

# The World Economy and Regional Economies in South Asia: Some Comments on Linkages

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Somewhere between 'South Asia' and 'world capitalism' lies an inter-regional arena of social politics and political economy. The encounter between regional social formations and the capitalist world economy cannot be fully understood if this intermediate layer of interaction and exchange is overlooked. Contrary to assumptions about older patterns of integration being subsumed, if not obliterated, under Western-dominated colonial capitalism, reordered ties between South Asia and neighbouring regions to its east and west continued to be vitally important in the nineteenth and twentieth centuries. Undoubtedly at a key, strategic level of analysis, the inter-regional arena might form the intellectual meeting-ground of scholars of 'South Asia' and the 'world'.

The territoriality of regional specialists and the expansionism of world-systems analysts have combined to keep South Asia a world apart from broader arguments about historical change. This concluding statement underlines the ways in which regional social analysis has continued to be of critical importance within the context of a capitalist world economy, and the extent to which the 'core' has constituted a major agency of regional social transformation. More important, it suggests how inter-regional links have sustained the social and economic viability of 'peripheral' and 'semi-peripheral' regions, while at the same time qualifying the dominance of the capitalist 'core'.

Relations of production and appropriation within regional social formations form the ground level of a multi-tiered

analysis on which any consideration of the inter-regional and world arenas of social politics and political economy must rest. Social structures of primary-producing (mostly agrarian) regions vary considerably and, without a broad typology of these structures, the question of their articulation to wider networks cannot begin to be addressed. Agrarian historians of socio-economic regions within South Asia can advance the field considerably by reinforcing a recent historiographical trend which has seen a shift of emphasis from the parametric features of economic impact—such as burden of rent, extent of indebtedness and loss of land—to relational features, which include patterns of entitlement to land, work and subsistence, and the circuits of credit linking land to capital and South Asian agrarian regions to the wider world.

Once South Asian agrarian economy and society were decisively connected to the West-dominated capitalist world economy around 1820, where did the locus of historical initiative come to lie? One view would appear to suggest that it was wrested almost wholly by the core whose rhythms and fluctuations were faithfully and helplessly reflected in the subservient periphery. Another counters by arguing the resilience of the regional heritage of agrarian social structure in continuing to be able to deploy its momentum to shape historical change. It may be best to acknowledge multiple loci of initiative of unequal power and then to identify the precise, occasionally paradoxical, modes in which each determinant operated. The capitalist core on the one hand dominated and impoverished the colonial periphery, while on the other contradictions within world capitalism opened the conditions of possibility of resistance by labour which could undermine the structures of domination at the regional and world levels. The pre-existing relations of property and production within an agrarian region moulded the form and impact of colonial capitalism but also set crucial handicaps in the political contest between capital and labour.

A couple of examples from rural eastern India, firmly tied to the capitalist world economy from the early nineteenth century, clearly illustrate this point. The first is the collapse of the system of indigo production in Bengal in 1860, and the second is the end of the creditors' heyday, especially in jute-producing east

Bengal, in 1930. Despite the same context of a general economic crisis which formed the background to the blue mutiny, indigo cultivation was virtually wiped out of Bengal while it entrenched itself in Bihar. The bulk of indigo was grown in Bengal on *raiya* or peasant lands. The common opposition of peasants and landlords involved in moneylending in the rice sector ensured that the strenuous efforts by European indigo planters to increase *nij* or demesne lands at the expense of *raiya* ended in complete failure. In Bihar, by contrast, the alliance between the *maliks*' or landlords' power and the planters' money forced a massive expansion of indigo cultivation on *zerat* or demesne rather than *assamewar* or peasant lands. The indigo planters' dominance could not be subverted in Bihar until 1917.

Similarly, the 1930s Depression had a differential impact on different types of agrarian social formation. The bond-snapping character of the credit crisis was most evident in the highly monetized economy of east Bengal, where moneylending zamindars and *talukdars* had held distant and feeble rent-collecting rights over their peasant debtors. Peasant resistance was most powerful and effective in delivering the *coup de grâce* to the relations of appropriation through debt. But since food also moved out of the orbit of the credit market into that of the product market, the full extent of peasant vulnerability became clear later, during the 1943 famine. In west Bengal, where a peasant smallholding-demesne labour complex had emerged, continuance of grain loans in the demesne sector strengthened the ties of dependence, while the smallholding sector suffering from low prices and the absence of monetary credit lost much ground to a grasping demesne sector. There were further variations in the social impact of the worldwide economic crisis on the two other major types of agrarian structure—the plantations of north Bengal and the rich farmer-sharecropper formation of the frontier regions.

The different configurations of agrarian class structure in specific socio-economic regions occupy, therefore, a key location in the hierarchy of determinants that have shaped the process of change over the long term in colonial South Asia, although the dominance of the capitalist world economy was real and contradictions within the upper echelons of its structure con-

tributed to historical contingencies of far-reaching import.

Agrarian regions of South Asia were not discrete entities but were critically dependent in the period from the mid nineteenth century to 1930 on systems of inter-regional specialization in the flow of capital and labour with regions in South East Asia and the Middle East. This is an extremely important level of analysis—important because historical webs of social and economic relationships were strung together so closely at this level—which has been very imperfectly investigated by scholars concerned with the world economy and historians of agrarian regions. While the case for integration has been strongly suggested by historical scholarship on the pre-colonial and early colonial periods, as well as by post-World War II developments in the domain of political economy, the analysis of linkages has been only tentatively attempted in historical studies spanning the century from 1850 to 1950. This has meant not only that a strategic level of analysis has been left unaddressed, but also that the world of the late-nineteenth and the early-twentieth century has been allowed to be schematized into a West versus rest dichotomy, leaving out of account rich and complex arenas of human interaction. Even after European penetration, South and South East Asia, as well as South Asia and the Middle East, were coherently definable inter-regional arenas characterized by specialized flows of capital and labour, commodities and services, ideas and culture. It is important to investigate the character and consequences of these linkages, the ways in which disturbances in the capitalist world economy affected inter-regional specialization, and the conditions under which recovery and reintegration took place.

Regional social formations and the worldwide economic system of capitalism were to some extent, and in varying ways, dependent on inter-regional networks. They allowed agrarian societies to be viable for considerably longer into the twentieth century than they might have been on their own strained resources, and afforded Western capital the opportunity to choose its direct spheres of operation. Flows of Indian migrant labour and intermediary capital to South East Asia wove a complex and integrated pattern of inter-regional links which relieved some of the pressure on the old-settled densely populated zones of eastern India and enabled the provisioning of

new concentrations of Western capital and immigrant labour on plantations in South East Asia. The relationship forged in the later nineteenth century between agrarian regions in India and plantations as well as rice frontiers in South East Asia was more than simply an interdependence of rural regimes. It formed an important intermediate level of the complex structure of capital—holding it up, but vulnerable both to shifts in its deltaic foundations and unhinging of support from the top. During the 1930s Depression the pieces came apart and were reassembled in quite different ways in the post-War era.

While the links between South and South East Asia have received some scholarly attention, those between South Asia and the Middle East during the century spanning 1850–1950 have been virtually ignored. Yet Western colonial capital reordered and redirected, but did not wholly rupture, the older ties which characterized the economy and civilization of the Indian Ocean. From the later nineteenth century, Indian merchants and moneylenders, both Hindu and Muslim, had sailed under the British imperial umbrella and extended their hold, from entrenched positions in the subcontinent, establishing sectors of economic influence, even dominance, in the Gulf. The 1920s saw the high-water mark of Indo-Gulf trading links, as well as the involvement of Indian capital in the pearling economies of Bahrain and Kuwait and in the bazaars of southern Iranian ports. The 1930s slump had a scything effect on economic links between the two regions and paved the way for the inroads made by Japan in the Middle East economic scene, largely at the expense of British-Indian interests. It was only in the late 1930s that a rising oil economy began to offset the effects of the collapse in the commodities trade and the tightening of credit flows by creating a new sort of market for South Asian products, skills and labour.

It is by tracking the fortunes and fears of Indian capital and labour in South East Asia, the Middle East and also East and South Africa that the nature of the Indian colonial economy can be fully grasped and the character of the Western capitalist and colonial/para-colonial enterprise more perceptively interpreted. A subtler understanding might then also be possible of the unities and distinctive features of the cultures and idioms of anti-colonial resistance than that allowed by the

perspectives of cultural exclusivists or believers of cultural domination within the world system. It is time for South Asian scholars to break out of the rigid mould set by the area studies rubric and for world-systems analysts to soften and nuance their steely schematic formulations. A *via media* may be found in the study of comparisons and links underlying inter-regional processes in the nineteenth and twentieth centuries which operated within a global context and for which South Asia was such a central meeting-point. Imaginative and innovative approaches to this intermediate level of societal interactions and political economies promise to open up an exciting new vista connecting the domain of area studies with the field of global interdisciplinary history.