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**'Colonial Social Formations:
The Indian Case'**

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COLONIAL FOUNDATIONS OF INDIAN CAPITALISM

Hamza Alavi

The central proposition advanced in this paper is that far reaching changes were initiated by the colonial regime in India during the first half of the 19th century for a 'colonial capitalist revolution' was begun, and by the second half of the century a colonial capitalist economy, complementary to that of the metropolis, was established. Under the aegis of metropolitan capital the structural basis for a capitalist colonial economy was laid. New social relations of production were established in agriculture as well as in commerce and industry, dissolving precapitalist social formations. The Indian economy was incorporated and subordinated within global capitalism, dominated by British capital. We are therefore concerned here with the structural specificity of colonial social formations and the logic of colonial capitalism (or, 'peripheral capitalism'), as distinct from metropolitan capitalism. To examine this we will look briefly at some aspects of historical developments in India as well as contemporary analyses of structural change in Indian society, in order to formulate our conception of the structure of peripheral capitalism or the colonial mode of production, as it has taken shape in India. The phrase 'colonial mode of production' is not new, for Jairus Banajee, arising out of our mutual discussions in London during 1970, toyed with the idea, but not having been able to make much of it, he seems to have abandoned it. (Economic and Political Weekly, Dec 23, 1972) My own ideas were put forward in a preliminary form in an article on 'India and the Colonial Mode of Production' (Economic and Political Weekly, Annual Number, 1975, also in Socialist Register 1975) and more systematically formulated in an article entitled: 'The Structure of Colonial Social Formations' in Economic and Political Weekly, Annual Number 1981. Contrary to my view that Indian feudalism was dissolved under the aegis of colonial capital, is the widely held one that feudalism and imperialism have continued to be the dominating features of Indian society, and that capitalism is only now developing in India, both in agriculture as well as in Industry, and that it is the historic mission of the Indian 'national bourgeoisie' to carry out a 'national democratic revolution' which is to dissolve Indian 'feudalism' and imperialist domination. Our main problem concerns 'feudalism' and capitalism Indian agriculture. As for the question of the continuity or dissolution of imperialist domination, I propose to deal with it only briefly at the end of my paper mainly to clarify some misunderstandings that have arisen about my position on the issue of dependency vs independent development of Indian industrial capitalism since independence.

The Marxist concept of Mode of Production is thus our point of departure in this exercise and having looked at the Indian experience, also our intended point of arrival, defining the structural specificity of the Indian social formation. The term 'Mode of Production' sounds rather jargonistic for the words do not directly point to that which it refers to. It might help to grasp its meaning if we retranslate into English its Urdu equivalent for that gives us: Social Organisation of Production. a much clearer label. However, current usage compels us to use the term mode of production in our present discussion.

Marx did not actually define the term 'Mode of Production', although he used it frequently. Stalin's definition has passed into currency and contemporary Marxists define the term in that light, as for example the definition used by Ernesto Laclau in his well known article: 'Feudalism and Capitalism in Latin America'. I will discuss problems posed by this 'arbitrary' definition. Methodologically it seems to me to be a more appropriate procedure, starting from a recognition of the fact that in Capital Marx set out to analyse the structure and dynamics of the capitalist mode of production, to derive the concept from a systematic reading of Capital, in which it is embedded. That is the procedure that I have adopted in my paper on 'The Structure of Colonial Social Formations' referred to above.

In attempting to delineate the structure of colonial social formations we confront the question whether capitalism has a single logic globally and a single structural form. If not we need to define the alternative structure and its logic. Marx and Engels analysed the structure and logic of metropolitan capitalism, though it might be said, with a strong focus on England, a society in which feudalism had been liquidated and the peasantry eliminated. Karl Kautsky (in his classic work on 'The Agrarian Question', of which the first English translation has only recently been published - Zwan Publications, London and Winchester Mass, 1988) was later to grapple with the question of subsumption of peasant production under capital in capitalist countries of Western Europe. Again, Lenin, in turn, developed further the theoretical framework inherited from Marx and Engels in order to grasp the reality of the Russian situation. In his first major work, 'The Development of Capitalism in Russia' and in his polemics with Mikhailovsky ('What the Friends of the People Are') he extended the inherited theoretical framework to take account of the fact that in Russia the feudal mode of production far from having been dissolved, was dominant and there was in power a feudal state whereas within that society the capitalist mode of production was also developing. To capture the reality of a society in which two modes of production, FMP and CMP both existed, Lenin introduced the concept of 'social formation', a historically specific society structured on the basis of the 'mode(s) of production' in it; the two modes of production existing in contradiction, so that the development of CMP entailed dissolution of the FMP; the movement of Russian history hinged on the

resolution of that contradiction which would be through a bourgeois democratic revolution, as Lenin believed, at least until the revolution of 1905. The notion of 'contradiction' between modes of production, was fundamental to Lenin's understanding of historical materialism, a question to which we will have to return.

Sadly, Lenin while recognising the structural specificity of the Russian social formation did not however see that the structural position of 'Countries of the East', which had experienced colonial domination, was different from that of Russia. Russia was not a colonised society. But Lenin, nevertheless, tended to extrapolate from the Russian model to the colonised world. Such ethnocentricity was not exclusive to Lenin. Earlier Marx himself when writing about the effects of British colonialism on India was likewise optimistic about the 'regenerative' role of capitalism on Indian society, for capitalism, having been implanted in India could but have a single consequence. Capitalism had a single, universal, logic. That alas is not quite the case. European Marxists, the products of whose thought have colonised our minds in Asia, Africa and Latin America, likewise have offered to us an ethnocentric Marxist scholarship that has inhibited us from inquiring about the structural specificity of colonised societies. This legacy has obscured our perceptions of our own societies, for our research agendas are defined in the 'West'.

To give only one example of the amnesia of Western Marxists (including Japanese) about the organic linkages between colonialism and metropolitan developments, is the well known debate about the 'Transition From Feudalism to Capitalism' which proceeded without locating the process of the transition within the colonial framework and few seem to be aware of the crucial role which that relationship played in the transition.

To return to Lenin, his idea of a global spread of capitalism on a par with Europe (Russia too was destined to follow the same path, come the 'Bourgeois Democratic Revolution'), was hammered home, as far as colonised societies are concerned, in the debate on the National Question at the Second Congress of the Comintern in 1921. There he called upon the 'World Communist Movement' to support bourgeois nationalist movements in Countries of the East, for they were fighting Imperialism as well as internal feudalism. In that debate, it might be said, Lenin had a point as against the somewhat formalistic arguments of his principal adversary the Indian communist, M.N. Roy, for Roy took the stand that communists should have no truck with any movements other than purely proletarian movements, this at a time when in colonised societies there was hardly any proletariat worth the name much less proletarian anti-imperialist movements.

But Lenin's stand in the debate was not informed only by subtleties of theoretical arguments. This was a time when the young Soviet revolutionary regime was fighting for survival against

interventionary forces of the great imperialist powers as well as civil war. No wonder Lenin welcomed any allies (at least objectively so) that he could find. The status of 'revolutionary bourgeois nationalist movement' was conferred quite liberally. The nationalist movements in India and China came closest to that definition. That could hardly be said of Kemalist Turkey where an indigenous bourgeoisie did not yet exist; the social basis of the Kemalist regime being the class that I have elsewhere labelled the 'salarariat', (Hamza Alavi, 'Islam in Pakistan: Ethnicity and Ideology' in Fred Halliday and Hamza Alavi eds. State and Ideology the Middle East and Pakistan) One might add that the place of the salariat in colonised societies with a predominantly agrarian product base needs special recognition. As a class it has played a key role in movements for 'indigenisation' in colonised societies and thereby in national independence movements. Although it is an 'auxiliary class' (whose significance has to be judged in its relationship with 'fundamental classes) its, nevertheless of central significance in colonial and post-colonial societies.

In 1921, Lenin, who was subject to the imperatives of a struggle for the survival of the revolution, was quite prepared to stretch his categories. Even more extraordinary than his classification the Kemalist revolution as a bourgeois democratic one, was his inclusion of Iran in the list of countries with bourgeois nationalist movements; a military adventurer, Col Reza Shah, was soon to seize power in that backward country. It is significant that all the countries involved were those that formed a rim around the USSR. Lenin is said to have brushed aside arguments from Mariategui, the Peruvian Communist leader, for at the moment they were not concerned with Latin America.

This then is the background of the current orthodoxy about the so-called 'anti-imperialist and anti-feudal role of the national bourgeoisie', a formula that was to be invoked from time to time by Stalin (and his successors) to legitimate class collaboration in the Third World, not least in the post-colonial period when 'bourgeois' regimes found themselves in power. The formula went through further elaboration (in the 'age of stagnation' as it is now being referred to) after the independence of African countries where 'national bourgeoisies' did not exist. The concept now was that of 'progressive regimes' a title to which any regime could qualify, whether led by a bourgeoisie, a petty bourgeoisie or the military, the test of a 'progressive regime' being whether it was friendly with the Soviet Union. But that question need not detain us here.

It is against this policy of class collaboration that Andre Gunder Frank's counter attack was directed. Perhaps that more than any other factor explains the dramatic impact of Frank's writings in the 1960s, despite their theoretical shortcomings. But it was a period of radicalisation, against the background of Cuba, the

Civil Rights struggle in the US and the Vietnam War. Young radicals were ready precisely for such a counter-attack against policies of class collaboration. Laclau's counter-attack against Frank was shattering not because he said anything new, for he only reiterated a longstanding orthodoxy. The impact of Laclau's critique must be measured rather by the influence that Frank's ideas had achieved and the absence of a convincing theoretical alternative to the orthodoxy.

Laclau reiterated the established view that in Latin America (too) the national bourgeoisie was ranged against feudalism and imperialism, though it is debatable whether Peruvian society remained 'pre-capitalist' and 'feudal' following the abolition, after independence of the Spanish 'New Laws', which were designed to preserve the pre-capitalist Inca structure through which the Spanish rulers had extracted labour services for work in mines. With the abolition of the 'New Laws, Indians were soon separated from the land that they had traditionally cultivated and were converted into 'free labour' by virtue of being turned into squatters on haciendas which they could now continue to do provided that they paid the hacienda owners rent in the form of labour services. But labour services as such do not make the mode of production 'feudal' just as the conversion of labour rent into other forms of rent in England did not mark the end of feudalism there. The essential criterion is that this rent was being demanded from free labourers, who had been separated from their means of production, land. A capitalist mode of production had been established. In view of the importance of the issue, it is necessary that Laclau's argument should be examined more closely both with reference to historical evidence as well as theoretically. Meanwhile confusion has reigned amongst radicals, for theoretical enterprise has been too preoccupied with the formal argument to take up the underlying real issues, by re-examining the foundations of Laclau's position.

As for the more general picture of theoretical enterprise in this field, I must qualify my general criticism of ethnocentricity of Western Marxism, to consider an important exception to that. A new theoretical departure was made in the 1960s and 1970s by Marxists concerned primarily with African societies. This movement was led by French Marxists, notably Meillassoux, Rey, Terray etc. Their ideas, initially directed towards African societies have become a new orthodoxy and are being applied more widely. They speak of a functional articulation and coexistence without contradiction of 'pre-capitalist' peasant societies and capitalism.

The 'articulationsist' as we may label them, begin with an unexamined assumption namely that contemporary African peasant societies are still pre-capitalist. They are puzzled to see that capitalism coexists with such peasant societies instead of dissolving them, as the notion of contradiction between modes of

production existing within the same social formation, would have it. They are puzzled by the symbiosis between these 'pre-capitalist' peasant societies and the developing African capitalism in manufacturing and mining etc. Without any theoretical reasoning to underpin their conclusions, they conclude that instead of a dissolution of the pre-capitalist modes of production, in these societies capitalism brings about, simultaneously, a dissolution-/preservation (a contradiction in terms !) of the pre-capitalist peasant societies. They further argue that capitalism 'subordinates' the 'pre-capitalist modes of production' in order to make them to subserve its purposes. A functional relationship between the capitalist mode of production and the pre-capitalist modes is established. An excellent review of this literature is offered by Aidan Foster Carter who himself leans towards the version of the articulationist position as argued by P.P. Rey. ('The Mode of Production Controversy' in *New Left Review*, Jan-Feb, 1978)

No explanation is offered by the principal theorists why this should especially be so in the type of societies which they analyse. The only one to offer a sort of an explanation is Charles Bettelheim who wrote: 'Inside social formations in which the capitalist mode is not directly predominant, that is social formations that are capitalist social formations because they are subordinated to the capitalist mode of production through the world market (but in which other modes of production predominate) the main tendency is not to dissolution of the non-capitalist mode of production but to their conservation-dissolution. The predominance of this tendency is doubtless connected with a group of factors produced by the 'external' domination of capitalism' (Charles Bettelheim, 'Theoretical Comments' in Appendix I to Emmanuel: Unequal Exchange, 1972, pp 297-8). Bettelheim offers no logical argument why this should be so nor does he recognise existence of capitalism that is internal to Africa notably South African capitalism which draws migrant labour from African peasant societies which he says (with other articulationists) are being 'conserved/dissolved' which itself is a meaningless, self-contradictory term.

Underlying the 'articulationist' perspective is an empiricist illusion that begins with an assumption, without further examination, that African peasant societies today are 'primitive', 'tribal' and 'pre-capitalist'. Meillassoux, for example, constructs a hypothetical picture of pre-capitalist Guro society which no longer exists as such. He points out that Guro society does not conform to the hypothetical picture, of course, because the impact of colonialism has brought about changes. He does not then stop to consider whether that peasant society, changed under the colonial impact still remains 'pre-capitalist'. Meillassoux does not see that he is in fact looking at two historically distinct societies. He ought to offer to us two models, the Guro society as he can make

it out, hypothetically, to have been before the colonial impact and the Guro society as it is today, no longer pre-capitalist.

What needs to be said about this is that as a result of having being subjected to the transforming impact of colonial capitalism, (as well as capitalism of indigenous provenance) these peasant societies are no longer able to reproduce themselves as they could do on a pre-capitalist basis before they were integrated within world capitalism, including indigenous capitalism. Firstly, they have been inserted into a global system of generalised commodity production. Their cropping patterns have changed from those appropriate to subsistence agriculture to those appropriate to commercialised agriculture; many of them have been reduced to a mono-crop economy, relying entirely on imported foodstuff. From being producers of subsistence goods they have become producers of exchange values, of commodities for the world market as well as for expanding domestic markets. Whereas before they were only vulnerable to the vagaries of capricious nature now they are subject to greater uncertainties of the world market. Secondly, now pauperised peasant farms (their pauperisation itself being a post-capitalist phenomenon) are unable to survive in a world of commodity production without generating migrant labour for capitalist enterprises in manufacturing, mining or plantations. Analysing a similar transformation of European peasantry by virtue of its subsumption under capital Kautsky speaks of the peasant farms having been turned into 'production sites for labour'. Thirdly, the (African) peasant farms generate surplus value that is siphoned off by a variety of capitalists including multi-nationals. (on such a role of the Multi-nationals see the excellent case study by Susanne Mueller: 'Barriers for Further Development of Capitalism in Tanzania', in Capital and Class No 15, Autumn 1981)

The central conceptual difficulty here is a narrow definition of capitalism which is premised on the separation of the producer from the means of production. The articulationists cannot conceive peasant production being subsumed under capitalism; except that is through its destruction with the emergence of rural wage labourers and agricultural entrepreneurs. But the latter is but only one of the forms of capitalism in agriculture. It might be said that the subsumption of agricultural production under capital without the separation of the producer from the means of production is a more typical form; if the peasantry is to be eliminated, history shows that it is a very slow process. In England, for example, it was the well to do peasant family farm that typically became the basis of highly capitalised agriculture, those who were less well off having fallen by the way. But family farming has remained the essential basis of capitalism in English agriculture, until very recently. Therefore, contrary to the 'articulationist' thesis, what we actually have is not an articulation of pre-capitalist and capitalist modes of production, functionally linked together but

rather a single, colonial capitalist mode of production, a concept that we shall look at.

To return to the Indian scene, it will be recalled that a vigorous but inconclusive debate took place in India in the 1970s on the question of the 'Mode of Production in Indian Agriculture'. In 1963 Sulekh Gupta published an article in 'Seminar' in which he argued that capitalism was developing in Indian agriculture, his criterion in defining 'capitalist farmers' being those who cultivated the land primarily with the use of hired labour and investment of capital. He further specified that they relied on wage labour for at least 50% of their labour requirements and that they marketed the bulk of their produce. Using data for the mid 1950s, he estimated that such capitalist farmers numbered about 6% of the total and cultivated holdings of above 20 acres. He classified those who cultivated between 10 and 20 acres and relied on hired labour for between a third and a half of their labour requirements and marketed at least 50% of their produce, as 'market oriented family farms', which made up about 18% of all farms. There followed much comment on the development of capitalist agriculture in India, notably in the state of Punjab.

In response to this Ashok Rudra and two of his colleagues carried out a sample survey in the Punjab, in 1968, to test the hypothesis that capitalist farming had advanced significantly. Given their criteria for the test, they found that there was no group of capitalist farmers (even) in the Punjab, thus repudiating the thesis that capitalism was developing in Indian agriculture. (Economic and Political Weekly, Sept 27 1969, Dec 27 1969, and June 27 1970)

This conclusion was challenged by Utsa Patnaik, the other major protagonist in the debate, in a series of articles in which she argued that Rudra had used unduly restrictive criteria for his empirical test, which could be satisfied only if 'Agriculture is characterised by complete or near complete polarisation into two main classes, capitalists and wage labourers'. Although the development of capitalism as yet fell short of such a total transformation, she argued, it was nevertheless true that rural capitalism had developed on a significant scale and was growing strongly, although capitalist farms were as yet in a minority. This view was taken against the background of introduction of new technology in Indian agriculture, including tractors, during the 'Green Revolution'. This technological transformation had got under way in the 1960s (Gupta dates it earlier) a manifestation it was held, of the growth of capitalism Indian agriculture.

Ironically, as it turned out, Utsa Patnaik's main problem as it turned out, not so much to prove that, by her definition, capitalism had developed in Indian agriculture from the 1960s. Rather, it was to find grounds to support the view that it was only in the 1960s that this development took place, she had to prove

that what had existed before was a 'feudal mode of production'. Her difficulty was that having defined capitalist agriculture in terms of the use of wage labour she was faced with having to explain away the fact that even in 1931 full time agricultural labourers numbered no less than 31.2% of the rural population. Patnaik, a scholar of integrity, in fact loaded the odds against herself even further by suggesting that the 1931 Census had underestimated this figure and taking into consideration a number of factors she arrived at a figure as high as 38% for the number of wage labourers.

Given the use of wage labour as her central criterion of the capitalist mode of production, how was Patnaik to prove that this huge number of landless agricultural wage workers were nevertheless contained within a 'feudal mode of production'? She wrote that if wage labour was the sole criterion then 'We would have to argue that ... even in the colonial period ... a substantial sector has existed, covering as much as 20 to 25 per cent of the cultivated area, ever since 1931 (even if plantations are excluded)'. (EPW Sept 25, 1971). The very idea of capitalist social relations of production having emerged in Indian agriculture during the colonial period was for her quite unthinkable. She dismisses the problem saying: 'This in my view would be superficial and incorrect argument. Operation on the basis of wage labour is a necessary but not sufficient condition of capitalist organisation.'

Patnaik therefore proceeded to convert, conceptually, this large mass of unattached agricultural labourers into a category of 'unfree' labourers. She wrote: 'The rural wage labourers in India are indeed free insofar as they are not tied to particular pieces of land (emphasis added H.A.), but in the absence of job opportunities, they are effectively tied to agriculture as a main source of livelihood ... The absence of alternative employment imposes constraints analogous to the earlier explicit tying to the land. ... The choice between operating with hired labour and leasing out to tenants represents for such landowners a purely contingent, reversible, decision.' This passage demonstrates that Patnaik has some strange notions of unfree labour under feudalism.

Being 'tied' to agriculture as the only practicable source of livelihood does not, of course mean that the labourer is tied to a landlord, that is 'unfree' as under feudalism. In fact not only is the Indian rural labourer free to look for urban industrial or other kinds of jobs but a very considerable number of them do so, although given the huge numbers of the rural unemployed, only a proportion of them can hope to do so. But this does not justify transposing the notion of 'tied labour' to this case. Nor is a peasant 'tied to land' which is a strange notion, except if used metaphorically. Under feudalism the serf or the unfree peasant, is 'tied' to the landlord to whom he must compulsorily pay a rent, either a labour rent or rent in kind or cash. To ensure that such a peasant does continue to work for him on that basis, the landlord

has the right to pursue a fugitive serf or unfree peasant. The latter is 'unfree' in that very specific sense. Under capitalism he is free to work where he can find work and is not 'tied' to any particular employer; he is 'free', to work for anyone who will offer him work or to starve. This is the 'economic compulsion' which is the basis of capitalist exploitation. The passage quoted above from Patnaik amply demonstrates her lack of clarity about 'social relations of production' under feudalism and capitalism. We might however take note of the fact that Patnaik equates the status of wage labourers and sharecroppers. She is right to do so, for these are only different ways for employers to remunerate their workers. This needs saying because sometimes sharecropping is equated with 'feudalism' and wage labour with capitalism. But that does not follow.

Having grappled with the awkward problem of having to explain away a large mass of wage labourers in the Indian economy even during the colonial period, Patnaik shifts her ground and posits reinvestment of the surplus and capital accumulation in the farm as her new criterion of capitalism in agriculture. She writes: 'We cannot take the use of wage labour to be sufficient condition for identifying the capitalist farm under the specific historical conditions that we have outlined. The criterion of accumulation and re-investment must be specified as well. ... What is the mechanism by which the 'ante-diluvian' forms of capital are to be replaced by the only form capable of changing the mode of production namely capital in the sphere of agricultural production itself ?'

Two comments can be made about this observation and argument, one theoretical and one historical namely about the magnitude of investment in agriculture during the colonial period which Patnaik and others do not recognise. To take up the theoretical question first, it is that of the 'unit of analysis'. Patnaik thinks of the farm itself as the unit within which the surplus derived from agriculture is to be reinvested, as against its reinvestment anywhere in the Indian economy as a whole (not excluding agriculture) or even the global economy of British imperialism of the time. Andre Gunder Frank took up this point, writing: 'To say that extended reproduction and accumulation is a criterion of capitalism is one thing. To say that because the surplus is not invested in agriculture itself or not in agriculture in the same geographical area, but is siphoned off for investment in industry, even, say in Great Britain, is another thing altogether.' Taking up Patnaik's statement that 'we cannot take wage labour to be sufficient condition for identifying the capitalist farm (Frank's emphasis) under the specific historical conditions', Frank writes: 'So now Utsa Patnaik has specified the economic formation which she is concerned with: THE FARM ! And not accidentally so.' Frank's point is well taken.

At this point a post-script on Patnaik's radically changed position and the new substantive position and the theoretical argument more recently advanced by her, might be in order. I have remarked earlier, the debate on the development of capitalism in Indian agriculture was rather inconclusive. In particular, Utsa Patnaik, the principal champion of the view that capitalism had developed in Indian agriculture, has abandoned that position and now takes the opposite view that there has been no significant development of capitalism in Indian agriculture. In taking her new substantive position she has shifted the theoretical basis of her arguments from a reference to social relations of production, a matter on which she had encountered so much difficulty earlier, in the light of the existence of a large mass of landless wage labourers in the Indian rural economy. She now takes the nature of ground rent as the test, having abandoned the methodological basis of proceeding on the basis of social relations production. She argues that ground rent in India is overwhelmingly pre-capitalist in character; that it is not capitalist ground rent.

In her discussion of ground rent, Patnaik invokes Marx in support. But having been trained in neo-classical economic theory it seems that she has internalised some of its categories that tend to lurk behind her intended Marxist exposition. She writes: 'What is absolute rent? It is the 'return' to landed property, not return to investment. the rent that a landlord gets from leasing out ... is produced with the means of production and labour not of the landlord but of the tenant: the landlord's outlay in production is zero: he claims rent by virtue of legal property right alone, gets the rent 'free'. The rent that the same landlord gets in direct capitalist cultivation ... must, however, be produced in addition to his own outlays in production: it represents surplus profit in addition to profit as a return on his own outlays in production: it represents surplus profit on the capital outlays of the landlord.' ('Empirical Identification of Peasant Classes Revisited', EPW March 1, 1980)

For our present purposes it is not necessary to enter into a discussion of Marx's theory of capitalist ground rent as such. But we must note that in his discussion of capitalist ground rent Marx sees this quite differently. ('The Transformation of Surplus Profit into Ground Rent', Part VI of Capital Vol III). What was problematic for Marx was the appearance of the phenomenon of ground rent under the capitalist mode of production. In FMP the 'rent' that the landlord appropriates is extracted coercively from an enserfed or unfree peasantry, whether in the form of labour rent, rents in kind or cash rent, the last already pre-supposing a certain degree of commercialisation of the economy. Marx treats on a par those cases in which the landlord appears solely in role of owner of the land "whose outlay in production is zero" to use Patnaik's words and those who combine roles of landlord and capitalist entrepreneur, thereby appropriating rent as well as (what is left of) surplus value. Indeed in much of his discussion of this question Marx

assumes that the landowner in fact does not contribute to the process of production so that ground rent, a part of surplus value generated by his tenant's capitalist enterprise, is (to use his words) 'being filched by the landlord'. The mere fact therefore that the 'landlord's outlay in production is zero' does not make him in Marx's eyes a pre-capitalist landlord, as it does for Patnaik. Under CMP, Marx suggests, the landlord class is able to extract a share of surplus value from the capitalists, in the form of ground rent, because of their monopoly control of land, a non-reproducible asset. (Capital Vol III p 744). We find therefore that Patnaik treats the issue of ground rent in a radically different from that of Marx.

Although she pursues the question in terms of her conceptions of differences between pre-capitalist and capitalist ground rent, Patnaik is forced to return to the concept of social relations of production (interpreted in her own particular way) which she has tried to leave aside. In an article devoted specifically to 'The Theory of Ground Rent and its Applicability to India' (Journal of Peasant Studies, Vol 10 No 2/3, Jan-April 1983) she ends up saying that 'There are, historically, two paths of transition from petty commodity production to capitalist production in agriculture, and hence from pre-capitalist to capitalist ground rent. Firstly a section of the petty commodity producers themselves develop into labour-hiring rich peasants ... Secondly landlords ... turn into agricultural capitalists.' Her conception of capitalist vs pre-capitalist ground rent turns on the employment or non-employment of wage labourers so that despite her desire to shed theoretical ground she is back with the old problem of wage labourers and social relations of production and having to explain away a large mass of rural wage labourers in the colonial period. Furthermore, it might be added parenthetically, that in Patnaik's conception of capitalism in agriculture there is no room for taking into account the subsumption under capital of small peasant production where it occurs without the separation of the producer from the means of production. She dismisses such peasantry as petty commodity producers who are by that definition 'pre-capitalist', in her view. Theoretically, Kautsky (whose work on the 'Agrarian Question' was acclaimed by Lenin as the greatest work in Marxist political economy since Volume III of Capital; he could not have praised that work more highly) offers a very different view. (see also: Hamza Alavi, 'Peasantry and Capitalism' in Teodor Shanin ed. Peasants and Peasant Societies, Second Revised and Enlarged Edition, Blackwells, Oxford, 1987)

In my own intervention in the debate I published an article on 'India and the Colonial Mode of Production' (EPW Annual Number 1975) The arguments and concepts advanced there have been further developed and clarified in a subsequent article on 'The Structure of Colonial Social Formations' (EPW, Annual Number 1981). It might be appropriate to refer in this context to a similarly entitled article by Jairus Banajee: 'For a Theory of Colonial Modes of

Production' (EPW Dec 23, 1972). Our respective articles arose out of mutual discussions in London but we have, respectively, taken quite different directions in our thought.

Banajee begins by declaring: 'In general I support the position advanced by Utsa Patnaik in her brilliant polemics with Ashok Rudra concerning the identification of capitalist development and with P. Chattopadhyay concerning the specificity of the colonial economy'. (Banajee refers here, of course, to Patnaik's initial position) He argues that 'The most striking fact about the colonial period was the absence of a period of capitalist expansion, for about six decades at least in manufacturing and for about a century in agriculture. ... The colonial modes of production were precisely the circuits through which capital was drained out of the colonies in the form of bullion, consumption goods, raw materials and so on. The colonial modes of production transmitted to the colonies the pressures of the accumulation of capital in the metropolis without unleashing any corresponding expansion of forces of production. ... This 'logic' in turn determined several long term tendencies of decisive importance in the history of the colonial nations (for) the mode of production installed in the colonies reduced the entire process of production to an immense super-exploitation of variable capital.' There is no suggestion in the entire article as to how Banajee conceives the 'colonial mode of production'. He does not go much beyond his reference to colonial exploitation. As he proceeds in this vein, however he lapses into the use of the term 'semi-feudal', which remains undefined by him. He categorises the 'dominant property forms in the colonial world as semi-feudal', whatever that may mean. Beyond this we find no structural concepts specified and defined in that article. I will return to this question of a theoretical formulation of the concept of the 'colonial mode of production'. But first it would be helpful to take a summary look at the historical evidence.

The precise structural character of pre-colonial, pre-capitalist India is the subject of much dispute and conjecture; much recent writing on the subject calls for more research before firm judgments can be made. At this stage historians seem to be more concerned with particularities of Indian social formation(s) and a stage has perhaps not yet arrived when through comparative analyses of underlying regularities and parallels with other social formations, the structure of these social formations can be defined. For example, for the time being, Irfan Habib settles for the label 'The Medieval Indian System'. Others have suggested that it was 'feudal' and others still that it was 'Asiatic Mode of Production'. For our present problem, this debate is not of central importance, although it would be helpful to have a clear notion of the structure(s) of pre-colonial Indian society. We are essentially concerned here with the colonial transformation of Indian society and hopefully the material that we have available is reasonably reliable and enough to identify the central features of the structural change that has taken place although it must be pointed out from the outset that in the vast sub-continent that India is,

regional specificities and differences in trajectories of change have to be taken into account.

The issue that we wish to address turns on the way in which, over the first half of the 19th century, property relations were transformed and new social relations of production established in Indian agriculture. By general consensus, the 'Permanent Settlement' of 1793 in Bengal Presidency was a historical turning point and the beginning of the process of structural transformation of Indian rural society; a useful point from which to begin.

The notion of property in land in India is rather a problematical one. Property rights 'in land' as they emerged in the wake of the Permanent Settlement, and tenancy legislation through the 19th century, were a hierarchical series of rights in produce from the land, rather than a conception of property as the sole and exclusive ownership of a piece of land. Under the Permanent Settlement property rights in landed estates were conferred on a class of people, Zamindars, who, as territorial magnates and tax farmers, took on the responsibility to collect land revenue and remit it to the British authorities, the amount that they were so liable to pay being fixed in perpetuity - hence the 'Permanent Settlement'. In turn they were given undefined rights to claim rents from the peasantry who, nevertheless enjoyed customary usufructuary rights to the lands that they cultivated. The picture was complicated by a process of 'sub-infeudation' because Zamindars sold their rights for fixed 'rents' to intermediaries who extracted tribute from the peasants. Over the 19th century, against the background of struggles by tenants, a succession of tenancy laws was passed that gave the tenants 'occupancy' rights subject to payment of a fixed rent. It is these 'Occupancy Tenants' who, in due course, became de facto owners of the land; the Zamindars, who were given proprietary rights initially under the Permanent Settlement, in effect becoming overlords and rentiers, entitled to a fixed rent, which in terms of its incidence per acre became a small part of the output from the land. An analogy for this form of leasehold property would be purchases and sales of houses in England on 99 or 999 years leases, where the leaseholder is the de facto owner of the property, subject only to regular payment of a nominal ground rent to the owner of the 'freehold'. The 'leaseholds' owned by Occupancy Tenants in Bengal, as a result of the tenancy legislation, were permanent leaseholds.

Zamindars, thus were overlords. Occupancy Tenants with large holdings, sometimes referred to as Jotedars, employed 'free labour' as bhargadars or sharecroppers, and functioned as de facto landlords. Those of them who had smaller holdings were peasant farmers who cultivated their own holdings with their family labour. In course of time occupancy tenants organised themselves politically behind the Krishak Proja Party led by one Fazlul Haq their main demand being abolition of Zamindari. This demand had the blessings of the colonial regime by 1938. But events were overtaken by the

war and Zamindari abolition was postponed. This was eventually done in East Pakistan in 1951. In other areas there were 'Temporary Settlements' and patterns of land holdings differed in different regions of India, too numerous and complex to summarise here. But the essential common feature, as far as our present problem is concerned, was the creation of 'bourgeois landed property'. What is to the point is that land was now owned as 'bourgeois landed property, in Marx's terms. The Landlord had turned into a landowner. (cf. Ainslee Embree, 'Landholding in India and British Institutions' in R.E. Frykenberg, (ed) Land Control and Social Structure in Indian History).

An essential part of the definition of the Feudal Mode of Production is its localised structure of power or, in other words, the fusion of economic and political power at the point of production. The feudal landlord held direct power over the serf or the unfree peasant. This, it might be said was true also under the so-called 'Absolutist State', when two domains of power existed. One was the domain of national state power that ensured free movement of trade internally and backed external expansion of English trade. But the other domain was the local domain of the Manorial Lord, the JP who ruled over the countryside; the state' did not yet manage to subsume this power altogether, until the bourgeois revolution of the 17th century. Likewise in India Zamindars in pre-colonial India enjoyed direct coercive powers over the peasantry. Their direct coercive powers and private armies were abolished by the colonial ruler and power was aggregated in the colonial state, as it was in England after the 'bourgeois revolution'. As one Indian historian put it: 'Cornwallis took away from the zamindars (under the Permanent Settlement H.A.) their judicial and police duties'. (N.K. Sinha, The Economic History of Bengal Vol II p 153). In the words of a traditional Indian historian and in the style of scholarship under the shadow of colonial rule, the word 'duties' here is a euphemism for the power and authority of the Zamindar. The Zamindars were divested of their local power and direct authority over the peasant, that they had enjoyed under pre-colonial rule, as feudal lords. Now they were only landowners. This idea was put more plainly by Thomas Law, a colonial official, who wrote: "Formerly the Lairds in Scotland and Barons in England ... exercised power of imposing fines and held Courts of Justice; but these injurious rights have been taken away and proprietary rights remain. The same has been done in Asia." (quoted in Ranajit Guha, A Rule of Property for Bengal)

While the landlord was dispossessed of his local authority by the colonial state, the cultivator of the soil was dispossessed of land which he held under customary rights, for land was now the property of the landlord turned landowner, until the enactment tenancy laws and the emergence of 'occupancy tenants' as de facto landowners. There was therefore a separation of the producer from the means of production, a critical moment in the emergence of the capitalist mode of production. Whereas under the pre-capitalist

system the landlord had to run after the peasant to make him work for him and yield his surplus produce to him, now the dispossessed cultivator had to run after the landlord for access to land. Instead of the surplus being extracted by direct coercion and non-economic compulsion imposed by landlords, it was now extracted by virtue of economic compulsion imposed on a dispossessed peasantry for access to the means of production. We can therefore say that the essential basis of a capitalist mode of production was established; but as we shall see, this had specific structural features of colonial capitalism. A Colonial Bourgeois Revolution had been brought about in India as against a Bourgeois Democratic Revolution in the transition from pre-capitalist (feudal?) mode of production to colonial capitalism.

A word may be added here, parenthetically, about violence against the peasant. A pejorative charge is associated with the word 'feudal' that connotes, inter alia violence against the peasant. The reality is perhaps rather different. True a run-away unfree peasant was punished ruthlessly, as indeed a run away slave was, as a lesson to others and to minimise the costs of retrieving future fugitives by discouraging running away. But, at the same time, the costs of pursuing fugitives had to be weighed against the purpose of violence, that could drive the unfree peasants to despair and seek escape, perhaps to a more benevolent lord, who would gain by the addition to his work force. Paternalism was therefore built into feudalism. In India this took the form of the jajmani system that inverted in ideological terms the true relationship of the peasant and his master by specifying ritual claims of the subordinate peasants and village servants against their master. On the other hand, with the development of capitalist relationships jajmani has atrophied and violence against the peasant has greatly increased, for 'free' labour is also expendible and disposable labour. Proliferation of violence therefore does not indicate 'feudal' relationships but the reverse.

In my discussion so far I have focused on hierachical relationships between landowners and the subordinate peasantry. Unfortunately a preoccupation with this sector of the rural society has obscured another, very important sector namely that of the independent peasant proprietor. These 'bullock capitalists' as they have recently been labelled are an extremely important element in the development of capitalism in Indian agriculture. Patnaik dismisses them as petty commodity producers and by that token classifies them as pre-capitalist. But an independent peasant farm is not necessarily a pre-capitalist phenomenon. As Kautsky has demonstrated brilliantly such peasant societies undergo a far reaching transformation under the impact of capital, by virtue of being subsumed under capital and they play an important role in the development of capitalism as a whole. They continue to function on the basis of the family farm - although in India this class too has emerged as an employer of seasonal labour. Against the background of the Green Revolution, they have been investing substantial

amounts of capital in cultivation, although the tractor fetishism of scholars who do not recognise these as 'capitalist' but dismiss them as 'petty commodity producers', prevents them from appreciating how substantial are the investments that these 'bullock capitalists' do make by way of a variety of inputs in production and improvements to their land. These peasant farms are producers of 'commodities' within a capitalist system of (global) generalised commodity production. Not least, the smaller of these peasant farms are also producers and reproducers of the commodity labour power for work on large capitalist enterprises. This category of farmers is therefore internally differentiated by size of farm and the importance of these different characteristics will vary with the size of farm. But given the way in which all the different elements in this category are incorporated within colonial capitalism, it would be a mistake to limit the concept of capitalist agriculture to large rural entrepreneurs, the rich peasants (kulaks) and landlords who have become agricultural entrepreneurs employing tractors and wage labourers.

Capital dominates and exploits the small peasant even as it exploits the wage labourer. To understand the method by which 'surplus value' is extracted from independent small peasants we must begin with a recognition of the fact that the peasants and their families' labour is objectified in the commodities that they produce for the market for which they receive less than full value by virtue of unequal exchange. What they receive is the equivalent in value only to a portion of the output of their labour power expended in production, equivalent to output of 'the necessary labour time', the cost of production and reproduction of their labour power. The value equivalent of 'surplus labour time' is appropriated by capital whose operations enmesh the peasant economy.

As the small peasant proprietor is being represented here as a victim of capital, a word may be in order about his political role, particularly in the light of the so-called 'middle peasant thesis' with which my name is associated along with that of Eric Wolf. (Hamza Alavi, 'Peasants and Revolution', Socialist Register 1965 and Eric Wolf 'On Peasant Rebellions', UNESCO Social Science Bulletin, 1969) The 'middle peasants' in India today are by no means a radical force on the rural scene; quite the contrary. As employers of (casual) wage labour, they line up with rich peasants (Kulaks) against poor peasants. Demanding higher prices for agricultural produce and greater subsidies, they confront both the national bourgeoisie and the urban working class and other urban classes who are threatened by the potential price rises that their demands entail. It seems that the old comfortable alliance between the Indian national bourgeoisie and the rural gentry, on which the electoral successes of the Congress party were based has been eroded by the challenge of the 'bullock capitalists' and in state after state the Congress Party has faced defeats. One might say that we are on the threshold of a major crisis of Indian democracy as a result, contrary to complacent conclusions that the Rudolphs

draw from their recognition of the emergence of this class. The fact remains, though that this class is exploited by capital.

The principal mechanism in the exploitation of the independent peasant proprietor, apart from usury, lies in the terms of trade and his dealings with local traders. Henry Bernstein has criticised this on the ground that the 'characterisation of capital-peasant relations at the level of exchange is inadequate.' ('African Peasantries: A Theoretical Framework', Journal of Peasant Studies, Vol 6 No 4, 1979) Insofar as the discussion in question revolves around the role of merchants' capital, Bernstein's reservation is well taken, for one would not endorse the view frequently taken that it is merchants' capital (alone and by and for itself) that exploits the peasant. The trader's capital is the component of capital that directly confronts the peasant. But this is only one moment in the operation of capital as a whole, that subordinates peasant producers. Peasants of Pakistan or Uganda or Gujarat were made to produce cotton for industrial capital, the cotton textile mills of Lancashire for example, and not just for the benefit of the local traders who buy their produce in the first instance. Global capital, as a whole, extracts surplus value from peasant producers no less than from the wage labourer. The surplus value so extracted enters into expanded reproduction of capital and capital accumulation on a world scale.

Expanded reproduction of capital and capital accumulation must be central reference points in our analysis. It is all too often assumed, without much reference to actual historical evidence that this was absent from Indian agriculture until the 'Green Revolution' of the 1960s. As a matter of fact we find that, especially from the middle of the 19th century, there has been a considerable degree of investment and capital formation in Indian agriculture, notwithstanding the continuation of colonial exploitation and drain of resources from India which has contributed to expanded reproduction of capital and capital accumulation in the metropolis, an aspect of colonial capitalism.

To consider the wider context of the changes one can distinguish several phases in the evolution of Britain's colonial relationship with India. Until the middle of the 18th century, when the conquest of India began, it was a trading relationship in Indian textiles exported to Britain and Europe mainly in exchange for gold and silver bullion and precious stones, for Europe did not then produce much that India wanted in return. After the British conquest another factor entered the equation. Now land revenue, that had previously accrued to Indian rulers and which had supported a high level of urbanisation India, was now received by a foreign power. Receipts from land revenue were now used by the East India Company to finance its purchases of Indian textiles for exports and it was no longer necessary to bring into India bullion or any goods to finance cotton textile exports. Thus began the 'Economic Drain' from India that Indian nationalists have said so much about. The

burden of land revenue was increased massively. In the last year of administration of the last Indian ruler of Bengal, in 1764-65, the land revenue realised was 817,000 pounds sterling in value. In the following year, the first year of the East India Company's administration, in 1765-66 it was raised steeply to 1,470,000 pounds. When Lord Cornwallis imposed the Permanent Settlement in 1793 it was fixed at the crippling figure of 3,400,000 pounds (Dutt, 1970) Not only was the size of the levy increased steeply but also its collection was now rigorous and inflexible, unlike the previous 'feudal' regime when 'leniency' would be shown in bad years so as to ensure the reproduction of peasant families, not condemning them to starvation which would destroy the basis on which that society rested. Under colonial rule, as a result of the phenomenal rise in the burden of land revenue and its rigorous and inflexible collection the Indian peasant and, indeed, Indian society as whole, was rendered destitute. The great Bengal Famine of 1770, when a third of the population died, was a consequence of this rapacity and ruthlessness. Every ounce of the surplus was siphoned off. For half a century Indian agriculture and Indian society were left devastated and and pauperised.

Pereception of colonial history all too often stops with a consideration of that ruthless exploitation and devastation of Indian society. The fact of the matter is that colonial priorities changed by the second half of the 19th century. A new international division of labour had begun to take shape in which India's role was to be that of producer of raw materials needed by metropolitan industry and a market for colonial imports into India. Although the burden of land revenue did not go away it was nevertheless greatly eased for it was no longer to be the primary means of colonial exploitation of India.

India was a major producer and exporter of cotton textiles, to Africa and the Far East, already before its contacts with the West. After the sea route to India was opened up it became a major exporter of cotton textiles to Britain and Europe; there was a massive increase in the volume of exports. The speed with which Indian textile manufacturing industry responded to the vastly increased demand as a result, refutes stereotypes of Indian society being stagnant and 'backward'. As a part of the colonial transformation, this industry was eventually destroyed. But, contrary to the conventional wisdom of distinguished historians, it must also be said that it was not the superiority of British machine production of textiles that killed off the Indian textile manufacturing industry, the reasons for which are more complex which we cannot pursue fully here. (cf. Hamza Alavi 'Formation of the Social Structure of South Asia Under the Impact of Colonialism' in Hamza Alavi and John Harriss eds. Sociology of Developing Societies: South Asia, Monthly Review Press, NY,1989 and also Hamza Alavi 'India: Transition to Colonial Capitalism' in Hamza Alavi, Doug McEachern et al, Capitalism and Colonial Production. London 1982) As far as the impact of British machine production is concerned,

we need to take note of the fact that as late as 1813, half a century after the Industrial Revolution had got under way, it was not Indian cotton textile industry that was unable to withstand competition from British machine made production, but to the contrary, British Industry still needed protection from Indian competition so that (despite the laissez faire ideas propounded by Adam Smith (1776) and others, British import duties against Indian textiles were raised to an unprecedented level of 85% ad valorem. Indian textile industry was still resilient competitive. British textile imports into India began only with the turn of the century, and even then on a small scale. In 1815 Indian textile imports into Britain had amounted to 1.3 million pounds whereas Britain's textile exports to India in that year amounted to a mere 26,000 pounds worth. The turning point in the balance of textile trade between the two countries did not come until 1830 when India became a net importer. Still, decline in Indian handicraft textile production was itself a post 1850 phenomenon. (Twomey: 'Employment in 19th Century Indian Textiles' in Explorations in Economic History, Vol 20, 1983)

What I have just pointed out is relevant to the main theme of this paper because we can now see the form of the new colonial economy that was taking shape in India by the middle of the 19th century, Indian industry having been destroyed and Indian agriculture reorganised for production of raw materials needed by metropolitan capital. The catalyst that accelerated this process of change was the demand for cotton from Lancashire, especially in the aftermath of the American Civil War and the Manchester Cotton Famine. Suddenly the colonial government in India was galvanized into action. It began to pursue vigorously schemes to facilitate the cultivation, transport and export of cotton. In some tribal areas local tribal residents were summarily removed and peasant settlers (e.g. from Gujarat) were brought and settled to grow cotton. There was extensive development of canal irrigation so that the arid Indus plain of the Punjab became one of the richest cotton producing areas. Dormant proposals mooted in the 1840s by British interests to build railways were retrieved from dust laden bureaucratic shelves and set into motion, during 1868-80, with the benefit of generous subsidies so that by 1900 the major part of South Asia's present day railway system was already completed.

A revolutionary change had taken place in the Indian economy. After the middle of the 19th century the main project of India's colonial rulers was to construct a colonial economy in India that would play a role complementary to that of the metropolis in the colonial international division of labour. Direct extraction of surplus from the Indian peasant was no longer enough for its purposes. What resulted was an internally disarticulated development India, manufacturing industries having been destroyed and a development that was externally integrated with the metropolitan economy and, indeed, the pauperisation of the large mass of Indian peasantry in the late 19th century and the first half of the

century. But the other half of this picture was a positive development of a colonial agrarian economy from the second half of the 19th century.

One of the most fascinating accounts of the development of the new agrarian economy in colonial India that I have read is by an anthropologist, Tom Kessinger, who has put together a 120 year history of economic and social change in a Punjab village (Vilayatpur:1848:1968, University of California Press, 1974). It is a pioneering work of its kind. We have an account here of a whole range of developments both within the village and those enveloping it such as the building of a railway and road network, construction of large irrigation canals and so on which made agriculture both more productive and more profitable. Cultivated area increased and so did yields per acre because of irrigation and introduction of improved varieties of seeds. Given the fact that all this was in aid of providing raw materials for the metropolis, we are not surprised to learn that much research went into that aspect of development. Kessinger tells us that 'Increases in yields were most dramatic for non-food crops'. A subsistence farm economy was superseded by a commercialised farm economy. There were far-reaching changes in cropping patterns, all demanding both investment and entrepreneurship.

All this entailed very considerable investment in agriculture both by the farmer as well as by the state. As for the former, he invested large amounts of resources in digging wells, of which there was a very considerable increase in number, and there was also a revolution in the technology of drawing water from the wells by substitution of the traditional charsa, a leather bucket, by the far more efficient (but more costly) persian wheels made of iron and bought from outside the village. This entailed also more investment in oxen both for ploughing the additional land brought under cultivation and for working the persian wheels. Anyone familiar with irrigated agriculture will also appreciate the vast amount of resources that have to be expended to make land ready for irrigation, for it must be made perfectly level for water to flow evenly over it. This was a necessary concomitant of the increase in the acreage of both well irrigated and canal irrigated land. In all these different ways, over a 120 year period described by Kessinger, a large amount of the 'surplus' generated in agriculture was ploughed back in the land, reinvested in all these ways. To say therefore as Utsa Patnaik does that Indian agriculture is not capitalist because of the absence of reinvestment of the surplus in it, shows a disregard of the actual historical record.

This process was, of course, uneven and there were ups and downs. When one looks at the history of the Canal Colonies in the Punjab, for example, one finds a big spurt in development in the late 19th century, upto World War I. The War interrupted the process. But during that time the well off farmer profited from

the war time rises in agricultural prices as well as jobs which their sons found in the Indian army (that fought for British imperialism in the killing fields of Flanders !) so that at the end of the War they had money in their hands with which to resume developing their agriculture. The great depression of the 1930s was a major set back, which brought in its wake poverty and debt. But again, much of this debt (in the Punjab) was repaid as a result of higher earnings during the World War II and the farmers and landlords emerged from the war with substantial funds which they were ready to invest. At this time, post-war reconstruction in Europe delayed availability of imported inputs for a while. But already in the 1950s substantial investment in agriculture was resumed. Sulekh Gupta based his thesis about development of capitalism in Indian agriculture using data for the mid-fifties. One can therefore see the 'Green Revolution' of the 1960s in perspective, as an acceleration of a process that had gone on for a very long time. It was not entirely a break with the past. True all this applies to the better off farmer, for the destitution of the poor and the landless continued side by side, a polarisation that is a necessary concomitant of capitalist development. But by the same token, it cannot be held that investment and capitalist development in agriculture were not taking place during the colonial period or before the 1960s.

We must look at the emergence of colonial capitalism in India in wider terms than just in agriculture. I have focused on the issue of development of capitalism in Indian agriculture because that is where the issue is the most contentious. The basis of a colonial capitalist mode of production having been laid, a structural framework had been created within which indigenous large scale industry had also begun to develop already by the late 19th century despite discouragement and opposition by the colonial regime. By the turn of the century the Indian bourgeoisie, discriminated against by the colonial state in a variety of ways, backed the nationalist movement.

Capitalism was developing in colonial India, both industry and agriculture. But it was a disarticulated development in industry, for it was concentrated in light industry (until the middle 1950s when a new strategy was embarked upon in independent India), whereas one would argue that for self-sustained growth (which is not the same as autarchic development) it is necessary to develop, side by side, capital goods industry along with consumer goods industry. To some degree a movement towards such an integrated development was inaugurated by the Indian Second Five Year Plan - but this progress has not been smooth, given India's dependent status and, in particular, her dependence on multinational corporations for access to sophisticated technology which is provided to it on terms that inhibit its independent development in the long run. Direct Foreign investment as such is no longer a major feature in Indian development as is foreign collaboration and partnership with multi-nationals.

In the light of the above we should now be ready to formulate a conception of the 'Structure of Colonial Social Formations' or, the Colonial Mode of Production in India. But first we need to clarify some basic concepts. Much of the difficulty in the Indian debate on the mode of production in Indian agriculture stems in no small measure from lack of clarity about underlying concepts, which accounts for movements backwards and forwards in arguments of some of the participants in the debate. Our difficulty stems in no small measure, as Askok Rudra has said, from the fact that Marx did not provide a succinct definition of the term 'mode of production' although he refers to it frequently in his writings.

If we consider Marx's work, we find that although it is quite true that he did not 'define' the term 'mode of production', nevertheless, his most important work, Capital is devoted wholly to analysis of the structure and dynamics of the capitalist mode of production. Methodologically, it seems to me, a proper procedure is to extract the definition of the concept from the way in which it is embedded in Capital. It is however convenient to begin our discussion with a consideration of a version of the conventional definition as provided by Laclau.

Laclau writes:

'We therefore designate as a mode of production the logically and mutually coordinated articulation of:

- (1) a determinate type of ownership of means of production;
- (2) a determinate form of appropriation of the economic surplus;
- (3) a determinate degree of development of the division of labour;
- (4) a determinate level of development of productive forces.'

However as Laclau proceeds to specify the structural conditions of the feudal and the capitalist modes of production respectively, he deals only with the first two conditions, and understandably so.

The notion of including the level of development of productive forces within the definition of mode of production derives from Stalin, for it legitimised the priority that he gave to development of forces of production in Soviet development policy (contrary to Mao's slogans). In fact, historically, changes in social relations of production and the development of productive forces can be seen to have been quite distinct moments in the development of capitalism and Marx distinguished them by referring to changes in feudal social relations of production into capitalist ones (in England by mid 17th century ?) as the 'formal subsumption of labour under capital'; the word formal used here does not mean 'insignificant' as it has sometimes been interpreted to mean but rather it refers to structural change, a change in the form of society. On the other hand Marx refers to the growth of productive forces, as in the industrial revolution, more than a century after the 'formal

subsumption' had taken place, as the 'real subsumption of labour under capital'. (Marx Capital Vol I, Penguin edition, London 1976, pp 1019 ff). The capitalist mode of production was established with the formal subsumption of labour under capital, when, as Marx pointed out, the weaver worked at the same loom as before but now it belonged to his capitalist master instead of himself. It is this moment that defines change in the mode of production to the capitalist mode, the first two conditions as referred to by Laclau having been realised.

Laclau thus continues:

'The feudal mode of production is one in which the productive process operates according to the following pattern:

- (1) the economic surplus is produced by a labour force subject to extra-economic compulsion;
- (2) the economic surplus is privately appropriated by someone other than the direct producer;
- (3) property in the means of production remains in the hands of the direct producer.

'In the capitalist mode of production the economic surplus is also subject to private appropriation but, as distinct from feudalism, ownership of the means of production is severed from ownership of labour power; it is that (which) permits the translation of labour power into a commodity and with this the birth of the wage relation.'

As we shall see, in the light of the definition that we derive from Marx's treatment of the structure and dynamics of the capitalist mode of production in Capital, Laclau's definition, specifying some levels of determination of the respective modes of production is, however, incomplete, which can therefore, lend itself to an empiricist interpretation of the notion of 'social relations of production' as a relation between two individuals rather than an aspect of an overall matrix of society in which individuals are located.

I have set out in the table below concepts of modes of production, as derived from a systematic reading of capital, showing the several levels of determination of the structure of the feudal mode of production, the capitalist mode of production and, as I would suggest, the Colonial Mode of Production, showing how the latter is to be distinguished from metropolitan capitalism. The structural conditions, as I have identified them, constitute a complex unity; they are inter-dependent. In conceptualising economic or political 'instances' or 'subsystems', or 'base' and 'super-structure' they are all too often thought of as empirically separate entities, whereas they are only analytical distinctions that emphasise particular aspects of the complex whole. The economic instance, based on the separation of the

SOCIAL ORGANISATION OF PRODUCTION
LEVELS OF DETERMINATION OF MODES OF PRODUCTION

<u>FEUDAL MODE</u>	<u>CAPITALIST MODE</u>	<u>COLONIAL CAPITALIST MODE</u>
1) Unfree Labour	Free Labour	
2) Direct producer in possession of means of production.	Separation of the producer from the means of production	as in CMP
3. Extra-Economic coercion in extraction of surplus	Surplus extracted by economic compulsion of the dispossessed labourer.	as in CMP
4. Localised structure of power: fusion of economic & political power at the point of production.	Separation of economic and political power by the bourgeois state & bourgeois law.	as in CMP - but by the colonial state
5. Self-sufficient localised production: simple circulation of use values.	Generalised Commodity Production: labour power a commodity. Development of production of capital goods in Dept I and consumer goods in Department II.	Disarticulated generalised commodity production; labour power a commodity; production complementary to metropolitan production; circuit of generalised commodity production completed via metropolis; no Dept I.
6. Simple Reproduction: surplus largely consumed	Expanded Reproduction of Capital and Capital accumulation.	Substantial part of surplus appropriated by metropolitan capital and metropolitan state: circuit of expanded reproduction of capital completed via the metropolis contributing to capital accumulation there, not in colon

Within the Capitalist Mode of Production in societies where a peasantry exists and in the Colonial Modes of Production, independent peasant production, subsumed under capital, is inserted within the above -ramework.

producer from the means of production, as bourgeois property, for example, cannot be thought of without the simultaneous existence of its political conditions that must exist at the same time; and not only structures of power but also culture and ideology that underpin them. There is a simultaneous determination therefore of the overall structure at all its levels; none of its 'instances', that we may indentify analytically, being prior to the others.

See table on page 24 A

If we compare Laclau's definitions of modes of production with those that I have derived from a reading of Capital we find that Laclau's definitions cover only the first three of our six conditions. It is arguable that our fourth condition, namely the fusion of economic and political power in the feudal mode of production at the point of production and the separation of economic and political power under CMP, with the creation of the bourgeois state, are both implied in the notion of coercive extraction of the surplus under FMP, being a condition of such extraction and likewise the separation of economic and political power under CMP and the creation of the bourgeois state and bourgeois property, are necessary conditions of economic compulsion in the extraction of the surplus by virtue of the separation of the producer from the means of production.

Our last two conditions, however, are crucial and they find no place in conventional conceptions of modes of production including the version put forward by Laclau. Indeed it is with respect to these two conditions, namely generalised commodity production and extended reproduction of capital, that the structure of colonial capitalism differs from that of metropolitan capitalism. Both these concepts are central to Marx's analysis of capitalism.

The main impact of colonialism on pre-capitalist societies, in the course of their transformation into peripheral capitalist societies was, as I have stressed earlier, to break down their local self-sufficiency and to generate in them the process of commodity production for the capitalist market, both locally and internationally, thus integrating colonial production (of raw materials) into the structure of metropolitan production. This change takes different forms and trajectories in different societies.

But this is not just a question of producing commodities for the market. Essentially it is a question of the structure of global production that results from this. There is a transformation of the kinds of goods that the Indian economy was now to produce, for the colonial economy, now that her flourishing cotton textile industry was destroyed and her agriculture reoriented (and expanded) toward

production of commodities that were needed by the metropolis. Be that as it may, after the colonial transformation we can see an essential difference between the form of generalised commodity production in the metropolis and the colony. In the former generalised commodity production is an integrated process of the development of industry as well as agriculture and, especially, production of capital goods as well as consumer goods. This does not mean that this results in an autarchic economy, but rather a self-reliant one. In the colony by contrast we have a disarticulated form of development for there is no development of capital goods industry (for which the colony has to rely on the metropolis) and the development of industry is sacrificed for the development a specifically colonial type of agriculture, often vulnerable monocrop economies resulting in the process.

Likewise, in the case of extended reproduction of capital, given the flow of value from the colony to the metropolis, the colonial circuit of extended reproduction of capital and capital accumulation resulting from appropriation of the surplus generated in the colony, is completed via the metropolis, rather than mainly internally within the colonised economy, although a part of the economic surplus remains behind to sustain local accumulation and investment.

Here we need to explode the myth of 'export of capital' which has dominated perceptions of colonial relationships ever since Hobson, Lenin and Rosa Luxemburg. Colonial investments there have been. But these have been financed essentially from surplus extracted from within the colonies themselves. There have been no significant flows of value from the metropolis to the colonies. The flows of value have always been in the reverse direction, from the beginning of the colonial enterprise.

Economist historians have dismissed with derision Eric Williams' arguments (in his book: Capitalism and Slavery) about the contribution of colonial exploitation to capital formation in the metropolis through the 'triangular trade' i.e. sale of Manchester textiles in Africa to buy slaves for sale in the West Indies in exchange for sugar which when sold again in England would multiply the original capital many times over and provide resources for investment. It is true that the estimated flow of resources from that particular source, to which Williams limited his argument, was relatively very small. But his argument also drew our attention a process which can be looked at in wider terms.

If we consider the flows of value from India to England during the late 18th century, around the time of the industrial revolution in Britain, already the size of the flows of value from India alone, are by no means derisory. In the late 1970s I made an estimate of the annual flow of value from India to Britain in that period, which worked out to a figure of 2,000,000 pounds sterling a year. ('India: Transition to Colonial Capitalism' in Hamza Alavi,

Doug McEachern et al., Capitalism and Colonial production, Croom Helm, London, 1982; more relevant data have since been published so that we can make a fresh calculation). There have been earlier estimates. Prinsep, writing in 1823 estimated the net flow of value from India to England at between 3 million and 4 million pounds annually. Likewise Ramakrishna Mukherjee quotes Martin writing in 1838 who wrote: 'For half a century we have gone on draining from two and three and sometimes four million pounds sterling a year from India' (Mukherjee, The Rise and Fall of the East India Company, Monthly Review Press, New York, 1974, p 380).

Taking even my own conservative, lower, estimates of an annual flow of two million pounds a year from India, we can compare it with estimates of capital formation in England during the period of Industrial revolution. The beginning of the conquest of India and the unrequited flow of resources from India to England coincided in time with the beginning of the Industrial Revolution in England. Various estimates of capital formation in England at the time have been made, by Pollard, Deane, Crouzet and others. Taking Crouzet's higher estimate of capital formation England and comparing it with my own lower estimate of the flow from India, we find that Crouzet estimates total gross capital formation in the British economy in the boom years of 1790-93 at a total of 9.3 million pounds i.e. of an order of 3 million pounds a year. As against this a flow of value of two million pounds a year from India alone is no longer a derisory figure. And I would emphasise that we have taken a low estimate of the flow of resources from India and and the highest estimate of the level of capital formation in England that I have found, so that the bias would be towards under-estimating India's contribution rather than otherwise. To that must be added the surplus derived from the vast colonial enterprise all over the world, from slavery as well as from sugar, from cotton as well as from silk and not least from drugs like opium which were forced on the Chinese to raise money with which to buy Chinese products, for the colonial regime had little else to offer to China at the time. Some of this surplus extracted from the colonies was held back, as retained profits which vastly expanded colonial ownership of assets and enterprises in the colonies. If one takes the balance of flows of value between India and the metropolis during the colonial period and later, the outflow of payments on various accounts has always exceeded the 'inflow' on account of payments of interest and profits and new investments. (A.K. Banerji, India's Balance of Payments, Bombay 1963)

In conceptualising modes of production, leaving out the last two conditions of definition of modes of production, as I have identified them, poses a danger of an empiricist reading of the concept of social relations production, as a relation between two individuals or (reified) classes. This can happen when using categories like ownership or non-ownership of property, free or unfree, coerced, labour or simple categories such as 'wage labour',

or sharecropping or labour services. If a feudal landowner employs unfree labourers whom he pays a wage, that does not make his enterprise 'capitalist' nor does the use of free labour as sharecroppers or those who render labour services (as in Peru) make that feudal. Modes of production, as structures, constitute complex unities and it is only in terms of the whole that we can grasp the significance of particular aspects of them.

We need to qualify and amplify the representation of capitalist colonial modes of production, as given in our table, by according a place to peasant production subsumed under capital without the separation of the producer from the means of production. In India this class has emerged as one of the most significant new factors on the economic and the political scene. It is a class that is exploited by capital, though it must be said that it is a reactionary and conservative class.

Finally, having set out the structure of colonial capitalism, we need to ask whether it can be transcended within the framework of capitalism itself so that a social formation may move from colonial Mode of Production to CMP. If so what developments might bring that about.

Indian developments since independence have been quite remarkable, particularly since the mid-fifties. Pre-occupation of much less significant developments in Latin America, especially Mexico, Brazil and Argentine or alternatively, the so-called NICS, has tended to obscure the magnitude and significance of India's development. India does not figure large in the ranks of international debtors nor does it figure high in the league tables of national income per capita because of the vast numbers of pauperised peasants, possibly the largest number of people in such a category in the whole world, including China, who cause the average figure of GNP per capita to drop dramatically. The fact nevertheless is that Indian developments have been most impressive and invite closer examination than they have received.

Of course India is under pressure from the metropolitan powers like other Third World countries. But it is better placed to withstand such pressures than most countries, having developed a relatively more self-reliant economy than any of the others. The turning point in Indian development was the Second Five Year Plan of the mid-1950s when, against much resistance from Western powers, India embarked upon a programme of development of heavy, capital goods, industry, much of it developed in the state sector with the instigation and full support of the 'national bourgeoisie' for the state sector capital goods industries provided an infra-structure for their own further development. By virtue of having developed a sizeable capital goods sector India has advanced towards what I have called an 'integrated' form of generalised commodity production, as against colonial 'disarticulated' form. Likewise, although there has continued a net outflow of resources from India, its

internal appropriation now far exceeds it as a proportion of the surplus generated within the Indian economy. Extended reproduction of capital too is now internalised and it is arguable that it is no longer essentially colonial in form, for the outflow of the surplus is relatively small. One can therefore say that there has been a decisive movement in the case of India out of the colonial capitalist mode of production.

One crucial aspect of 'dependency' remains, however. India is dependent on multi-national capital for access to sophisticated technology. I first raised this question, as long ago as 1963 (in *Imperialism: Old and New* part V, in Socialist Register 1964). Since then this issue has been more widely debated and much data on the subject have appeared. The model sketched out in my above article was fleshed out by Michael Kidron in his excellent work on Foreign Investments in India (London 1965). How powerful this factor is now in affecting the dynamics of Indian development is not clear. The fact is that Indian industrial development has gone ahead far more powerfully than I had anticipated it in 1963.

Ultimately much depends upon India's ability to become self-reliant in the production of sophisticated technology. For this she already possesses great assets, for India has, (quantitatively), far greater resources in scientific manpower than any of the Third World countries not excluding Mexico, Brazil and Argentina and as one gathers from the literature, a greater number also than most advanced capitalist countries with the exception of the US and possibly Germany and Japan. But development of sophisticated technology is not a function of trained manpower alone - and even in that respect India is experiencing a heavy drain of highly trained scientists and technical personnel to advanced capitalist countries. At this point of time, it is too early to make a conjecture of how Indian development in this respect will proceed.

But finally, we cannot forget that India's achilles heel remains the massive number of literally starving pauperised peasants and landless labourers and the urban poor. Unless Indian development can tackle this immense problem, the rest of her 'progress' will mean little. India has a long way to go before the common people can celebrate its liberation from the colonial mode of production.

NOTE: This paper has been written in a great rush in the midst of other pre-occupations after arrival at UCLA. There have been difficulties in locating references and several titles have been quoted from memory. CAVEAT EMPTOR. !