EH307: The Economic History of South Asia 1600-2000

Teacher responsible
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Availability
This is an optional course for BSc Economic History, BSc Economic History with Economics, BSc Economics and Economic History, BSc Economics with Economic History. This course is also available to one-year General Course students.

Content
The economic resurgence of South Asia in the last twenty years has revived interest in the history of the region. It has also led to a fresh look at theories of economic history. Until recently, economic historians used to ask why India, Pakistan or Bangladesh had ‘failed’ to become success stories. Their answers looked at the legacy of colonialism or the legacy of culture. Today, we would hesitate to call these countries failures. But it would be mistake to see them as success stories either. After all, South Asia still contains the world’s largest pool of poor people, millions without adequate education or healthcare, who remain trapped in low income livelihoods. We need to ask instead, will a study of history show us why dramatic growth can co-exist with stubborn poverty? At the end of the course, you should be able to formulate your own answer to this question.

The course introduces the basic facts and major debates in the economic history of modern South Asia. It considers the legacies of empires and developmental states, globalizations of the past and the present times, and the role of indigenous institutions and resource endowments.

Teaching
20 one-hour lectures and 20 one-hour seminars during the Michaelmas and Lent Terms. One revision session will be held in the Summer Term. The seminars will consist of student presentations (in groups or individuals) on the class questions given under each topic. You may rephrase the question. One session each will feature a film-show followed by discussion, a quiz, and a group discussion.

Coursework
You are expected to write four essays or equivalent pieces of written work. The first three essays will deal with one of the class questions. The fourth will be on a question from a list of three to be announced in Week 17.

Assessment
Three-hour examination in the Summer Term (usually May-end).
Readings and textbooks
Under most topics, two lists of readings are shown, 'Background reads' and 'Main readings'. The former consists of textbook sections that are useful as references, usually necessary, but not sufficient to construct a thoughtful exam answer. The latter consists of more research-oriented readings, and reflects the historical discourse better. Seminars must build around the latter set.

Three textbooks (1, 3, 4) will be used throughout, and a fourth (2) will be handy for lectures 2, 3, and 4. Copies of all four will be available in the library.


Lecture schedule
The weekly topics are classed into four main groups:
A. Transition to colonialism (Weeks 2-5),
B. Colonialism and economic change (Weeks 6-10),
C. Major debates and cross-cutting themes (Weeks 11-16), and
D. Postcolonial transition (Weeks 17-20).

WEEK 1. INTRODUCTION TO THE COURSE

The introductory lecture will outline the aims of the course by highlighting the key questions and what lessons we expect to learn, and will provide a brief background to the geography and history of the region, touching on the essential facts that it would be necessary to know.

Keywords: Colonialism, development

Readings:

A. TRANSITION TO COLONIALISM (WEEKS 2-5)

Week 2. European trade in the Indian Ocean 1600-1800.
In 1498, a Portuguese mariner Vasco da Gama reached Calicut, a seaport on the Malabar coast. He was the first European mariner to complete the journey from Europe to India via the Cape of Good Hope. In the century following this event, first the Portuguese and later the English and the Dutch established trade links between Europe and Asia. In the 17th century, other nations joined the contest for a share in Indian Ocean trade.
Keywords: East India Company; textile export from India; maritime trade, silver.

Class questions:
1. Why were Indian textiles so much in demand in Europe?
2. Why were the chartered merchant companies from Europe successful as traders in the Indian Ocean?
3. Why was the Indo-European trade in the Indian Ocean important for Europe?
4. How did the Indian Ocean trade reshape Indian business?

Background reads:


Main readings:


Weeks 3 and 4. The birth of an empire.
The eighteenth century was a transitional time in India. In politics, the century witnessed the fall of the Mughal Empire, and the rise of the British Empire through military conflicts and warfare. The new regime changed rural institutions, and spawned new businesses under the protection of the East India Company.

Keywords: State formation, Permanent Settlement, zamindary system, ryotwari system, Bengal famine 1770, private trade, opium, indigo.

Class questions:
1. Why did the Mughal Empire decline? Was the fall of the Mughal Empire a disaster for the Indian economy?
2. Why did Indo-European trade lead to the British colonial empire in India?
3. Why, and how, did the Company recast property relations?

Background read:
Main readings:


**Week 5. A new trading order: 1800-1860**

A new state and a new world demand for primary commodities led to unprecedented changes in the pattern of trade in India. Peasant exports from India increased in scale. In the most successful crops in the early nineteenth century – indigo, opium, and cotton – the state intervened directly in the aid of private trade. How different was this commercial world from what it had just replaced?

**Keywords:** Cotton, indigo, opium, Opium War, Blue Mutiny, exchange banks.

**Class questions:**

1. How did the pattern of maritime trade change in the early nineteenth century?
2. Why did new industry and financial institutions emerge in the early-1800s, and why were these unstable?
3. How did Indian opium link India and China?

**Background reads:**


**Main readings:**

a. Ch. 5: Trade, Migration and Investment 1800-1850, in Roy, *India in the World Economy*.


B. COLONIALISM AND ECONOMIC CHANGE (WEEKS 6-10)

Week 6. Railways and irrigation 1860-1940
The major fields of investment in infrastructure in colonial India were the railways and canal irrigation. So large was the involvement of the state in the railways that India in 1940 possessed one of the largest railway networks in the world. The legacy, however, is controversial both for the manner in which these assets were built, and for their effects on welfare.

Keywords: Railway guarantee, famine relief.

Class questions:
1. What were the motivations behind an activist public goods policy in the mid-nineteenth century?
2. Why did the drive slacken in the early twentieth century?
3. Why was the railway policy controversial?

Background reads:

Main readings:

Peasant exports grew manifold in the course of the nineteenth century. New crops such as rice and wheat joined the old ones. We discuss these facilitating factors in the first set of lectures-classes, and the implications of the change for peasant welfare in the second set. A major theme of the second set is the great regional variation in the nature of the effect.

Keywords: Property right, land taxation, railways, irrigation, rural credit

Class questions:
1. What roles did property rights, infrastructure, and factor markets, play in the expansion of agricultural export?
2. What was the effect of agricultural commercialization upon peasant standard of living?

Main readings

Weeks 8 and 9. Factory industrialization 1860-1940
Between 1860 and 1940, employment in factories increased from 100,000 to two million, growing at an average annual rate of 4 per cent. The largest extent of the growth had occurred between 1870 and 1921. The extent of growth of modern industry marked India out as one of the ‘emerging economies’ of the late nineteenth century.

Keywords: Industrialization, cotton mills, jute mills.

Class questions:
1. How could a country deficient in capital and technology industrialize?
2. What role, if any, did colonial policy play?
3. How did World War I, the Great Depression, and World War II alter the conditions for industrial growth?

Main readings:

Week 10. Growth of wage labour
Cheap and safe transportation and new economic opportunities in the Empire and beyond saw many people leave land and migrate to distant regions. In 1920, the total number of persons of Indian origin working in the tropical colonies, Mauritius, Guiana, Fiji, Trinidad, Jamaica, Natal, Malaysia, Ceylon, and East Africa, numbered almost two million. Most of them were wage-earners. A million more had been born outside their place of work, and engaged in manufacturing, mines, and plantations inside India. India was the world’s main source for semi-skilled labour in the nineteenth century world.

Keywords: Migration, indentured workers.

Class questions:
1. Why did millions of Indians emigrate between 1840 and 1920?
2. Why did the proportion of wage labourers increase in the work-force, c. 1880-1940?
3. Why were there so few women in formal wage work?
4. Why were special contracts – indenture, headmen – so necessary for the recruitment and management of wage workers?

Background reads:
Main readings:


C. MAJOR DEBATES AND CROSS-CUTTING THEMES (WEEKS 11-16)

**Weeks 11 and 12. Colonialism and development**

The Empire in India created a mode of transaction between India and Britain. Payment for import of services was maintained by net export receipts. An ideology of free trade and shared gains between India and Britain sustained the transaction. In interwar India, the transaction broke down, leading to ‘decolonization’. As British economic growth slowed, the reduced attraction of the Empire for Indian businesses gave rise to the demand for an end to what the nationalists called ‘drain’. Neo-Marxists and nationalists believe the empire caused underdevelopment. Critics argue that they underestimate some of the spill-over effects of empire, on diffusion of science and technological ideas for example.

**Keywords:** decolonization, underdevelopment, free trade, drain theory.

**Class questions:**
1. Was colonialism a help or a hindrance to economic development?
2. How did British rule reshape economic institutions?
3. What were the costs and the gains from India’s imperial ties?
4. Why did colonialism end?
5. What is the economic history meaning of ‘decolonization’?
6. Why did the relationship between the state and business in the interwar period change?
7. How did the end phase of colonialism shape policies and outlook in postcolonial India?

**Background reads:**


**Main readings:**

Economic History Department
London School of Economics


Week 13. India and globalization 1860-1940
A world economy emerged in the nineteenth century. Trade barriers fell, transportation costs came down, and empires unified territories. Commodities were traded on a larger scale than ever before; labour, capital, and knowledge joined the basket of tradable; and new land frontiers opened up in order to feed industrial cities. As Britain industrialized, Indian export of textiles came to an end, and export of agricultural goods expanded. So large was the technological leap in textiles, and so large the demand for primary goods, that the ratio of export price to import price began to rise for India. If this was good news for the Indian peasants, it was bad news for the Indian handicraft producers. There is a view that Indian poverty originated in this episode of de-industrialization. What is this view, and what is the evidence underlying it?

Keywords: De-industrialization, terms of trade.

Class questions:
1. What was the effect of the integration of India in the nineteenth century world economy?
2. What was de-industrialization?

Main readings:

Weeks 14 and 15. Business history to 1940
Trade expanded in scale enormously between 1860 and 1940. The time-span saw the birth of a factory industry. Where did the enterprise that went into the making of an commercial-industrial society come from? Traditional forms of business were engaged
mainly in domestic commerce and banking. They acquired a global outlook by participating in early nineteenth century private trade. Even after the transition, they retained many traditional institutions, chiefly community and family ties, in the conduct of modern business. Was this a ‘survival’ or a form of efficient adaptation?

**Keywords:** Entrepreneurship, community, managing agency system, corporate law

**Class questions:**
1. Who were the industrial entrepreneurs? How were they able to meet capital scarcity?
2. What was the family firm? What was the corporate firm? What was the managing agency system?
3. Did cultural factors help or restrain enterprise?

**Background reads:**

**Main readings**

**Week 16. Demographic transition 1872-1951.**

India’s population, long stagnant or growing only at a slow pace, began to grow rapidly from the 1920s. Given the large initial size of the population, demographic change in this region was a turning point in world population history.

**Keywords:** Demographic transition, famines, epidemics.

**Class questions:**
1. Why did the population trend reverse about 1921?
2. Were the nineteenth century famines ‘Malthusian’ phenomena, environmental in origin, caused by free trade, or a result of entitlement failure?
3. Why did famines become rare after 1900?
**Background reads:**


**Main readings:**


**D. POSTCOLONIAL TRANSITION (WEEKS 17-20)**

**Week 17: Transforming Agriculture: Land reform and green revolution**

In 1947, colonial India was fragmented into two nations, India and Pakistan. The international border was redrawn in 1971 with the birth of Bangladesh. The main livelihood in all three countries was agriculture. But the prospects of creating income and wealth in land varied greatly due to resource conditions and ideological positions. This policy package and resultant changes in institutions and technology form the subjects for this week.

**Keywords:** Land reforms, green revolution

**Class questions:**

1. Why did the three countries differ in their commitment to land reform?
2. What was the green revolution and why did its impact vary across regions?
3. What were the similarities and differences between the 1970s green revolution and the late-19th century agricultural growth in Punjab?

**Background reads:**

**Main readings:**


**Week 18. Development policy and industrialization: 1950-1985.**

In all three countries, the pattern of industrialization followed a roughly similar course, with protection afforded to domestic industry and the state playing a relatively large and intrusive role. Where did this idea come from? What effects did it produce?

**Keywords:** import-substituting industrialization, state failure.
Class questions:
a. Why did the independent nations of South Asia adopt import-substituting industrialization (ISI) policy? Consider the role of history, real or interpretations thereof.
b. How did the three major nations of South Asia resemble each other or differ from each other in the pattern of economic change in the ISI phase?

Background reads:
' Economic Change in India', Roy, Economic History of India, 287-319.

Main readings:

Weeks 19 and 20: Globalization and South Asia: 1990-2010
From the 1990s, an economic reform process set in, with dramatic effects on domestic industry and services. The world had again started trading actively, after almost 60 years of cold war and protectionist development policy. Again as in the nineteenth century, a world economy was emerging. In this round, South Asia proved more successful in exporting manufactured goods and services rather than primary commodities and unskilled labour. In all three countries, import-substituting industrialization came to an end in the 1990s. Why did it end? On the other hand, in agriculture, there were gathering problems. What are these problems?

Keywords: Economic reforms, trade liberalization, services export.

Class questions:
1. Why did the ISI end?
2. Does the high economic growth achieved after the economic reforms of the 1990s represent failures of the past or strong foundations laid in the past?
3. What are some of the development challenges created by the liberalization?

Background reads:

Main readings: