Values as an Obstacle to Economic Growth in South Asia: An Historical Survey
Author(s): Morris David Morris
Published by: Cambridge University Press on behalf of the Economic History Association
Stable URL: https://www.jstor.org/stable/2116265
Accessed: 20-08-2018 21:16 UTC

REFERENCES
Linked references are available on JSTOR for this article:
You may need to log in to JSTOR to access the linked references.
Values as an Obstacle to Economic Growth in South Asia: An Historical Survey

There are two widely held explanations for South Asia’s failure to attain the level of economic performance achieved by the now developed countries of the world: One is that British imperial policy frustrated economic growth after 1750; the other is that the Indian value system and the social structure that reflected that value system were obstacles to economic growth. It is worthy of note that both interpretations tend to visualize pre-1750 South Asia at a level of economic organization and performance at least equal to that of western Europe in 1750, with the economic gap appearing only subsequently.¹

As South Asia’s colonial past recedes and the rate of economic growth of the now independent nations remains disappointing, there is a strong tendency to view the traditional value system and social structure as the decisive obstacles to satisfactory economic performance. The widely read and extremely influential volume by Kusum Nair, Blossoms in the Dust, expresses this view.² The economic historian Vera Anstey had come to the same conclusion before Independence when she wrote that the “religious tenets and practices of Hinduism and Muhammadanism have strictly limited economic development in the past. . . .”³ The same view was expressed in 1821 by the distinguished French scholar, the Abbé Dubois, after three decades in South India.⁴ And in 1838 Charles Trevelyan wrote:

[The] Hindu system of learning contains so much truth as to have raised the nation to its present point of civilization and to have kept it there for ages with-

out retrograding, and so much error as to have prevented it from making any sensible advance during the same long period. . . . The peculiar wonder of the Hindu system is, not that it contains so much or so little true knowledge, but that it has been so cleverly contrived for arresting the progress of the human mind, as to exhibit it at the end of two thousand years fixed at nearly the precise point at which it was first moulded.5

But for the definitive statement and classic analysis, we must turn to Max Weber. Concerned to explain differential levels and rates of economic achievement not only within Europe but between Europe and the great civilizations of the East, Weber initially raised the problem in his study of Protestantism. He pointed out that various manifestations of “capitalism and capitalistic enterprises” existed all through history, notably in China and India, but it was only in western Europe that “sober bourgeois capitalism with its rational organization of free labor” developed. Why, he asked, “did not . . . the economic development there [in China and India] enter upon that path of rationalization which is peculiar to the Occident?”

For India, Weber’s answer was that the effects of Hinduism on South Asian economic progress were “essentially negative.” These adverse effects did not flow from any specific religious institution or ritual which “every one of the great religious systems in its way has placed, or has seemed to place, in the way of the modern economy. The core of the obstruction was rather imbedded in the ‘spirit’ of the whole system.”7

It seems fairly clear that Weber believed that South Asia was, in earlier periods, a society organizationally, intellectually, and in terms of output per capita, at least the peer of Europe. It was only because of a special conjuncture of historical circumstances that capitalism and its productive consequences appeared in the West but did not develop in India. In this sense, Weber did not visualize a specific turning point, the Protestant Reformation, as decisive. Rather, he saw two quite different lines of development—one associated with the triumph of Hinduism over Buddhism and Jainism in the first thousand years of our era, and the other identified with specific consequences flowing from Judeo-Christian theology.

What is particularly striking in Weber’s position is not the proposition that the ideological characteristics of Hinduism prevented the independent creation of modern bourgeois capitalism but that they raised serious doubts about the ability of South Asia (unlike Japan) even to be a successful follower. Here the phenomenon of ideology was not the decisive factor; it was the restrictions imposed by the complex interdependence of Hindu ideology and the peculiarly rigid Brahmanic social structure embodied in the institution of caste that precluded the transformation to a capitalist economic structure and the achievement of high rates of economic growth.

But, obviously, South Asia is not entirely Hindu. Apart from Islam, it comprises a large number of other religious traditions: Jainism, Sikhism, Buddhism, Christianity, Zoroastrianism, as well as a variety of tribal animisms. In this context of religious diversity, can one appropriately speak of a single system of values? Can the effects of Hindu values be carried over to other religious traditions?

For Weber the answer was simple. He argued that Hinduism was an “almost irresistible social force,” that its assimilative powers have been so great “that it tends even to integrate social forms considered beyond its religious borders. . . . Islam, too, succumbed in India to the engulfing tendency toward caste formation. . . .” In these terms, Weber’s judgments about Hinduism and its effects on economic activity are intended to apply with virtually no exception to the whole of South Asia.

I

Viewed in terms of its purported influence on socioeconomic behavior through time, what are the major characteristics of Hinduism, the carrier of the South Asian value system? For purposes of this essay, a most general statement will suffice. The decisive doctrinal features are samsara, the belief in rebirth; karma, the belief that actions in one life determine fortune and status in the next; and

---

8 Ibid., p. 325. Weber quoted with obvious approval the judgment of “some eminent English students of the land” that even though “the penetration of Indian society by [British] capitalistic interests is already so extensive that they can no longer be eliminated . . . , the removal of the thin conquering strata of Europeans and the Pax Britannica enforced by them would open wide the life and death struggles of inimical castes, confessions, and tribes; the old feudal robber romanticism of the Indian Middle Ages would again break forth” (ibid).

9 Ibid., pp. 18-20.
dhārma, the definition of what one's behavior must be in the life status to which one's kārma has brought one.

The universe is seen as an enormously complex system, each part having a specific function which must be performed by a specific group of beings, a special varna or caste. Brahmans, the highest caste, perform the religious functions; Kshatriyas provide protection, “fighting in war and governing in peace”; Vaisyas, the third varna but still included among the “twice-born,” are the commercial class; while Sudras, the lowest varna, are created to serve all the rest.10

By the working of kārma, the iron law of retribution, man is born into a specific caste with a specific function in this life. His dhārma dictates that he perform the specific role set for his caste, a role supported by an array of ritual practices and safeguards. It is a violation of his dhārma to aspire to perform a function which properly lies within the dhārma of another caste. As the Bhagavad Gītā warns: “For there is more joy in doing one’s own duty badly/ than in doing another man’s duty well./ It is joy to die in doing one’s duty,/ but doing another man’s duty brings dread.”11 If one is to improve his socioeconomic position, he must do his duty and only that, aspire to no one else’s status, and relate by proper ritual and behavior to all other castes. The reward will come in the next re-incarnation.

One other characteristic of the value system is economically relevant—the stress on asceticism. The highest goal in Hinduism is moksha, salvation by release from kārma, the wheel of eternal re-births. The concept of moksha sets as the ultimate value the ideal of perfect asceticism, of absolute wantlessness. For ordinary people the Hindu system, of course, imposes specific sumptuary notions for each caste. Moreover, the hierarchy of castes favors those—Brahman and Kshatriya—whose functions are unconcerned with direct productive activity or accumulation of wealth.

10 Ibid., p. 55; he very explicitly accepts the four-class varna scheme as the “picture of historical social reality.” While most modern descriptions see the caste system fragmented into many more units than this, the historical consequences seem to be about the same as those described by Weber. See, for example, K. William Kapp, Hindu Culture, Economic Development and Economic Planning in India (New York: Asia Publishing House, 1963), ch. ii. Kapp stresses the psychological manifestations and consequences. Ibid., chs. i-iii. Weber, in Religion of India, pp. 339-40, explicitly denies the usefulness of a psychological analysis of the problem.
Certain historical consequences purportedly flowed from the Hindu value system and its dependent social structure. Put most generally, the notions of karma and dharma lowered the levels of human aspiration and placed "a premium on passive acceptance rather than on amelioration of the human situation whether by hard work or social reform." The combination of theology and caste organization supposedly froze people into the occupation or narrow cluster of occupations traditional to each caste to which its members were restricted by custom, by relations with other caste groups, and by the pressures of ritual and magic.

Caste puts a premium on traditional occupations by preventing the development of personal initiative; it works against the emergence of a relationship between individual aptitude, performance and earnings. Caste may even be said to restrict and determine consumption standards which are open to each individual in accordance with various caste rules. . . . Caste may thus be said to achieve what Western advertising aims at: it differentiates demand schedules and makes them less elastic.

What is being suggested, generally, is that over time and at any equivalent level of resources and organization South Asian society produced a smaller quantum of output than a society with a different system of values. Moreover, at any given level of savings, the rate of economic growth over time would be lower in South Asia because incentives to invest would be lower. The traditionalism of the artisan, great everywhere, was stiffened "to the extreme" by Hinduism. The "magical fear of innovation" worked harshly against technical improvement. In many cases, the tools of the artisan were worshiped as quasi-fetishes and this stereotyping of tools "was one of the strongest handicaps to all technical development."

The system, while not completely unresponsive to change, tended

---

12 Kapp, Hindu Culture, p. 16.
13 Ibid., pp. 46-47.
14 Ibid., p. 17. This last consequence seems to be somewhat at odds with the view earlier mentioned that the great performance gap between South Asian and Western economic systems manifested itself only after about 1750. There are a number of possible interpretations of this. The most popular seems to be based on the assumption of "the strong preference of Hindu wealth for commercial investment. . . ." (Weber, Religion of India, p. 117). Within the varna system there is provision for commercial groups, Vaisyas, who would be vigorously responsive to traditional types of investment opportunity but were not at all responsive to the much more productive (but novel) investment opportunities in the modern industrial sector.
to encapsulate it. More than a passive barrier, Hinduism had its own built-in devices for deterring the potential threat. Any change of place, occupation, or even the merest change in work technique could precipitate caste schism, and a new caste created by such deviation was invariably ranked lower than its parent group on the ritual and status scale. As Weber concluded, caste "sustains tradition no matter how often the all-powerful development of imported capitalism overrides it."16

The system not only generally slowed down change and its consequences but tended to restrict the groups through which economic change of the modern sort could occur. It is claimed that only traditional trading caste groups moved into modern commerce and then into modern industrial entrepreneurship, where, because of their traditional orientation to commerce, they retained a "speculative mentality." Handicraftsmen, for reasons already suggested, tended neither to accumulate capital nor to become industrial entrepreneurs. In general, the implication is that to the extent that groups did modify their economic activities, they succeeded only as they sustained traditional value systems. They did not bring to new activities the rational outlook of modern capitalism.17

The growth of modern industry was handicapped, it is contended, not only by the ritually limited supply of entrepreneurship but also by the enormous difficulties of recruiting labor. Artisans, despite the competition of foreign and domestic factory production, struggled to stay in their traditional occupations. The magical barriers to geographical mobility, to undertaking new occupations, to working in novel relationships with other castes, all served as inhibitions to the flow of craftsmen into industry. Labor came "not from the ancient industrial castes, but predominantly from rural migrants, declassed and pariah castes, and declassed members of certain higher castes."18 Low castes as well as high were infected with the sense of ritual appropriateness, the notion of limited aspirations, the doctrine of wantlessness which pervades the civilization. The obvious

16 Ibid., pp. 11-123. See, also, Kapp, pp. 46 ff.
consequence of this even in the new occupations was a backward supply curve of labor.\textsuperscript{19}

II

I have presented in this very gross fashion a widely accepted interpretation of how Hindu values and social structure have inhibited the economic performance of South Asian society through time. Most views, whatever the variation in presentation, seem to suggest that the rigidity, the incapacity of the economy to respond to novel and very productive opportunities, was most explicitly revealed after 1750-1800. To what extent does the historical evidence confirm such a hypothesis for the nineteenth and twentieth centuries?

An initial caution needs stating. The amount of satisfactory historical research that can be brought to bear on this range of problems is truly insignificant. The paucity is not for want of materials. South Asia is supplied with a range and quality of data that are in some ways quite impressive. Unfortunately, little of that material has been used to amplify our knowledge of the economic history of South Asia.\textsuperscript{20} As a result, it is possible to examine only certain questions but these ultimately cast rather serious doubts on what, for simplicity's sake, I will call the Weberian hypothesis.

One important characteristic of South Asia, which tends to be dismissed in most discussions, is its sheer size. The area of what is now Pakistan and India is almost equal to the whole of Europe excluding the Soviet Union, and the most distinctive feature of the entire pre-British historical record is the evidence of political fragmentation and economic distinctiveness of the separate regions. If for no other reason than the sparseness of interregional communications during the entire period before 1800, it is impossible to conceive of any economic integration of South Asia in terms relevant even for early modern Europe or China.\textsuperscript{21} It is, of course, possible

\textsuperscript{19} Ibid., particularly p. 114. Weber suggests that the one advantage to entrepreneurs "is that the caste division of workers has so far made any trade union organization and any real 'strike' impossible."

\textsuperscript{20} For a general survey of the state of the field of South Asian economic history, see Morris and Stein, "Economic History," pp. 179-207. I know of only one explicit attempt to relate the Hindu value system to economic change through time: V. Mishra, \textit{Hinduism and Economic Growth} (Bombay: Oxford University Press, 1962). The result is unsatisfactory.

\textsuperscript{21} Morris, "Reinterpretation," pp. 606-18. For this reason alone, it strikes me that any attempt to compare South Asian economic performance with that of Britain or Japan in the nineteenth and twentieth centuries is far from the mark.
to argue, as Weber did, that despite political and economic fragmentation, Hinduism imposed an overriding ideological unity that shaped socioeconomic behavior, but how valid is the notion of a unified "Hindu value system" in any sense significant to the economic historian?

The idea of an all-pervasive "Indian" value system has been derived from a scholarly dependence on the grand corpus of Brahmanical doctrinal literature. Even accepting the representativeness of this source, we must ask whether a single, monolithic ideology emerges. The moment the question is raised, the negative answer becomes obvious. As Weber himself recognized, within the format of this theology the range of possible, relevant value systems is enormous. There is no single "Hindu"—and therefore no single Indian—ideological position to shape social behavior. Not only does the Brahmanical literature contain enormous philosophical diversity; there is no single "book" and no formal church apparatus to elicit and impose any single dominating tradition of values.

Apart from the diverse "orthodox" value systems derivable from the Brahmanical literature itself, substantial doubt arises whether that literature is entirely representative of the traditional outlook. A far more varied range of philosophical positions and theological concerns seems to have existed than could have derived from the Brahmanical sources alone.

There is the further problem of establishing the link between expression and behavior. The formal system of ideas and values was, after all, the property of an incredibly small elite. Even assuming a monolithic Hindu theology in South Asia, we can ask how important was the effect of formal religious thought on actual behavior? Moreover, if, as I have suggested, Hindu theology contained many strands, it is certainly possible that these could have been extracted and combined in a variety of ways to rationalize or stimulate a variety of economic behaviors ranging from the most passive and otherworldly to the most aggressive and profit-maximizing. When this potential and actual philosophical diversity is further

---

22 This ignores for the time being the fact that each varna necessarily had its distinctive set of values associated with and appropriate to its dharma.


linked with the historical reality of geographical fragmentation, it is hard to sustain the idea that any single system of values could have influenced all South Asian economic behavior in any single coherent direction.25

One further matter relating to the notion of a Hindu value system is worth mentioning in this brief essay. Weber was aware that the Brahmanic ideology had not established its domination over the subcontinent at one fell swoop. It spread from a small region in northern India, only gradually embracing various non-Hindu groups. The process of diffusion he described is not unlike M. N. Srinivas’ "sanskritization" phenomenon, and it continues into our own time. While Weber saw the process as incorporating groups into a system of Brahmanical values with a fundamental ideological unity, recent fieldwork by anthropologists suggests that the values to which lower status groups aspire may not be Brahmanical at all. These groups, just coming into the Hindu system or striving to raise their status, tend to be responsive to the values and practices of the dominant group in their immediate locality, Brahman, Kshatriya, or even Vaisya. The implications of this recent work suggest once again that there are a number of "Hindu" value systems to which groups can respond.26

Weber's position was, of course, far more complex than the simple-minded dependence on a value system which is so frequently trotted forth to explain the behavior of South Asian society. As I have already indicated, for him the "cause" of India's failure to modernize is the value-supported rigidity of the caste system. I shall deal later with this view of caste. But let me first ask whether the purported slow economic growth of South Asia after 1800 is satisfactory historical evidence that Indians were less responsive

25 Basham, Wonder That Was India, ch. vii, particularly pp. 322 and 340 ff., suggests some of the possibilities of reinterpretation. The point about philosophical diversity becomes even more relevant when we recall that Weber's intellectual system usually derived its distinctive results from relatively minor ideological differences, e.g., differences among the various Protestant sects or between Protestantism and Catholicism. See also Marion J. Levy, Jr., "Contrasting Factors in the Modernization of China and Japan," Economic Development and Cultural Change, II (Oct. 1953), 161-97, for the significance of the notion of small differences.

to economic incentives than were others. The obvious implication is that specific economic opportunities existed, that there were no significant discriminatory institutional barriers, and Englishmen were taking advantage of opportunities while Indians were not. In fact, the British record of investment in India is not a particularly distinguished one. Not only was the per capita amount low, but the bulk went into a limited block of activities—railroads, general trading enterprises, plantations, jute manufacturing, and mining. In effect, “it concentrated on extractive industries and processing for export, on international trade, and on ancillary services,” activities requiring a specific and detailed knowledge of foreign markets. Natives were certainly at a disadvantage as against the Europeans in these enterprises.

It is true that Indians did not invest in railway shares. In 1870

27 I stress my doubt about the slowness of Indian economic growth in the nineteenth century. There have been no very helpful studies of the period. The rate of growth (if any) is unknown but a reasonable case can be made for rather substantial per capita growth between 1800 and 1914. The counterargument is based on the somewhat dubious assumption that the level of Indian economic performance about 1700-1750 was approximately equal to that in Western Europe. For a brief examination of these issues, see Morris, “Reinterpretation.”

But even if, when ultimately compiled, all-India data would confirm the more traditional view that no per capita growth occurred during the nineteenth century, one would still have to avoid the danger arising out of the aggregation procedure. (For an example of the importance of regional diversity, see the effects of Greater Bengal on the all-India results in G. Blyn’s Agricultural Trends in India, 1891-1947: Output, Availability, and Productivity [Philadelphia: University of Pennsylvania Press, 1966], pp. 219 ff.). It is certainly clear on the basis of the qualitative data that some regions—the Punjab, Assam, and, most probably, the Gujarat—grew very rapidly. If I am correct about this, we have a level of economic performance superior to many areas of Europe, Latin America, and Africa during the same period. Obviously, this would raise some very serious doubts about the meaningfulness of the “Hindu values” discussion. But even if such comparison cannot be made, the fact that there were very distinct variations in the rates of economic growth between one part of India and another would still raise very substantial issues. In this event one could possibly rationalize diverse regional economic performance with the notion of a “Hindu” value system by referring to the proposition that each varna had its specific dharma. If one could relate regions of more rapid expansion with higher proportions of Vaisyas in the population, the differences might just be justifiable. This is what Weber, in Religion of India, pp. 91-92, seems to have had in mind. At any rate, an obvious early task for scholars interested in South Asian economic history is an attempt to derive some estimates of rates of growth by region for the nineteenth century.


there were 51,519 British shareholders and only 368 Indians. But the rate of return guaranteed by the government was only 5 per cent and, as Buchanan said, that sort of investment "appealed to conservative Europeans." In other words, it may be incorrect to say that Indians did not invest in railway and other such enterprises because they lacked the entrepreneurial instinct or because they preferred traditional commercial or landed investments. It is entirely probable that Indian capital did not flow into railroads because the real rate of return to capital in India for alternative uses (net of risk) was much higher.

If one looks specifically at modern factory industry, the British created only one substantial model, the jute industry, and that was also oriented to the export market. It cannot even be said that the British here gave a lead to Indian entrepreneurs in the development of factory industry. The first jute mill was started in 1854, but so were the first cotton textile mills in Bombay. Although Englishmen were modestly involved in the financing of these early Bombay enterprises, it is quite clear that the cotton mills were essentially native enterprises. It was not until 1874, after seventeen locally financed mills had been established in Bombay, that the first British mill was projected. In that same year, when British capital was cautiously projecting one cotton textile factory, ten more native mills were started. By 1914 the Indian cotton textile industry had become the fourth largest in the world and it was almost entirely Indian-financed and -managed.

30 Buchanan, Development, p. 152.


One of the fascinating aspects of the aggressiveness of Indian entrepreneurs in the cotton industry is that they poured capital into the very sector where it would seem that competition with Britain was sharpest, where political pressures from Manchester were destined to be very great, and where they had to function with no tariff protection (or virtually none). In this sense, the career of the cotton textile industry suggests the reverse of the point usually made. In India, it was British capital that was cautious; native capital and entrepreneurship were aggressive, rational, and creative.32

But in one sense the issue is not the responsiveness of Indian entrepreneurs to profit opportunities but the “rationality” of their involvement. A good deal has been said about the short-run speculative mentalities of native entrepreneurs, but little suggested about their behavior could not be said equally of British and United States businessmen in similar circumstances.33 Again we feel the almost total lack of detailed studies. My own work on the Bombay cotton textile industry suggests that from the beginning one sees a pattern of behavior indicating economically rational responsiveness to available technology and to factor-price relationships differing little from that in the West.34

Is it possible that my evidence is biased by preoccupation with

32 For the history of jute and cotton industries, see Buchanan, Development, chs. x and xi; and S. C. Mehta, The Cotton Mills of India, 1854-1954 (Bombay: The Textile Association [India], 1954). For the estimate of India’s role in world cotton manufacturing, see Anstey, Economic Development, p. 262. For a brief comment on investment in the Bombay industry, see M. D. Morris, The Emergence of an Industrial Labor Force in India (Berkeley: University of California Press, 1965), pp. 22 ff. For an example of the caution of British investors, see the report by John Robertson reproduced in Bombay Millowners’ Association, Report of the Bombay Millowners’ Association for the Years 1875 and 1875-76.

British prudence showed itself not only in the cotton textile industry. In the steel industry, also, it was native enterprise that took on the task. See William A. Johnson, The Steel Industry of India (Cambridge: Harvard University Press, 1966), pp. 243-50 and references found there. See, also, Kidron, Foreign Investments, p. 41.

33 Aubrey, Investment Decisions.

34 Morris, Emergence of an Industrial Labor Force, pp. 31-38 and passim. The notion is widespread that Indians were technically and organizationally entirely dependent on Britain during the nineteenth and early twentieth centuries. But if one examines the Indian cotton textile industry, it becomes obvious that very early and in important ways the Indians developed their own solutions that took them down independent paths. Of course, as one would expect, labor-to-equipment ratios were quite different than those in Lancashire. But there were other substantive differences. Unlike Manchester, the Indian mills very quickly shifted out of mule and into ring spindles. Almost from the beginning of their history they integrated spinning and weaving departments, differing here, too, from British practice. And of course, the managing agency device was a different technique for administering the companies than was employed in Britain.
Western India and the cotton textile industry? After all, these are a region and an industry in which the specific value and group characteristics are consistent with the Weberian hypothesis. Although one can point to the growth of native-owned cotton mills elsewhere in India, dispersion of the industry was a relatively slow process before 1914. Immediately the question of the purported regional differences in levels of native entrepreneurship arises. This is a very complicated matter on which virtually no helpful large-scale research has yet been done. Therefore, let me comment on only one small aspect—the claim that the pre-1914 native enterprise involved itself in the modern sector mainly in the Gujarat, while in Bengal it seems to have devoted itself mainly to agriculture, government employment, and intellectual pursuits.

It is not entirely clear to me that Bengali capital completely deserted the modern sector at some date before the mid-nineteenth century. This matter, too, needs research. However, the argument seems not concerned with the flow of capital but with the flow of entrepreneurship. Bengalis were not becoming the promoters of jute mills as Gujaratis were becoming promoters of cotton factories. At this point a peculiar analytic bias manifests itself. The plaint that this kind of native entrepreneurship was lacking in Eastern India rests on the implicit assumption that only this kind of activity is really modern. Somehow, investments and activities in rural marketing, small-scale (workshop) industry, or agriculture (except plantation agriculture) are not counted as an expression of the modern outlook. No thought has been given to the possibility, in fact the likelihood, that Bengali capital turned to investments in agriculture and other rural activities (as it seems to have done) because the profitability of these sectors expanded greatly after about 1830. While scholars will occasionally suggest that rural investment was profitable, they invariably pass over the implications.

What I am suggesting by way of reinterpretation is that invest-

---

36 Morris, *Emergence of an Industrial Labor Force*, pp. 15-16. While it is popular to explain the situation in Bengal by reference to imperial policy, this doesn’t explain why the response seems to have been different on the two sides of the subcontinent.
37 See, for example, N. C. Sinha, *Studies In Indo-British Economy A Hundred Years Ago* (Calcutta: A. Mukerjee & Co., 1946), pp. 27-46. The fact that certain kinds of investments, as in modern factories, might ultimately have yielded some derivative benefits, some socioeconomic externalities, is no reason to imply either that the native entrepreneur was forced to choose rural investments or that his system of values made him unresponsive to the modern investments. It merely suggests that knowledge was not perfect. But this is not a defect only of the Hindu value system.
ment in modern factories should not be treated as something special. If we view all investment opportunities, except for the anticipated rate of return, as essentially the same to the entrepreneur, then the behavior of Bengali investors would seem perfectly explicable to an economic historian without appealing to any special cultural characteristics. If my hunch is correct, nineteenth century Bengali enterprise seems to have responded precisely to those outlets for its talents and capital for which the rate of return was higher than in industry.\(^{38}\) Under such circumstances, the first test to explain the varied directions of Indian investment in Bengal and in Gujarat would most fruitfully examine the differences in production possibilities. I am suggesting, in other words, that one does not have to refer to anything as elusive as a "Hindu value system" to explain regional variations in economic performance in nineteenth- and twentieth-century South Asia. Opportunity and specific, identifiable political and economic barriers are probably sufficient.\(^{39}\)

The same argument appears applicable elsewhere in the economy. It seems fairly clear that Indian agriculture has been generally responsive to the market. Although the detailed historical evidence we have relates only to the twentieth century, it seems consistent with what we do know about the nineteenth century—the growing regional specialization and changes in types of crops cultivated.\(^{40}\) However, the responsiveness I note may not have permeated the entire agricultural sector. As Kusum Nair has suggested, we may merely be observing the reactions of specific groups whose traditional value systems happen to be compatible with certain possibilities the market generated.

\(^{38}\) Buchanan, Development, p. 146, suggests this same possibility. It can, of course, be argued that the phenomenon flowed from patterns of discrimination against native enterprisers in the modern sector. While this possibility cannot be ignored, the answer will only be found when scholars have studied the rates of return from rural investments in the nineteenth century.

\(^{39}\) Unfortunately, space limitations force me to advance my argument in cruder form than I would like. While my proposition possibly explains the differences that distinguish Gujarat from Bengal, it does not immediately respond to the claim that it was Marwaris rather than Bengalis who moved in on the expanding rural opportunities of the nineteenth century. All I can say at this point is that categories such as "Bengali" and "Marwari" are far too gross to be analytically useful. My casual examination of some relevant data leaves me with the impression that when the details inherent in these categories are properly reconsidered, we will uncover a much different story than is now usually accepted.

\(^{40}\) Dharm Narain, The Impact of Price Movements on Areas Under Selected Crops in India 1900-1939 (Cambridge, [Eng.]: At the University Press, 1965); and Morris, "Reinterpretation," p. 612.
Throughout India . . . the best farmers are to be found not necessarily in communities most favorably endowed with material resources, but in those that are traditionally agriculturist by caste, such as the Sadgops in West Bengal, the Jats in the Punjab and the Patidars in Gujarat. It is so mainly because these castes have an inherited respect for agricultural work and they are not precluded by religion or tradition from working on the land.41

Again, briefly, I can only suggest that superior explanations will be found by referring, among other features, to the complex systems of land tenures, the distribution of power and control of economic resources associated with tenurial arrangements, and the effects of all these on rewards, incentives, and decision making in the countryside.

Weber wrote of the difficulty of recruiting labor for modern factories, "even in those manufacturing industries with the highest wages." The Hindu system of values with its sumptuary characteristics supposedly generated a backward-sloping supply curve of labor.42 The historical studies consistently run counter to such a view. The careers of the Bombay cotton textile industry and the Jamshedpur iron and steel enterprise both indicate that labor recruitment presented no problems and the labor supply curves sloped in the orthodox fashion in the relevant ranges.43 Here, as elsewhere, specific features of economic development are readily explainable without calling into account any concept of a Hindu value system—at least, as so far developed.

III

Let me now turn to the crucial area in which the value system functions through the social structure. Limited by space to a few categorical statements, I will attempt to focus on the claimed influences of caste on the performance of the Indian economy. We lack hard historical evidence, a fact which in itself raises an interesting question. Given the overwhelming social importance attributed to the institution of caste, one would expect to find a good deal of attention to caste relations in the history books. But the reverse is the

41 Nair, Blossoms, pp. 190-91.
A careful examination of the material pertinent to economic change indicates that what purport to be references to caste are, in fact, usually references either to varna or "community," much vaguer and analytically less useful terms. This is not the place to attempt a precise definition of caste. It is only necessary to indicate that in economic terms the relevant unit is what are called subcastes, jati, endogamous groups invariably confined to limited territories. The jati is the functional social unit in the countryside; the jati exhibits whatever ritualized and religiously determined behavior we will find; only the jati embodies those notions of belief, bulwarked by specific concepts of pollution, which could have any systematic effect on economic behavior. It is, therefore, not analytically appropriate to lump discrete jati into larger groups merely because of similarity of function or name. With this in mind, it becomes obvious that the varna categories used by Weber and others are entirely irrelevant for the evaluation of the major features of economic or social change. I think there would be little disagreement on this point among those who have worked most intimately on the problem.\footnote{Irawati Karve, "What is Caste?" The Economic Weekly, X (Jan., Mar., and July 1958), 125-38, 401-07, 881-88; and ibid., XI (Jan. 1959), 149-63; Srinivas, Social Change, pp. 3-9; and D. R. Gadgil, "Notes on the Rise of the Business Communities in India," a mimeographed memorandum prepared for the Institute of Pacific Relations, April 1951. Gadgil states (p. v) "It is my belief that the bulk of positions of administrative responsibility and especially positions of profit in an Indian business are held by persons belonging to the sub-caste [jati] of its owner or managing agent. The sub-caste thus tends to determine, in a large measure, the distribution of wealth and economic power." Weber recognized that each varna category incorporated many subgroups. He knew, for example, that there were socially degraded Brahman subcastes. See, especially, Weber, Religion of India, pp. 9 ff. However, his analysis required that these distinctions be ignored.}

The notion of "community" is even less satisfactory. Here there is a widespread tendency to confuse regional or other gross character-
istics with caste. I have shown elsewhere how such imprecision has led to incorrect conclusions about the historical development of the labor force. The same confusion seems to bear heavily on discussions about entrepreneurship. For example, one invariably finds reference to the various great South Asian business "communities"—Gujarati, Marwari, Bania, Chettiar, Muslim, Jain, Parsi, etc. Not one of these is, in fact, a jati. Typically, the community embraces a very large number of endogamous groups (except in the case of the Parsi). The Gujarati and Marwari communities are geographical classifications which incorporate all the main jati and religious groups that do business in these areas. Terms like Bania and Chettiar are also collective categories embracing a very great number of jati; these terms are particularly confusing since, while ostensibly defining specific jati or varna groups, they tend to be used as functional descriptions (anyone who trades!) and thus become quite meaningless. For example, in a recent article Bania was defined as "a member of a traditional merchant caste." The group considered in the sample embraced at least three and possibly thirteen (or more) jati. Moreover, groups identified as Bania in the study included elements which in the countryside had artisan or other nonmerchant designations—Teli (oil pressers); Kalvar (distillers); Bhuj (grain parchers); and so on. The justification for including them as Banias was that "these groups also sell these products and commonly operate shops." While possibly true, this certainly does not make them members of any "traditional merchant caste."

Not only are varna and "community" hopelessly confusing terms,


48 Richard G. Fox, "Family, Caste, and Commerce in a North Indian Market Town," Economic Development and Cultural Change, XV (Apr. 1967), 297-314, particularly pp. 297, 301, 304-8. My comments are not necessarily intended as a reflection on Fox's article. His purposes may have been satisfied by the Bania category he used. I am merely trying to point out that economic relationships and behavior are obviously not explicitly linked with any notion of caste that is operationally meaningful to the economic historian.
but the fact that they rather than jati are used in itself seems to imply something significant—that jati as such is not the economically or historically relevant category. Here two behavioral characteristics can be documented historically. First, there is widespread evidence, at least among the Ahmedabad and Bombay enterprisers, of inter-jati cooperation. It is not only a matter of cooperation in the modern sector; there is evidence of cooperation in traditional business activities. Let me illustrate the point with only two of many examples I have culled. The Walchand Hirachand family is now a major industrial force. They are Digambar Jains who migrated from the north Gujarat to Maharashtra about 1840. Walchand himself was apprenticed by his father to a Marwari commission agent for experience, early in his career cooperated with a Muslim contractor, and later went into partnership with a Brahman. The Tata family, is, of course, the most distinguished of the Parsi industrial enterprisers. The father of the great J. N. Tata was apprenticed (in the 1830's or early 1840's) to a “Hindu banker and general merchant.” Somewhat later he went into business with the Brahman, Premchand Roychand. J. N. Tata, of course, was noted for the variety of his business connections.

These are not special cases; similar ones can be found scattered throughout the nineteenth-century records. They are paralleled by the inter-jati collaboration within the labor force. This, of course, appears in modern industry. Moreover, the same system of apprenticeship which provided training in commerce was apparently also at work among rural artisans. In Jamshedpur I found considerable evidence that people employed as skilled masons were frequently not from “traditional” mason jati. On inquiry, I discovered that most of these had obtained their village-generated skill by working with a caste mason in the village from which they came. I have encountered

49 Walchand Diamond Jubilee Commemoration Volume (Bombay: Published by B. D. Sardesai, Walchand Diamond Jubilee Celebration Committee, 1942), pp. 3 ff. It is interesting to mention that while the women of the family still speak Gujarati and dress in Gujarati style, the male members have become culturally Maharashtrian. Ibid., pp. 4-5.

50 F. R. Harris, Jamsetji Nusserwanji Tata (2d ed.; Bombay: Blackie & Son, 1958), ch. i. There is a tendency to assume that Parsis were particularly cosmopolitan. What is neglected is the fact that they had to be cosmopolitan with someone! It is my own impression that the economic significance of Parsis as a group has been exaggerated. Among the Parsis only a few families are decisive. If their role is important, it is more a reflection of the small scale of economic action in India than of any specific system of values. Otherwise, one has difficulty explaining why the Parsis, so influential in Bombay, were insignificant in Ahmedabad.

51 See references in footnote 43, above.
evidence suggesting that in this same way new groups came into handloom weaving in the countryside in the nineteenth century.

A second feature worth mentioning is that the jati concept does not guarantee purity of function. One will constantly encounter in the literature reference to "traditional" caste occupations. The implication is that the group was traditionally found in this activity, and further that to the extent that census data report something less than 100 per cent employed in that "traditional" occupation we are seeing the evil consequences of "modernization." I do not want to deal with the obvious logical fallacy that neglects the impact of differential rates of population growth on the possibilities of engaging in a "traditional" employment. But let me remark that the notion of a "traditional" occupation to which members of a jati are tied is a very confused one which hides a great deal of interesting development. For example, in research that I am doing on handicraft weaving in the seventeenth century and after, there is very clear evidence that many groups in so-called traditional weaving castes were really cloth merchants and financiers. The actual weavers frequently were recruited from nontraditional jati. Without going into details, let me merely make the point that even in the rural sector and under circumstances not obviously related to the "modernization" process, castes "traditionally" identified with specific occupations were often found in other activities, socially both higher and lower. Moreover, there is evidence that groups classified as "traditionally" linked with

52 Buchanan, Development, p. 113, makes specific reference to a case in which part of a weaver jati took over merchant functions. The phenomenon, which seems to have occurred in many other occupations, is important for at least two reasons. It makes clear that handicraft workers were not all being driven into the state of landless labor in the nineteenth and early twentieth centuries. It also reveals a process of economic differentiation not unlike that which occurred in Europe and suggests the possibility that artisans, after moving into commerce, might well have functioned as merchant manufacturers with all the developmental possibilities inherent in such a process. I am convinced that there was a good deal of modern activity built up in the rural sector in this way in the last 150 years. But we will only be able to find out what happened when scholars give up the notion that planting, harvesting, and money-lending were the only activities occurring in the rural sector. Buchanan, in Development, chs. v-vii, says more about these possibilities than almost any other source I know.

53 Nair, in Blossoms, pp. xviii-xix, has a passage which indicates some of the categorical confusions which exist in the literature and which tend to blur the presence of change. "The words 'cultivator' and 'agriculturist' do not imply that the peasant necessarily tills the land himself. They may merely indicate that he lives mainly by income from agriculture. Then there are certain communities in India that are agriculturist by caste. They are like other professional castes, such as those of blacksmiths or weavers. The majority of the people who actually work on the land belong to what are known as the scheduled castes of Harijans."
a specific occupation will frequently be found to have come into that occupation within an historically recent period. Thus, to attempt to link occupation and jati rigidly is to find one's self operating in a universe of exceptions. The Indian society historically has exhibited a reasonably high degree of fluidity. This explains why so little can be said definitively about the influence of caste on economic change. Once one leaves the formal world represented by the Laws of Manu and the static analysis of the anthropologist, one enters a realm where caste and jati seem to be as fluid as change requires.

IV

This essay has concluded that there is no precise definition of a "Hindu value system" that can be identified as a significant obstacle to economic growth or change. Nor does the value system working through the caste system exhibit any decisive impact on the process of change. While jati seems to be the operative unit, it behaves historically as extended kin groups have done elsewhere. For example, the descriptions of entrepreneurial behavior in nineteenth- and early twentieth-century India resemble similar activities in Renaissance Europe and seem to reflect primarily the limited scope of economic opportunities rather than any specific form of social structure.

I confess I find these conclusions disturbing. What I am saying is that for the economic historian there seem to be no analytically significant differences between Indian civilization and any other. While this ability to generalize is what the social scientist struggles for, my conclusion "feels" as if it violates the "sense of things." But all I can suggest is that we must occasionally reexamine the evidence and our categories in the hope that we will be able to resolve this intellectual anxiety. Until then, we will have to push research along lines which assume that values have not been a significant obstacle to economic change and growth.

Morris David Morris, University of Washington