

# ACCEPTANCE SPEECH FOR THE WORLD MARXIAN ECONOMICS AWARD (III)

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In principle I am not in favor of awards for intellectuals, but in view of the fact that those academics who write within the theoretical framework of Marxist political economy are usually ignored or face academic discrimination, I welcome the idea of recognizing their work. I am honored that the World Association for Political Economy has considered me to be worthy of World Marxian Economics Award in 2019. As this acceptance essay is meant to focus on the concerned academic's own work, I will start with a brief account of how I came to be influenced by and tried to practice the Marxist analytical method.

The formative experiences that led me to Marxist political economy were seeing extreme inequality and deprivation around me when growing up in different parts of India, and having easy access to all major Marxist classics at home because my father, an engineer, was interested in Marxism, as were so many of his generation who experienced the Great Depression and the War in their youth. I spent some childhood years in a sparsely populated region where tribal children, clearly malnourished and suffering from what I later learnt was kwashiorkor, would come to sell game birds that they had trapped. The peasantry of that region was hardy and poor, and I came into contact with their families while bicycling around the nearby villages. The rest of my formative years were spent by contrast in large cities—four years schooling up to 1958 in London, thereafter school and university in Delhi and in England. In London I experienced racialism, most unpleasant at the time, but educative in the longer run, making me aware to some extent of the feelings of the children who suffered caste-based social discrimination in my own

country. In Delhi, the fast-expanding capital city, construction workers lived in temporary hovels beside the opulent residential houses they were building, and the misery of their lives was in stark contrast to the lives of the elite.

In my mid-teens during long summer vacations from school I was struggling through *Anti-Dühring*, *The German Ideology* and *The Holy Family*, trying to understand the first volume of *Capital* and failing, while *Materialism and Empirio-Criticism* seemed to be easier. I never read simplified guides but plunged in at the deep end. On the whole I got the basic points regarding property concentration, class exploitation and class ideology. Marxist theory, though imperfectly absorbed, helped me to understand critically what I had directly observed. I read the Russian greats in Bengali and English translation in my teens—Pushkin, Tolstoy, Gorky, and from the London stay, I started reading the English classics. Few even in India know of Rabindranath Tagore’s inspiring revolutionary poems that I read in my own language, Bengali. My father-in-law who was a co-founder of the Communist Party of India in his home state, Orissa, had spent many years leading peasant struggles and being jailed several times by the British. I learnt a lot of detail about India’s freedom struggle and the communist movement from his family.

The subject of my doctoral thesis, submitted in 1971 to the University of Oxford, UK, was the development of capitalist farming in Indian agriculture. I participated in a lively debate between a number of scholars of agrarian change that took place in the 1970s and came to be known as the Indian “mode of production” debate.

### **Why the “Mode of Production” Debate?**

After nearly two centuries of being repressed and drained of foreign exchange earnings, India’s economy and society broke loose in 1947, and saw rapid changes in a mere fifteen years after Independence, by 1972 when I completed my doctoral research. The land tenure systems were reformed and some land redistribution took place to the land-poor, albeit not in a revolutionary manner as in China, but in a partial, top-down legal manner. Parasitic feudal landlords had their wings clipped, sections of the peasantry saw considerable relief from labor services and rents, and they were now protected from the volatility of global prices. Also, the state was now spending budgetary resources freely on rural development and on building up an industrial base, and this directly provided employment while also expanding the internal market for basic necessities like food and clothing. The profitability of farming rose, and the trend growth rate of food grains soared over 25-fold compared to the period before Independence—from 0.11 percent to 2.8 percent. The state promoted crop research and reached new technology to farmers through extension services. A number of academics noted that a new process of

capitalist investment in agriculture was getting under way and even urban moneyed people were turning to agriculture.

The question arose, did this process mean a real breakdown in the old system of production dominated by rentier landlordism, small scale tenancy, bonded labor and usury? Were agrarian relations changing in a capitalist direction, if so, who were the agents of change, where was the process most rapid and where did it continue to meet impediments? There were major theoretical differences in the approach and analysis to these questions among academics and activists although all were of a broadly Left persuasion. These scholars included Ashok Rudra, Hamza Alavi, Andre Gunder Frank, Jairus Banaji, Paresh Chattopadhyay, and others.

The main new issues I raised in this debate were four: first, explicitly drawing out the difference between the macroeconomic situation in the colonial and post-colonial periods. I have always agreed with Paul Baran's statement "What is cooked in the kitchen, is not decided in the kitchen"—changes in the agrarian sphere including in class relations were profoundly influenced by the overall trends in the economy. The changes I emphasized (land reforms, fiscal expansionism, subsidies and price stabilization, extension services) were never mentioned by others, but for me they were definitive in indicating a complete break with colonial policies.

The second was to point out the difference between "pauperization" and "proletarianization." This related to the specificity of colonial drain of wealth and de-industrialization that had led to unemployment plus loss of land against debt by poor peasants who were pauperized, with the Great Depression adding the *coup de grace*. In India's 1931 Census 38 percent of the rural population returned wages as a source of income compared to 26 percent a decade earlier, and rural income itself had fallen drastically. This was pauperization, for there was no tendency of growth of capitalist enterprises that could absorb the displaced.

The third was to emphasize the role of *accumulation* as a general characteristic of capitalism proper, whether in agriculture or elsewhere, and the importance of not taking the prevalence of hired labor, no doubt a necessary index of capitalist farming, as a sufficient index, since hired labor could be a result of pauperization, or a legacy of earlier forms of caste-based tied labor. I co-edited a volume titled *Chains of Servitude: Bondage and Slavery in India* (1984) in which contributors had described and analyzed many such forms of tied labor.

The fourth was to theorize *absolute ground rent* as a barrier to capitalist investment, taking Marx's idea and adapting it to our conditions. In a situation of land-hunger there was a high rate of rent extraction in addition to high interest rates from usury. The latter represented return on money-capital, but the viability of putting money instead into productive investment in agriculture did not depend

solely on the return to such investment exceeding usurious interest rates: the barrier of absolute ground rent also had to be overcome. This barrier consisted in the fact that without making any outlay at all and solely owing to property right in land the owner could claim a large share of the tenant's output as rent. So the return to direct productive investment of a given sum of money on a unit of land, had to be greater than the combined sum, of interest foregone on that sum and rent foregone. I was heartened by Joan Robinson's positive reference to my argument on rent as barrier, in her book *Aspects of Economic Development*. I had argued that overcoming the rent barrier was difficult, but it was taking place wherever investment in new technology gave a quantum jump in yield and hence in surplus.

I tried to apply the Marxist concept of class in agrarian society by integrating the discussion by Lenin (in *The Development of Capitalism in Russia*, and in *Preliminary Draft Theses Presented to the Second Congress of the Comintern*, 1920) with the discussion by Mao Zedong in *How to Differentiate the Classes in Rural Areas*. Using these sources, I formulated in 1976 an index that I called the "labor-exploitation index" that could be applied to farm economics data to empirically ascertain the agrarian class structure and changes in it. This aroused considerable interest, and apart from my own students, many scholars oriented to Marxist theory in different countries have applied the labor exploitation index in their research. My own book *Peasant Class Differentiation* (1987) applied the index to analyze the agrarian class structure in a particular Indian state.

## Colonial Exploitation, Poverty and Famines

An area of research which has always interested me is the mechanism of colonial exploitation, especially why it produced famines; and in what way the standard theories of trade and development emanating from Northern universities, were logically fallacious and presented an untrue picture of not only colonial trade but present day trade between the industrially advanced North and the global South.

Many decades of reading and teaching British economic history combined with studying the economic history of India has produced, by now, a modicum of clarity in my mind regarding the economic mechanism the British used to drain India of its external earnings, and I was able to make by 2017 a preliminary estimate of the drain of wealth from India over the entire period 1765 to 1938. By the year of Indian independence 1947, the total drain amounted to forty times Britain's 1947 gross domestic product. This estimate appears to have aroused the interest of many scholars and members of the thinking public.

On the question of famine created by public policies, I had identified in a 1991 essay, the last colonial exploitation—induced famine in India, the Bengal famine

of 1943–1944 that claimed 3 million victims—as a *profit inflation*. More recently in 2018 I fleshed out the argument by showing that Keynes, who was charged in 1940 with advising the British government on wartime monetary policy with special authority regarding Indian policies, effectively implemented a deliberate and extremely rapid profit inflation to raise resources for Allied wartime spending that resulted over two years, in the death by starvation of 3 million of the poorest civilians in Bengal, a number nearly seven times the total mortality (0.46 million) of all civilians and armed personnel during the entire war in Britain itself. This genocide by economic means has been expunged from the history books, including in India, where intellectuals (with a few honorable exceptions) are almost completely hegemonized by imperialist writings.

In an essay published in 2003 I had shown that the claim that 30 million persons had died during the Great Leap period in China, were based on nonsensical methods of estimation by two demographers from USA (Ansley Cole and Judith Banister) and their figures did not stand up to objective academic scrutiny. The same persons and their publicists who thus denigrated the Chinese revolution and implicitly vilified Mao Zedong, had nothing to say on the demographic collapse in the former Soviet Union as it made a transition to capitalism, where there was a large rise in the death rate and absolute decline of population, following the decline of gross domestic product between 1985 and 1996, ranging from 45 percent decline in the Russian Federation to 80 percent decline in Georgia.

In more recent years I have worked in great detail on the methodology of official poverty estimates, finding that the claim of governments and the World Bank that poverty had declined greatly especially in Asia, to be false. This conclusion of the falsity of their claims arose from my discovery that while the estimators had applied a nutrition norm for arriving at a poverty line spending in an initial base year in every country, they then abandoned the nutrition norm in all subsequent years and simply price-indexed the base year poverty line, with no reference to whether the nutrition norm continued to be satisfied. The nutritional intake at the World Bank and individual government poverty lines over time show a continuous decline, namely the poor are being counted by continuously lowering the very standard against which the poverty is measured. Their method has resulted in official poverty lines reaching absurdly low levels. By applying the same nutrition standard over time, which is the only logically correct method, in the Indian case I showed that the correct poverty line was by now about three times the official one and the poverty proportion showed a substantial rise over time. Hundreds of academics throughout the world continue to use the World Bank's fallacious method of "measuring" poverty by lowering the nutritional standard and continue to make false claims of poverty decline. Their method is exactly equivalent to lowering the pass mark

for an examination over time substantially and then claiming that the failure percentage has declined.

In the course of my research I have benefited greatly from delivering lecture courses to students for nearly forty years, learning from their questions and their implicit assumptions. In my experience, without teaching, new research questions do not arise in one's mind to the same extent, while without research, teaching tends to lack stimulus and fall into a groove.