevent. At Bombay too, the economics department began to assert its independence from the mid-1940s onwards. For a discussion of such institutional developments at the all-India level, see Frank Welz, '100 Years of Indian Sociology: From Social Anthropology to Decentering Global Sociology', *International Sociology*, 24, 5 (2009), pp. 635–655.

⁶⁰ The biographical information in this paragraph is drawn from the insightful essays in Ishwar Modi (ed.), *Pioneers of Sociology in India* (New Delhi: Sage Publications, 2014), pp. 79–158.

criticisms of *Swadeshi*-style arguments. First, Mukerjee needed to bring together production and exchange under a unified conception of the economic. This was necessary because his occasional juxtaposition of status and contract could otherwise lead to problematic implications. For example, his discussion of ‘The Religious Element in Crafts and Industries’ in *The Foundations of Indian Economics* implied that because religious symbolism and a caste-based functional division of labour mediated labouring activity in India, even the objectification of labour was imbued with social and symbolic meaning. Hence, objects were not commensurable: the non-equivalence of persons implied the non-equivalence of things. As he put it,

The representation of bird and animal forms in life and vigor [i.e. in objects] depends upon the guiding and controlling power of a living religion ... [the Hindu craftsman’s] patterns are deeply rooted in the national life, full of *symbolical associations that have no meaning to the foreigner*, but enhance their significance a thousand fold to the pious Hindu.⁶¹

Mukerjee also asserted that a wide variety of patterns of ornamentation and associated religious meanings existed even within India. If taken to an extreme, such logic could threaten to rule out the exchangeability of commodities.⁶²

Second, Mukerjee also had to explain why materialism and self-interested behaviour were making headway at all in the (allegedly) idealist social life of India. Writing in the aftermath of *Swadeshi*, Mukerjee had to account for threats to the ideal of cooperation not just from external intrusion (colonial rule) but also from an inner capitulation of Indians to self-interestedness.

To overcome these problems, Mukerjee drew upon a conception of the economic as productive activity directed at the satisfaction of ‘wants’. This was a Marshallian manoeuvre that brought together production, exchange, and specialization within a single conceptual framework through the nodal concept of ‘wants’.⁶³ This is most visible in

⁶¹ *Ibid.*, pp. 51–52, emphasis mine.

⁶² This problem could easily have been bypassed by surrendering to the naturalization of capitalist exchange relations through the mediating concept of ‘scarcity’ so characteristic of marginalism, but that would defeat the purpose, since Mukerjee also wanted to claim that social relations in India were based on status and not on contract.

⁶³ Alfred Marshall, *Principles of Economics* (London: Macmillan and Co., 1890; 2013). Mukerjee did not often draw upon Marshall explicitly when theorizing the economic, but it is clear that he was aware of Marshall’s work. In Mukerjee, *Foundations of Indian*

Mukerjee's discussion of economic life in his later text *Groundwork of Economics*, the first half of which he devoted to a discussion of 'economic life', the 'incentives to work', and the 'division of labour'. It is significant that in these theoretical discussions, Mukerjee emphasized neither territorial nor historical specificity. Indeed, he did not even restrict his discussion to human societies as such. Instead, he began by describing the goal-oriented 'economic life' of animals, asserting that the two key features of animal behaviour that warranted its designation as 'economic' are 'functional differentiation' and 'utilization' directed at the satisfaction of wants. Already in such formulations, and in Mukerjee's assertion that the 'economic life of animals leads up to that of man', we can find the basic building blocks of a universal, transhistorical, and naturalist conception of economic life.⁶⁴

Mukerjee also emphasized, however, that the distinctiveness of human economic activity lies in the fact that it is embedded in 'social' life. Human wants find meaning only within an ecology of social practices. And it is a distinctive characteristic of human beings that their wants are not fixed but rather evolve over time. Socially embedded human activity generates new wants even as it satisfies pre-existing ones.

This emphasis on the specificity of human (note, not just Indian) economic life allowed Mukerjee to argue that precisely because wants are generated through socially embedded activity, they can differ across contexts and agents, and hence specialization can allow the great diversity of wants to be satisfied more easily. As he put it:

In our [India's] villages a farmer raises the crop and exchanges it for clothing, implements and for all other things that he needs which do not grow on his land.⁶⁵

Economics, he referred to Marshall twice, once to quote the latter's appreciation of the ancient carvings at Konarak (*ibid.*, p. 260) and once to quote directly from the *Principles* to assert the economic advantage of small-scale production (*ibid.*, pp. 361–363). In Mukerjee, *Groundwork of Economics*, he quoted Marshall only once, drawing upon the latter's discussion of industrial organization (*ibid.*, pp. 193–194). Nevertheless, I believe that Mukerjee's attempt to theorize the economic and to combine it with an ethical critique of commercialism can plausibly be interpreted as Marshallian in inspiration. For a brief overview of the concepts in Marshall's 'economic sociology' which are germane to the discussion in this section, see Patrick Aspers, 'The Economic Sociology of Alfred Marshall: An Overview', *The American Journal of Economics and Sociology*, 58, 4 (1999), pp. 651–667.

⁶⁴ Mukerjee, *Groundwork of Economics*, p. 8.

⁶⁵ *Ibid.*, p. 35.

Two aspects of Mukerjee's explicit theorizations of the economic must be noted. First, it reduced the importance of the sociological, since social relations could be an important determinant of 'wants', but they could not fundamentally alter the character of the labour process. Thus, the price to pay for making a manoeuvre that could hold together production, exchange, and specialization within a single conceptual rubric was to give up on the idea that caste, family relations, or Hindu religious symbolism mattered for the labour process. Second, in order to understand Mukerjee's actual suggestions for the 'economic expansion' of India, we need to recognize that his emphasis on the evolution of wants over time threatened to nullify the ethical dimension of his critique of commercialism. After all, if economic activity is about satisfying wants, and if wants evolve over time, then perhaps even among Indians the salience of modern industry and competitive behaviour was simply a logical outcome of such evolution. Put differently, once the failure of *Swadeshi* had demonstrated that the indigenous labouring subject did not necessarily embody the ethical ideal of cooperation, any ethical critique of modern industry required an articulation of the possible site of ethical fulfilment.

Mukerjee's writings suggest that he had accepted the impossibility of holding together the social and the economic in any more than the contingent manner indicated by his approach. But he recognized and was bothered by the salience of the ethical problem in India:

The corn-dealer and the middleman have introduced into the village a new economy based on worldwide commerce, and the middle-class and merchants are using agriculture for sale and profit. Thus, *though the Eastern peoples are endowed with a great measure of communal instincts ...* village communities are disintegrated by the prevalence of landed and financial interests.⁶⁶

It was clear to Mukerjee that even immanent ethical impulses could be easily eroded. His solution was to posit the smallness of the 'organization', 'scale', and 'size' of economic activity as both the distinguishing feature of Indian economic life and an adequate vehicle for the regeneration of ethical ideals:

The cottage industries of our country represent a type of economic organization, which has been discredited in the West. The industrial revolution in Europe has initiated the tendency towards large-scale organization.⁶⁷

⁶⁶ *Ibid.*, p. 73, emphasis mine.

⁶⁷ Mukerjee, *Foundations of Indian Economics*, p. 321.

Mukerjee believed that cottage industries represented the 'Indian' ideal of cooperation, whereas the ethics of competition associated with big industry was unacceptable to Indians.⁶⁸ While such arguments often slipped back into the familiar (and already discredited) one-to-one mapping of the cooperation/competition binary onto the India/Europe one, Mukerjee's larger move was to posit 'organization' as a key aspect of productive activity that incorporated ethics within it.⁶⁹ Only by maintaining the cottage industry, Mukerjee argued, could Indians conceivably keep alive their immanent yet potentially easily eroded sense of cooperative sociality. Such a move also allowed Mukerjee to insist that the historical evolution of wants could easily slide into a valorization of 'artificial wants' if a balance was not struck between mechanized production and creative manual labour that fulfilled the human need for satisfying work.⁷⁰

Despite these ethical arguments, Mukerjee did not reject the need for large-scale industry. He devoted separate chapters in Book IV of *The Foundations of Indian Economics* to make the 'case for' the 'factory organization', the 'workshop', and the 'cottage industry'. Significantly, although the cottage industry was the only form of organization he identified as ethical, Mukerjee made the case for all three forms in economic terms. Thus, he defended the need for factory organization on the grounds that it could more 'efficiently' complete certain tasks, by which he meant a reduction in direct labour time.⁷¹ Similarly, he claimed that the small producer often had a 'distinct advantage' in her

⁶⁸ Ibid., p. 323.

⁶⁹ This can be interpreted as yet another Marshallian manoeuvre on Mukerjee's part, since Marshall had also foregrounded 'organization' as a fourth factor of production and connected this to his concepts of 'faculties' and 'character'. Marshall's basic argument is similar to Mukerjee's: the manner in which productive activity is organized has an effect on the exercise of human faculties and the development of our character. It is for this reason that Marshall, like Mukerjee, was also critical of repetitive factory work.

⁷⁰ Ibid., p. 345.

⁷¹ To take just one example, while discussing the mechanical threshing of rice and wheat, Mukerjee acknowledged that the adoption of machinery could lower the costs for small-scale producers and thereby help them compete in the market. Moreover, it could free up time and labour for other tasks. Mukerjee, *Foundations of Indian Economics*, pp. 99–102. Leaving aside the larger issue of working out the conditions under which the use of machinery could translate into actual freedom from the domination of time, what is important is that Mukerjee recognized the potential inherent in mechanization and did not reject machinery *tout court* on the grounds that it was modern.

greater power to know the personal wants of her markets.⁷² Machinery could not undertake the work efficiently where individual taste fluctuated and was a potent factor in determining market share.⁷³ In other words, although he valorized the smallness of ‘size’ and ‘scale’ as a potential vehicle for the fulfilment of ethical ideals, Mukerjee felt the need to defend the small on the basis of purportedly transhistorical and universal measures such as ‘efficiency’ and ‘productivity’. This acceptance of the need for efficiency was expressed in Mukerjee’s unequivocal assertion that small-scale production could only survive if it also adopted mechanical processes:

In fact, the cottage industries are still living forms of economic organization, which, if certain improvements, both in mechanical processes as well as in the general character of the business management are adopted, have a great future before them.⁷⁴

At several points in the two works under consideration, Mukerjee insisted on the need for technical education and the ‘Western system of teaching’ to ensure the survival of the small. He also emphasized the need for electricity and steam power for the development of village communities.⁷⁵ In short, Mukerjee acknowledged that even though cottage industry was the site of cooperative ethics, in the face of challenges from large-scale industry it could only survive by adopting similar methods and techniques. For him, that was a small price to pay since he believed that only the survival of the small could ensure a realization of the cooperative principle: ‘all for each, and each for all’.⁷⁶

With the benefit of hindsight, the influence of Mukerjee’s thought appears to have been threefold. First, it cleared ground for the separation of the social and the economic. In turn, this opened up the space for the application of formal economic models to India, since the satisfaction of wants, even when different across contexts, could still be achieved more ‘efficiently’ through the application of universal methods. Second, Mukerjee’s claim that ethical fulfilment had to be

⁷² All of my chosen historical actors consistently used male pronouns in their writings. The use of the female pronoun here is my personal intervention.

⁷³ Not only did such an argument rest fundamentally on Mukerjee’s economic theory, the fact that he explicitly referred to Marshall while making this argument clarifies the connection between the two thinkers. Mukerjee, *Foundations of Indian Economics*, pp. 361–363.

⁷⁴ *Ibid.*, p. 323.

⁷⁵ Mukerjee, *Groundwork of Economics*, pp. 201–207.

⁷⁶ Mukerjee, *Foundations of Indian Economics*, p. 441.

sought in economic organization and not in social relations per se was an argument premised on the separation of the ethical from the sociological in India. Finally, Mukerjee's recognition that cottage industries also existed in Europe was impossible to reconcile with his sporadic insistence on the ethical ideal of cooperation as uniquely Indian.⁷⁷ In Mukerjee's awareness of European developments, there was a fledgling universalism that could only remain inchoate for as long as the only problem to be overcome continued to be identified as colonial rule.

Conceptual foundations of state planning in India

Radhakamal Mukerjee went on to become a member of the National Planning Committee (NPC), established in 1938 as the institutional platform for deliberating on and implementing state planning. By the 1950s and 1960s, however, Mukerjee had grown critical of the planning process, claiming that it had come to focus too narrowly on the 'economic' at the expense of a more holistic emphasis on social institutions and norms. Although this trajectory might suggest a discontinuity between Mukerjee's thought and the actual practices of Indian planning, the previous section has argued otherwise, locating a break between Ranade and Mukerjee instead.

To further interrogate the conceptual foundations of planning, this section focuses on a single report by the NPC: *National Planning, Principles, and Administration*, published in 1948 by K. T. Shah, a reputable economist and general secretary of the committee. The report was an attempt to clearly specify the key objectives of planning and hence lends itself to the sort of interpretation attempted here. My reading makes clear that, far from resulting in any resolutions, Shah's deliberations only meant that some of the contradictions that plagued the thought of Ranade and Mukerjee manifested themselves in different ways in the planning process as well.

Shah began his report by defining planning:

Planning, under a democratic system, may be defined as the *technical* co-ordination, by disinterested experts, of consumption, production, investment, trade, and income distribution, in accordance with *social* objectives set by

⁷⁷ In Mukerjee, *Foundations of Indian Economics*, Book IV, he referred continuously to attempts in Europe to preserve cottage industries and how India could learn from such attempts.

bodies representative of the nation. Such planning is not only to be considered from the point of view of economics, and the raising of the standard of living; but must include cultural and spiritual values, and the human side of life.⁷⁸

Already in this formulation, the ‘point of view of economics’, ‘social objectives’, and ‘cultural and spiritual values’ had become posited as distinct modalities of thought and practice that were somehow to be held together. Moreover, given the challenges to the nationalist claim to representativeness discussed earlier, it is unclear what sort of social objectives could have been claimed at that historical moment to be ‘representative of the nation’.

To further understand Shah’s position, we should begin with a closer look at how he conceived of the import of the social. The first issue of significance is that throughout the text, Shah never identified the content of Indian social relations with the joint family and the caste system. Instead of trying to maintain, like Ranade and Mukerjee, that the different social relations of India necessitated a different set of economic concepts, Shah argued explicitly for the primacy of a universal concept of economic and ethical ends. In particular, he claimed that the social could end up being a barrier to both economic planning and to new ethical impulses such as the sharing of responsibilities in marriage and the equitable distribution of wealth. He foregrounded individual freedom as a necessity for planning:

The family, however, must yield place, as a social unit, to the individual, under planned economy. For purposes of work, consumption, or taxation, the individual must, in planned economy, be the basic unit.⁷⁹

He went on to argue that ‘marriage must be rationalized’ as a ‘contract’ between individuals and that ‘both parties must share equally the obligations in the maintenance of that bond’.⁸⁰ It was also clear to

⁷⁸ Shah, *National Planning*, p. 13, emphases mine.

⁷⁹ *Ibid.*, pp. 71–72.

⁸⁰ *Ibid.*, p. 72. To refer to Shah’s *novel* emphasis on the importance of individualism and contractual marriages is not to resort to any notion of linear historical progress on all fronts. As historians of women and gender have long pointed out, the language of marriage as ‘contract’ had begun to be put to use in legal discourse from the turn of the twentieth century. The result, however, was mostly negative with regard to women’s autonomy and individuality within the family. See Samita Sen, ‘Unsettling the Household: Act VI (of 1901) and the Regulation of Women Migrants in Colonial Bengal’, *International Review of Social History*, 41, 4 (1996), pp. 135–156. Sen’s narrative, however, oscillates uncomfortably between an affirmation of the *possibility* of women’s

Shah that changes in social mores and institutions would be necessary to achieve an equitable distribution of wealth:

Not only the production of commodities and services, but also their equitable distribution among the people must be simultaneously attended to. Law, custom, tradition, or any social institution that stands in the way of such an equitable distribution and readjustment, will have to be removed, remedied, or reformed.⁸¹

These statements indicate that for the purposes of planning, the 'social' was conceptualized by Shah not only as distinct from both the 'economic' and the 'ethical', but also as a potential barrier to both economic development and ethical life.

The importance of such an acknowledgement vis-à-vis the social is illuminated further by Shah's characterization of the economic. As mentioned above, already in the definition of planning, Shah had equated the 'point of view of economics' with a technical coordination of production, consumption, and distribution, thus suggesting that the specificities of social relations or ethical impulses did not impinge upon economic activities per se. His claim that an 'increase in the aggregate volume of goods, utilities and amenities' along with a more 'egalitarian distribution' had to be the 'corner stone of planned economy' in India shows that he had inherited from Ranade and Mukerjee a conception of the economic as the production of use-values.⁸²

Crucially, however, Shah also seems to have internalized a sense of the transhistorical, socially non-specific character of labour *as such*, a point that Ranade had not dwelt on and Mukerjee had only begun to acknowledge in *Groundwork of Economics*. In Shah's extended discussions of 'production', 'forms of production' (including agriculture), and 'industries', there is not even a remote suggestion that the social relations of family and caste, or the religious symbolism of Hindu artisans, mattered for the technical process of production. In this regard, it is extremely significant that

autonomy opened up by the language of contract and a proto, post-colonialist rejection of such language as 'colonial legal discourse' that was 'in tune with the general movement towards a rigidification of gender hierarchy' (ibid., p. 149). In contrast, my reference to Shah's emphasis on contract is merely meant to clarify that it indicated a move *away* from certain received idioms of critique *within* IPE, and hence generated contradictions that remained unresolved in the state planning project. In not presupposing the uses to which such language could have been (or can be) put, my approach seeks to hold open possibilities instead of circumscribing them.

⁸¹ Shah, *National Planning*, p. 93.

⁸² Ibid., pp. 77, 20.

Shah's definition of 'cottage industries' went beyond Mukerjee, by framing it entirely in terms of labour as such, and not in ethical terms:

All industries in which the worker works with his own tools, in his own home, and with the aid of his family, or hired labor not exceeding five persons, should be classed as Cottage Industries.⁸³

Such formalism had to be based on an understanding that cottage industries did not represent a labour process beyond the reach of an abstract, technical modality of economic reasoning. The outcome of such an understanding was Shah's insistence on the need to introduce technical improvements in all spheres of work, irrespective of social specificities:

Agriculture, and all manufacturing industries, utilities, services, or amenities should be organized and worked on as large a scale as possible, as part of the planned national economy. The latest and most efficient machinery, the most scientific technique, the best skilled labor, and rationalized operation, must be the *universal rule* in all such enterprise.⁸⁴

For Shah, it was necessary to subject not only 'industries', but also the 'home' and the 'farm' to the same logic of technical improvement and to the adoption of mechanical labour processes. Moreover, he claimed that productive labour as such had to play a central role in any vision of future national development, because the 'general level' of welfare depended on a continuous increase in production. Thus, a programme of 'industrial or social conscription' had to be 'an invariable concomitant of the Plan', since conscription was a natural complement to the 'right to work'.⁸⁵ Ultimately, Shah ended up asserting that abstract-general human labour as a metric for the commensurability of commodities had become fully applicable to India:

A quantitative measurement of material goods produced in the country may be expressed in terms of a common denominator, like the amount of labor units consumed in producing such goods and services.⁸⁶

Shah's critical comments about Indian social institutions, and his acceptance of formalist economic reason as being fully applicable to India owing to the transhistorical and socially non-specific character of

⁸³ Ibid., p. 62.

⁸⁴ Ibid., p. 64, emphasis mine.

⁸⁵ Ibid., pp. 40, 21, 69.

⁸⁶ Ibid., p. 102.

labour, had three implications. First, at the conceptual level, it meant a repudiation of Ranade's claim that Indian society was sufficiently different to require an entirely different set of economic concepts. From the 1930s onwards, economists and statisticians in India began to embrace macroeconomic concepts, as well as techniques of measurement of 'national' income, that both presupposed and further enabled an understanding of the economic as a purely technical realm of human activity directed towards the satisfaction of wants.⁸⁷

Second, Shah's claim that social institutions such as the family would need to be reformed to enable both economic development and egalitarian distribution is reminiscent of Ranade's declaration that 'old traditions' and not just colonial rule were responsible for Indian poverty. What remains unexplained in both Ranade and Shah, however, is why, given the difficulty of identifying colonialism as the sole object of criticism, nationalism had to be the sole (or even the primary) modality of political engagement. If, as Shah claimed, the 'entire social system' needed to be 'remodeled, reconditioned, reoriented' to ensure an egalitarian distribution of 'the fruits of planned development', it was worth asking why such a project had to be—or even could be—achieved as the 'unavoidable consequence' of 'national' planning.⁸⁸

Finally, what followed from Shah's position on the social and the economic is complete indeterminacy regarding the ethical sphere and its relationship with the political project of nationalism. On this question, Shah had clearly backed himself into a corner with a series of incompatible claims. On the one hand, he did not posit either social relations or economic organization as the basis for the realization of ethics. As noted above, at times he argued for the importance of individual freedom and relations of contract. These claims meant that

⁸⁷ Some of the most influential concepts adopted by Indian planners were Keynesian in spirit. These included aggregates such as output, employment, consumption, and investment, as well as synthetic averages such as rate of interest, rate of real and nominal wages, and the aggregate price level, all of which took the 'nation' as their spatial referent. In this sense, Keynesian economics played an important role in guiding the transition from Indian political economy to formalism. For a broad historical overview of the emergence of these macroeconomic concepts, see Hugo Radice, 'The National Economy: A Keynesian Myth?', *Capital and Class*, 22 (Spring 1984), pp. 111–140. For a brief discussion of the seminal work of V. K. R. V. Rao on the measurement of Indian national income along Keynesian lines, see Dasgupta, *A History of Indian Economic Thought*, p. 130.

⁸⁸ Shah, *National Planning*, p. 8.

there was no practical basis left in Shah's thought to ground the ideals of cooperation and collectivism. Indeed, his technical approach to the entire spectrum of 'economic organization' meant that wealth 'distribution' was the only ethical question that could be raised.

Yet, despite asserting the need for individual freedom, Shah also lamented the persistence of the 'ideals of the competitive economy' and identified production for exchange as the cause of 'economic imperialism'.⁸⁹ But if neither the indigenous labouring subject nor a purportedly indigenous mode of economic organization could be posited as a negation of the competitive spirit, it was unclear what could. A feeling of groundlessness was bound to follow from such a conceptual impasse. In Shah's feeble attempt to respond to this, we can discern that already in the late 1940s, political nationalism had come to suffer from a complete lack of internal justifiability. The most obvious example of this is Shah's argument in favour of national self-sufficiency and his implicit mapping of cooperation onto the national scale, a set of claims based on an emphatic rejection of the possibility of local self-sufficiency:

Mass production, by power-driven machinery, of all articles of daily use has ousted the local product from the local market. It would, therefore, be utterly uneconomic, now, to attempt in any way to revive the ideal of local self-sufficiency. It has little room in modern economy, and none in the future.⁹⁰

Once such an argument was posited, it had to be clarified why 'national self-sufficiency' was any more practicable in the age of 'mass-production'. There is little in the entire document, however, that can count as a clarification on Shah's part as to why he considered national self-sufficiency to be either desirable or attainable. At most, we can say that Shah's statements about the national state indicate a desperate and already discredited hope that the national state, by the mere virtue of being a national political community, would negate individualism and ensure cooperation. For example, Shah claimed that 'in a constituent unit, productive effort can proceed satisfactorily as integral part of the Plan, only on co-operative, not competitive lines', going on to insist that although each province could be a 'constituent unit', the 'national standpoint' ought to have the final say in coordinating a plan.⁹¹

⁸⁹ *Ibid.*, p. 17.

⁹⁰ *Ibid.*, p. 16.

⁹¹ *Ibid.*, p. 17.

Elsewhere, he asserted that certain industries must be 'reserved exclusively for the State in India', since that would ensure coordination and cooperation.⁹² Ultimately, this was less of an argument than a belief, and the fact that Shah left this belief unexplained is problematic, because in 1948, there still existed in the subcontinent a multitude of princely states that had not been directly ruled by the British.⁹³ These regions were brought within the Indian federation through a carrot-and-stick policy, which often involved the use of military force. The legacy of this process in frontier regions such as Kashmir is still visible today in violent insurgencies and counter-insurgencies.

It is clear, therefore, that an ambivalent attitude towards the social, a technical and transhistorical characterization of labour, and uncertainty regarding the relationship between nationalism and ethical life were the shaky conceptual foundations upon which state planning in India was built. To be sure, this is not to deny that the actual implementation of planning and its outcomes ultimately depended on the contingencies of political struggle along multiple axes. Indeed, what can be gauged from histories of particular planning projects is the manner in which political power came to resolve ambiguities in conceptual thought.⁹⁴ Nevertheless, it would be hasty to dismiss the issues discussed above as they help us foreground the significance of planning in India with regard to long-term developments within IPE. Only an approach that seeks to explain the plausibility of the conceptual separation of spheres

⁹² *Ibid.*, p. 53.

⁹³ Historians disagree on the actual number of disparate territories that the British left behind in the Indian subcontinent. There is a broad consensus that other than the newly created sovereign states of India and Pakistan, there were close to 500 such territories, mostly in India, ranging from massive states equal in size to many European countries—such as Hyderabad and Kashmir—to tiny fiefdoms or *jagirs* of several villages. See Ramachandra Guha, *India after Gandhi: The History of the World's Largest Democracy* (London: Macmillan, 2007), pp. 35–58, for an account of the extraordinary process by which these territories were (often forcefully) brought within the Indian federation.

⁹⁴ For example, by tracing the interconnections between the movement for women's rights, on the one hand, and the new taxation regime established in response to the financial pressures generated by the First World War and the Great Depression, on the other, Eleanor Newbiggin has demonstrated that the granting of property rights and the vote to Indian women was accompanied by a rationalization of Hindu personal law, owing to the economic need to establish the Hindu family as a single, taxable collective. Thus, economic necessities and political contingencies culminated in the establishment of a legal structure based on many of the patriarchal legacies of Hindu personal law. See Eleanor Newbiggin, *The Hindu Family and the Emergence of Modern India: Law, Citizenship and Community* (Cambridge: Cambridge University Press, 2013).

that IPE failed to prevent can move us towards a social history of state planning in India.

In lieu of a conclusion: grounding the economic

The project of IPE began, in theoretical terms, by rejecting the applicability of classical political-economic abstractions to Indian society. Yet, by 1948, Indian planners had come to accept such a concept as abstract-general human labour as fully applicable to India. What remained unanswered in this tortuous transition from Indian political economy to economics is the central question so perceptively posed by Ranade: how might the applicability of economic abstractions to a particular, concrete set of social relations be judged?

To highlight the historical significance of this transition is not to assume a linear trajectory at the level of subjectivity. A few years after completing the NPC report, Shah published another text in which he claimed that the sociological in India (including caste stratifications) had always been, and could continue to be, the basis for economic development.⁹⁵ What this article has sought to emphasize, therefore, is the expansion in the range of theoretical and political positions that became available to Indian nationalists during the first half of the twentieth century. The interesting historical problem is to work out the reasons for the plausibility of new arguments regarding the relationship between industrialization, ethical life, and 'Indian' social relations, and the future possibilities that such arguments represented.

This also means that the acceptance of a transhistorical, socially non-specific concept of labour may not be the only interesting aspect of the transition from IPE to economics. It may be that close readings of other authors within the tradition of IPE, such as Vaman Govind Kale, or of other economists involved in the planning process, such as M. Visvesvaraya, will bring to light other interesting aspects. That does not take away from the fact, however, that the themes discussed in this article are ones that fundamentally informed Indian nationalism in general, as well as the project of state planning in particular. If we are to fully grasp the historical significance and legacy of Indian planning, it is important to grapple with these issues.

⁹⁵ K. T. Shah, *Ancient Foundations of Economics in India* (Bombay: Vora and Co. Publishers, 1954). Also cf. footnote 45 above.

Before concluding the article, therefore, I want to state in directly theoretical terms my argument about why the transition from IPE to economics occurred. Marx conceived of the capitalist mode of production as not merely an economic (or even a political) form, but rather as a modality of *social* interdependence in which abstract-general human labour becomes the fundamental constituting unit of social relationships, rather than being organized *through* more overt relationships such as caste.⁹⁶ He also emphasized that the emergence of production based on large-scale machinery (what he also called the 'real' subsumption of labour under capital) results in a situation wherein the capitalist and worker confront each other before the process of production as commodity owners whose only mutual relationship is based on money; within the process of production they meet merely as its 'components personified: the capitalist as "capital," the immediate producer as "labor"'.⁹⁷ Within the industrial labour process, labour not only 'counts' as abstract, it really 'is' abstract, indifferent to any particular form (since that is dictated by the needs of capital), and it is a 'component' of production only as a 'mere appendage' of the machine.

A central explanatory argument of this article is that the qualitative character of machine-based production was the experiential basis for the abstraction 'labour as such' to assume plausibility in the minds of Indian nationalists. To make such an argument is not to assume a linear teleology of development from formal to real subsumption of labour. As broadly Marxian histories have demonstrated, the 'two dimensions of the labour process could and did exist at the same work-site ... with no necessary, unidirectional movement from the former to the latter'.⁹⁸ Indeed, Marx himself made it amply clear that although formal subsumption always precedes real subsumption, the latter 'can provide the foundations for the introduction of the first in new branches of industry'.⁹⁹

Rather, my argument simply follows Marx in asserting that 'the most general abstractions arise only in the midst of the *richest possible concrete*

⁹⁶ This reading of Marx is deeply indebted to Moishe Postone, *Time, Labor, and Social Domination: A Reinterpretation of Marx's Critical Theory* (Cambridge: Cambridge University Press, 1993).

⁹⁷ Karl Marx, *Capital: A Critique of Political Economy, Volume One*, Ben Fowkes (trans.) (New York: Vintage Books, 1867; 1976), p. 1020.

⁹⁸ Ian Kerr, *Building the Railways of the Raj* (Delhi: Oxford University Press, 1995), pp. 7–9.

⁹⁹ Marx, *Capital*, p. 1025.

development, where one thing appears as common to many, to all'.¹⁰⁰ It also takes seriously his insistence that when 'economically conceived in [its] simplicity, "labor" is as *modern* a category as are the *relations* which create this *simple* abstraction'.¹⁰¹ To demonstrate the full validity of such an argument, empirical research will have to further illuminate the conditions that Shah knew of (or thought he knew of) when he asserted the possibility of using abstract labour as a metric for the commensurability of all goods produced in India.

To the extent that the argument is plausible, however, three important conclusions must follow. First, the difficulty that Indian nationalists faced in relating the social to the economic can be explained from a Marxian perspective as a plausible outcome of transformations within the Indian 'social' itself, transformations that made 'caste' and 'joint Hindu family' inadequate as categories for grasping the historical specificity of Indian society in the early twentieth century.

Second, the identification of 'capitalism' with the 'West', and hence the characterization of specifically modern discourses (such as political economy) as 'Western' or 'elite', is unintelligible from a Marxian perspective.¹⁰² Concepts find meaning only within a determinate set of practices, and the historical specificity of practices that constitute capitalist society—commodity production and exchange—cannot be reduced to the 'culture' of arbitrarily conceived spatial categories such as the 'West'. The 'West' was not always capitalist.

Finally, if the possibility of narrating the history of the 'non-West' in the modern period as a history of capitalist society is taken seriously, then the question of how the apparently antagonistic discourses of CPE and IPE arrived at similar destinations should also become part of a long-term research agenda. It is undoubtedly significant that for Shah the principles of Indian planning had to be construed as running 'parallel to the lines accepted and acted upon by all those countries who have framed their own systematic, comprehensive national plans'.¹⁰³ Given

¹⁰⁰ Karl Marx, 'The Method of Political Economy', in *The Marx-Engels Reader*, Robert C. Tucker (ed.) (New York: W. W. Norton and Co., 1978), pp. 236–244, at p. 240, emphasis mine.

¹⁰¹ Marx, 'The Method of Political Economy', pp. 239–240, emphases mine.

¹⁰² For an argument about how and why a Marxian approach to the history of political economy matters for historiographical debates, see Andrew Sartori, 'Global Intellectual History and the History of Political Economy', in *Global Intellectual History*, Samuel Moyn and Andrew Sartori (eds) (New York: Columbia University Press, 2013), pp. 110–133.

¹⁰³ Shah, *National Planning*, p. 6.

that Indian planning was self-consciously part of a much broader field of practices, it is worth asking whether IPE and CPE had more in common than proponents of either might have cared to acknowledge at the time.

Unfortunately, histories of the social sciences in South Asia remain largely descriptive, and few attempts have been made to explain conceptual changes with reference to practical developments. By connecting the history of economic concepts to the history of state planning, this article has argued for a Marxian social history of state planning in India and complicated the identification of capitalism with the 'West'. The suggested interpretation is meant as an invitation to reconsider the extent to which claims about 'difference' at the level of social relations have been historically adequate, and hence to rethink how we might grapple with the theme of historical comparison without ignoring the specificities of particular contexts.