PROTO-INDUSTRIALIZATION AND
PRE-COLONIAL SOUTH ASIA*

For Voltaire, Descartes is another Aristotle, more dangerous even than the old one, because he seems to be more rational.1

I

INTRODUCTION

PRE-COLONIAL INDIA, LIKE MANY OTHER “THIRD WORLD” REGIONS, has traditionally been treated as though a fundamental gulf separated its allegedly static societies from the dynamic and evolving world of Europe.2 There are many ways of characterizing this problem, but briefly it can be stated that despite different perspectives scholars of different kinds, anthropologists and historians, agree on this basic axiom. The essential statement is that of the cultural anthropologist, not because all would wish to agree with it, as such, but because there would be general agreement with the assumptions that lie behind it, or at least tacit agnosticism. Which, to cut a complex story short, may be summed up in the idea that whatever content these histories and these societies had, it was not simply one of a different detail to that of Europe but rather of a fundamentally different order: in figurative terms, its space and its time are not those of the world which created the Industrial Revolution and the transition to industrial capi-

* Earlier versions of this article and the arguments therein were discussed at the following venues in February and March 1981: Shankar Brahme Samaj Vidnyana Granthalaya, Pune; the Indian Council of Historical Research, Western Zonal Seminar, Panjim; the Centre for Studies in Social Sciences, Calcutta; the Centre for Historical Studies, Jawaharlal Nehru University, New Delhi. I thank participants for lively criticism, notably Ram Bapat, Sudhir Bedekar, Gautam Bhadra, S. Bhattacharya, Sulabha Brahme, Barun De, Harbans Mukhia, Rajat Ray and G. D. Sharma. W. S. Atwell, A. K. Bagchi, David Hardiman, A. G. Hopkins, Franklin Mendels, Enid Perlin and Lee Schlessinger have also responded critically. The section on money-use is partly based on research funded by the Netherlands Foundation for the Advancement of Tropical Research, The Hague, in 1981, while that on rural economy draws on research funded by the Social Science Research Council, London, in 1975 and 1976.

1 Alexandre Koyré, *Newtonian Studies* (London, 1965), p. 61. As for the abstract cast of this essay, my justification is clearly expressed by Ernst Cassirer, *The Problem of Knowledge: Philosophy, Science and History since Hegel* (New Haven, Conn., 1950), p. 84: "For it is always highly significant when a science, instead of directly and resolutely seeking its object, suddenly deserts this 'natural' attitude for another; when it feels compelled to inquire into the nature of its object and into its own concept, and into the very possibility of the science itself”.

tality. Thus the most widely read and accepted book on Indian caste states that “No doubt there is in India today a distinct sphere of activity which may properly be called economic, but it was the British government which made this possible”. And, indeed, the character of Dumont’s interpretation would allow for no other conclusion.

I thus wish to emphasize that the profound scepticism characterizing perceptions of India’s pre-colonial past, and affecting even those who accept that pre-colonial India had an economic history worth studying, merely confirms a view of pre-colonial society and economy that is little different to the ahistorical perspectives of traditional anthropology. Thus Raychaudhuri speaks of the “immemorial system functioning on the level of a high equilibrium”, characterizing India’s non-agricultural production; “Industrial involution is perhaps not an inappropriate label for the history of manufacture in our period”. As van Leur had pointed out a half-century earlier, everything is changing but in essence all remains fundamentally the same. Similarly, the doyen of India’s present-day historians, Irfan Habib, remarks in an influential article that “It would be interesting to seek parallels in Chinese history, where too the repeated agrarian crises resulted in cycles of massive peasant revolts that overthrew dynasties but did not lead to the rise of capitalism.”

Underlying such views, together with the classic axioms characterizing all static or reversible epistemologies, is the assumption that Indian economic history (or that of “Mughal India”, or of the Marathas, say) may be treated as if it were essentially separate and autonomous, given all qualifications of European commercial activities on the subcontinent to the contrary: between the high point of Mughal power and glory, and the advent of colonial rule lies the gulf of the eighteenth century, characterized by a decline stemming from inher-


6 Irfan Habib, “Potentialities of Capitalistic Development in the Economy of Mughal India”, *Jl. Econ. Hist.*, xxix (1969), p. 50. In other respects, Habib and Dumont are hardly comparable, the one an economic historian of great originality, and the other a cultural anthropologist who marginalizes economy and history. However, they hold common assumptions, Habib accepting without discussion the substantivist interpretation of rural exchanges of the kind offered by Dumont. See, for example, Habib, “Potentialities of Capitalistic Development!”, p. 37. “Often both thesis and antithesis stand on the same ground”; Cassirer, *Problem of Knowledge*, pp. 86-7.

ent, organizational defects of pre-colonial economy and society.\textsuperscript{8} Behind all these different opinions exists an interdependent and self-fulfilling relationship between \textit{a priori} assumptions, methodological conventions, interpretations and available stocks of knowledge, aspects of which I shall discuss below. The autonomy of India's history is typical of a wider set of conventions and assumptions that allows the village, the countryside, a dynasty, a political region, or a continent, to be treated not as part of a broader set of historical events, relationships and problems (and not even to be tested for this possibility), but as a local or continental experience to be set off in contrast to "the history of Europe", or that of the Indonesian archipelago, or China, say. Indeed, the bundle of convictions and preconceptions, of which the "autonomy" of Indian history is merely symptomatic, has had the crucial effect of misdirecting attempts to come to grips with pre-colonial history.\textsuperscript{9} The consequence is that "colonialism" is endowed with the status of a \textit{deus ex machina}, the source of a radical break with this static or reversible past (not an unambiguous one, as I shall explain below), but essentially the point at which the possibility of irreversible change begins — in short, the start of a history of the European type.\textsuperscript{10}

\textsuperscript{8} As I shall point out below, the study of money forms a qualified departure from the rule; see nn. 86, 87 below, for applications of the "Hamilton thesis" to the Indian context in the works of Irfan Habib, Aziza Hasan and Shireen Moosvi. M. Athar Ali, "The Passing of Empire: The Mughal Case", \textit{Mod. Asian Studies}, ix (1975), pp. 385-96, and Karen Leonard, "The 'Great Firm' Theory of the Decline of the Mughal Empire", \textit{Comparative Studies in Society and Hist.}, xxi (1979), pp. 151-67, have made explicit attempts to link the "eighteenth-century decline" with external influences, but these are peripheral to the main discussion. For a useful summary of the debate, see J. F. Richards, "The Imperial Crisis in the Deccan", \textit{Jl. Asian Studies}, xxxv (1976), pp. 237-56. While it seems to me that the question of Mughal decline is a serious question, its translation into economic and political decline in the eighteenth century is surely a false problem, as I shall argue below.

\textsuperscript{9} It is instructive to compare west African history writing to that of India; treatments of post-sixteenth-century economic history and state formation are deeply affected by debates over the possibly formative influence played by maritime commercial contacts with west Africa. In contrast to this "open frontier of explanation", brave attempts to pose the question in the Indian case predictably encounter negative answers, as for example in M. N. Pearson, \textit{Merchants and Rulers in Gujarat: The Response to the Portuguese in the Sixteenth Century} (Berkeley, 1976); Om Prakash, "European Trade and South Asian Economies: Some Regional Contrasts, 1600-1800", in Leonard Blussé and Femme Gaastra (eds.), \textit{Companies and Trade: Essays on Overseas Trading Companies during the Ancien Régime} (The Hague, 1981), pp. 189-205.

Despite major contributions in recent years, India’s pre-colonial history remains in all these essentials in what we might call its “pre-Copernican” phase. But instead of going further into the character and basis of these difficulties in this essay I propose to offer a new interpretation which in large measure not only directly confronts, even contradicts, these dogmas of the discipline, but which also, due to the paucity of research and knowledge on subjects potentially irreconcilable with established viewpoints, must be much more hypothetical than Europeanist readers are accustomed to. However, the essential problem is not that of providing a new set of dogmas with which to replace the old, but of breaking apart the iron-hard shell of the old cosmology and replacing it with a series of vital new questions and broader methodological strategies. This is the spirit in which I offer the present hypothesis.

II
SUMMARY OF THE APPROACH AND HYPOTHESIS

Due to the complexity and broad scope of the argument, I shall begin by summarizing my purposes and procedure. The essential purpose is one of placing India in the comparative perspective of transitional processes affecting Europe before industrialization, and thus provisionally on the map of a commercial capitalism developing on an international scale in the course of the seventeenth and eighteenth centuries. It begins with a brief and critical review of the concept of “proto-industrialization” in order to establish a basis for applying a modified form to pre-colonial India. I argue that India, like Europe, was affected by profound and rapid change in the character of its societies and economies, and state-forms, from at least the sixteenth century, and secondly that a fundamental aspect of that development was a local merchant capitalism which emerged independently of that in Europe, but within a common international theatre of societal and commercial changes. My study of one regional economy confirms the need for a perspective broader than that occupied merely by the region itself, taking in financial and commercial dealings, a continued process of monetization and state formation on a subcontinental scale. It is within such a framework that the history of commercial manufactures in Bengal, Gujarat and elsewhere needs to be seen, its context being a subcontinental structure of relations also embracing peasant production in ostensibly remote regions, and, in addition, the increasingly international character of commerce and production relations during this period.

11 I mean that even given the originality and importance of works such as Irfan Habib, The Agrarian System of Mughal India, 1556-1707 (Bombay, 1963), general approach and methodology remain unchanged since W. H. Moreland, for example his India at the Death of Akbar: An Economic Study (London, 1920).
Thus I shall suggest that events within India need to be recast as an inseparable part of an international forum of activities, in which rural industrialization in Prussia, Bohemia and Bengal are best treated as aspects of a single set of both comparative and historical problems. Finally, I shall briefly return to the European case and argue that the twin problems of commercial manufacture and "de-industrialization" in the case of India help to illuminate the history of manufacture in Europe, and cast doubt on the usefulness of the very concept of proto-industrialization.

By implication, this essay strongly supports the spirit behind the old de-industrialization thesis, recently revived by A. K. Bagchi, while at the same time it seeks to redefine the manner in which the question should be phrased. Moreover, it contraverts Wallerstein's Eurocentric view of the origins and development of capitalism, suggesting why a new set of questions and a re-examination is now in order.

III
PROTO-INDUSTRIALIZATION AND ITS PROBLEMS

Orthodoxy reigns when an apparently new hypothesis achieves widespread acceptance and when the hypothesis becomes identified with the "thing" itself, which is then discovered to have existed "almost everywhere", so to speak. And so with proto-industrialization. Since 1972, when Mendels published his first provisional formulation of the concept — proto-industrialization being the first and necessary phase of a transition to industrial capitalism — a substantial body of literature has steadily accumulated confirming the phenomenon, culminating in the fifty-odd papers produced in 1982 for the International Congress of Economic History. Proto-industrialization has now been discovered in much of Europe, both east and west, in Russia and America, China and West Africa, and across a period of time running from at least the sixteenth century to the early twentieth. It has been described in regions which would eventually industrialize

12 For references to this debate, see Section V below.
15 Eighth International Congress of Economic History, Budapest, 1982. Communications Presented to Section A2: la protoindustrialisation: théorie et réalité, 2 vols. (Lille, 1982). These volumes appeared too late to be integrated into the following discussion.
and those which would instead stagnate, Japan and England on the one hand, Brittany and Bengal on the other. It concerns domestic manufacture before industrialization but also that which coexisted and even rose alongside factory production. Furthermore, some even wish to stimulate it anew, hoping thereby to provide a new impetus to the underdeveloped economies of the Third World.

Its central functions have been well stated in a recent article by Medick, in which he conceives of it as a new phase in the debate over the transition from feudalism to capitalism; for many, however, who do not accept the Marxist way of putting the problem, it certainly functions in a loose manner as a means of demonstrating a new phase in the economic history of many regions, one not always met by the categories traditionally applied to the regions concerned. So let me emphasize that this literature is welcome: when a new set of questions stimulates such a wide response, in terms of both discussion and new research, we accumulate, at least, a considerable addition to our stock of data, while at best we may obtain the means for providing new answers and for the very critiques which may urge discussion of transition on to a new phase.

Moreover, owing to the prime interests of many scholars who took up the notion (on which see below) it has acted as a focus for the synthesis of aspects of social and economic life previously fragmented in a too compartmentalized historiography: thus the new emphases on the role and character of the family in the production process, and

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18 Hans Medick, "The Transition from Feudalism to Capitalism: Renewal of the Debate", in Raphael Samuel (ed.), *People's History and Socialist Theory* (London and Amsterdam, 1981), esp. pp. 123-5, which has the merit of putting the transitional role of rural industrialization as a question. Hudson also phrases the problem in terms of the transition debate.

19 This could be said, for example, of both Johnson, "Proto-Industrialization in West Africa", and Rudolph, "Family Structure and Proto-Industrialization".
on the interrelation between demography and the relations of production, have marked an important if little remarked advance in the quality and scope of historical generalization.20

Discordant voices are already being heard, however, the two articles by Jeannin and Hudson being outstanding examples.21 These serve to demonstrate that the term itself masks a complexity of different processes and production relationships, all of which undeniably fall under the rubric of some type or other of domestic and workshop industry, but not all being necessarily relevant to the questions in hand. These need to be pulled apart and separately examined in order to define more clearly the nature of the problems that ostensibly concern us. Proto-industrialization has a teleological character in which these different phenomena are bundled together as parts of a single ongoing, insufficiently differentiated process.22 The clarity of the term lies in this evolutionist and transitional perspective but, on the other hand, once one begins to examine its content it is soon evident that it lacks precise definition or meaning.

In the following argument I wish to take up these latter aspects of the problem and to focus on the dominant tendency for the term to be used, despite all will to the contrary, in a manner which decontextualizes the objects of study from those larger frameworks of relationship whose precise character is arguably an essential part of any sufficient understanding of commercial manufacture. I do this because, as I shall try to show in the case of India, the rise of commercial manufacture and its subsequent denouement can best be understood as part and parcel of these larger processes, not simply as a series of responses to new markets, but as a much more complex nexus of extensive interdependencies taking form in early modern times.

The major problem is well exemplified by Medick's teleological treatment of rural industry in the seventeenth and eighteenth centuries, as an advanced sector occupying an intermediary position between traditional peasant agriculture and industrial production.23

20 For references, see n. 39 below.
21 Pierre Jeannin, "La protoindustrialisation: développement ou impasse?", *Annales. E.S.C.*, xxxv (1980), pp. 52-65; Hudson, "Proto-Industrialization: The Case of the West Riding". Hudson's effective criticism appeared too late to be incorporated into my contribution to the Congress, but she raises several of the points argued in the present version.
22 Appropriately conveyed in the titles of Mendels, "Proto-Industrialization: The First Phase", and Medick, "Proto-Industrial Family Economy". But see n. 23 below.
Correspondingly, the family production unit is also characterized as having evolved beyond the traditional peasant family structure characteristic of peasant agriculture. Several commentators further generalize about the demographic particularity of manufacturing families: their high fertility, often in conditions of dire and unrelieved poverty, marking the end of the Malthusian balance, the collapse of the checks and preventions which had once maintained the traditional peasant village in a state of relative equilibrium and structural stability. I do not wish to disagree with the empirical evidence for these differences in fertility and family structure (which is of obvious importance), but rather with the way they are then incorporated into a characteristic but problematic framework of thought.

The classic studies concentrate almost wholly on one or two sectors of textile manufacture, thus on spinning and weaving, as the essential units of observation and relevance; note that it is one thing to study a subject but quite another to constrain attention to it. Within this rather arbitrary limitation of focus (arbitrary because generally not

24 For example, many turns of phrase express this conception in Medick, “Proto-Industrial Family Economy”: “traditional peasant society” and the “transition to proto-industrialization” from the “peasant-artisan subsistence economy” (p. 299); “the traditional familial subsistence economy” (p. 300); “the disintegration of peasant society” (p. 301); “The history of the proto-industrial family economy formed a part of the long post-history of peasant society to the same extent that it formed a part of the pre-history of industrial capitalism” (pp. 309-10). See also n. 29 below. He does not explain why he accepts this particular presentation of the problems of rural industrialization, but it is arguable that it begs fundamental questions about the course of change affecting peasants after the sixteenth century, and their relationships to larger societies. In many parts of Europe the peasant village seems to have established its characteristic “traditional” form at the same time as the growth of merchant capital; thus, among many other works, see Marc Bloch, French Rural History: An Essay on its Basic Characteristics (London, 1966); Jerome Blum, “The Internal Structure and Polity of the European Village Community from the Fifteenth to the Nineteenth Century”, Jl. Mod. Hist., xliii (1971), pp. 541-76; Michael Confino, Systèmes agraires et progrès agricole: l’isolation temporel en Russie aux XVIIIe-XIXè siécles (Paris and The Hague, 1969), chs. 1-2. A proto-industrialist, Rudolf Braun, “Early Industrialization and Demographic Change in the Canton of Zurich”, in Charles Tilly (ed.), Historical Studies of Changing Fertility (Princeton, 1978), for example pp. 299, 311, contrasts the “traditional” lowland village with the transitional upland village and in the same text describes the contemporary forces causing the former to assume these so-called traditional features, features important for the evolutionist perspective. In Michel Dion, Nicole Eizner, Marcel Jollivet, Jacques Maho and Henri Mendras, Les collectivités rurales françaises, ii, Sociétés paysannes ou lutte de classes au village: problèmes, méthodologiques et théoriques de l’étude locale en sociologie rurale (Paris, 1974), rural sociologists are still referring to the eventual disappearance of the peasantry in the late twentieth century.


26 I am not disputing that there are differences to be measured, or that increased involvement in manufacturing may cause substantial changes in the structure of the family and its internal division of labour. Medick, “Proto-Industrial Family Economy”, pp. 301 ff., is most illuminating on this issue.
discussed, justified or otherwise qualified), occurs a series of other substantive approaches to the object under study. Much attention is laid upon the changing structure of the family, its size and functions, and its changing psychology, thus on the content of the manufacturing production unit itself. These are all fundamental problems, but while merchants, payment systems, export markets, food supplies and other specialized functions of the industry, such as bleaching and dyeing, lurk uneasily in the background or are discussed in highly general terms, attention to them is slight and contingent; they function at several removes as a loose and Cartesian sort of explanation for the feature under study, not as part of its thematic theoretical elucidation.

This tendency is surely a symptom of an approach in which, surreptitiously, an arbitrary evolutionist schema has imposed itself. Before an adequate discussion of the larger economy has been attempted, its parts are differentiated a priori from one another as more or less advanced (peasants and manufacturers), in a similar way to that in which Sahlins divides present-day “simple” societies into “stone age economies” and “neolithic tribes”. Symptomatically, Medick identifies a “family mode of production” (Sahlins uses the term “domestic mode of production”), confusing the Marxist “mode of production” with what is merely one aspect of it, the unit of production, a point I shall return to below. In addition, Medick, like Sahlins once again (with respect to “stone age economies”), applies

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27 The term “substantive” is defined in n. 41 below.
28 In spite of keen awareness of the role of merchant capital in rural industrialization, this unbalanced empirical emphasis on “organizational forms” (Hudson, “Proto-Industrialization: The Case of the West Riding Wool Textile Industry”, p. 53), leads, firstly, to a tendency to see the latter as founts of change in fact connected with a much broader structure of relationships, and, secondly, to positing rural industry and families as transitional intermediaries between traditional peasantry and industrialization. Thus, Medick, “Proto-Industrial Family Economy”, p. 300: “the producing family of the rural-industrial lower classes . . . appears as the essential agent in the growth of emergent capitalism”.

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29 Marshall D. Sahlins, Tribesmen (Englewood Cliffs, N.J., 1968); Marshall D. Sahlins, Stone Age Economics (London, 1972). In addition to quotations in n. 24 above there occur phrases such as “the infinitely tenacious resistance of pre-capitalist labour” (cited with approval from Max Weber), and “the preservation of pre-capitalist enclaves”: Medick, “Proto-Industrial Family Economy”, p. 300. Medick refers to the literature on women’s labour today as a further example of the function of “pre-capitalist enclaves” in stabilizing capitalist society; but surely it is mistaken to confuse figurative metaphors (capitalism’s peasants) with theoretical (and essentially arbitrary) judgements that such labour is pre-capitalist.

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uncritically Chayanov’s theory of peasant economy to an understanding of rural manufacture, a theory that has been the object of a great deal of important criticism, namely (and again significantly) for its static, ahistorical assumptions and purposely limited framework of attention.31

Of course, most writers are not as single-minded as Medick in characterizing the phenomena they study, but, if in a looser manner, these same weaknesses apply with what, in my view, are serious consequences. Braun’s evolutionism, the notion of some earlier equilibrium broken apart, a signal confining of systematic interest to the industry that constitutes a particular research interest, thus lack of context except in the most general and Cartesian of senses, and a distorting schematization, are typical.32 Mendels compares agricultural and industrial regions, with notable results, but the agricultural region is itself untypical so far as peasant Europe is concerned, and the comparison highly schematic and not developed into a broader treatment of the problem; it exists, therefore, in an uneasy limbo providing a convenient generalization about complementary developments.33

These remarks are not voiced simply for criticism’s sake, but because the problems they indicate are, in my view, fundamental for clarifying the nature of the growth of commercial manufactures, pointing to the approach I shall follow in the case of India. Undeniably, my own argument may also be criticized for being uncom


fortably schematic (largely owing to scarcity of evidence in the Indian case, on which see below), but its purpose lies in shifting the balance of attention from an almost exclusive empirical focus on particular production groups, be these families, villages or regions, to one that takes in their specific contextualization as a fundamental aspect of their nature, thus the commercial structures of production so important for their origins and fate. For example, the nature and content of the payment systems used to mediate merchant-producer relationships have been given far too little attention, in contrast to the pioneering studies of an earlier era, such as those of Supple and Klima. Schlumbohm’s treatment of the two classic types, Kaufsystem and Verlagsystem, may seem an exception, but his discussion is remarkably schematic and evolutionist (once more teleological) and does little justice to their empirical variety and to the lack of adequate research into what must be viewed as a crucial problem — one which is central for example, to answering questions about the relative dependence or independence of producers upon specific mercantile relationships and investments, and the extent and nature of the control possessed by merchants over the production process itself (with which, however, great play is made). In most of the literature, Kaufsystem and Verlagsystem function essentially as ideal types, according to which a schematic evolution of domestic industries can be ordered. In fact the placing of these terms between the two poles

34 Cf. the articles of Arasaratnam and Hossain on India (nn. 32, 37, 147), and Supple, Commercial Crisis and Change in England, and Arnost Klima, “English Merchant Capital in Bohemia in the Eighteenth Century”, Econ. Hist. Rev., 2nd ser., xii (1959), pp. 34-48, on England and Bohemia, which concentrate on these relationships. It is true that Kriedte, Medick and Schlumbohm, Industrialisation before Industrialisation, mention the importance of these larger relationships in their Introduction, but their implications seem to have been pushed aside in the detail of their arguments.

35 Jurgen Schlumbohm, “Relations of Production — Productive Forces — Crises in Proto-Industrialisation”, in Kriedte, Medick and Schlumbohm, Industrialisation before Industrialisation, ch. 4. Kaufsystem (for which there is no equivalent in English) and Verlagsystem (“Putting-out system”) are the two opposing payment systems into which relationships between producers, on the one side, and merchants and markets, on the other, are classically divided. Kaufsystem is nominally where the producer purchases his own raw materials and sells to a market; Verlagsystem is the classic putting-out system in which the merchant controls the supply of raw materials (and sometimes tools) to the producers, thereby obtaining control of the product before it enters the market. See n. 147 below on the system of advance money payments more characteristic of India.

36 Medick, “Proto-Industrial Family Economy”, ignores them in his argument about transitional family structures, while Herbert Kisch, “The Textile Industries in Silesia and the Rhineland: A Comparative Study in Industrialization”, Jl. Econ. Hist., xix (1959), pp. 541-64, gives little indication of their content. However, the importance of clarifying this content is clear when, in looking at the way Kisch uses “Kaufsystem”, we contrast the apparently free access of producers to markets, on the one hand, and yet their constraint within feudal ties, together with the collaboration of merchants and landlords, on the other (an apparent contradiction not discussed by Kisch). Two recent studies which directly confront the character of commercial relationships are William Reddy, “Modes de paiement et contrôle du travail dans les filatures de coton en France, 1750-1848”, Revue du Nord, lxiii (1981), pp. 135-46; Serge Chassagne, (cont. on p. 41)
of producer independence and dependence begs vital questions, such as the manner in which different payment systems responded to different conditions of production. Sometimes, indeed, they may be observed evolving in a particular direction, as in Coromandel and Bengal in India, but, in addition, different trades and different branches of a trade functioned within different kinds of market relationship, with these payment systems fulfilling appropriately different roles. Further, the relationships lying behind these terms varied in time and space. In short, Kaufsystem and Verlagsystem seem to be catch-all categories, preventing adequate attention being given to the issues raised above.37

Many scattered comments are made in the literature about overseas markets, but systematic treatment of how production fitted into and was adapted to these markets and to competition between industries and regions is left much more obscure, in contrast to the emphasis of earlier studies.38 What I therefore wish to point out is that the great strength of many of the proto-industrialists seems at the same time to constitute their weakness when confronted with the problems of commercial manufactures and "proto-industrialization". The reputations of several of those writing on "proto-industrialization" were deservedly gained from their pioneering studies of demography and family. Mendels is a signal example: together with Berkner, he has helped to redefine the role played by inheritance patterns in larger economic processes, and to lay the grounds for what may eventually turn out to be a new demography. Let me repeat: because of the explicit manner in which it seeks to relate small-scale processes and individual actors to more generalized structural changes, I regard this advance as one of the more significant in recent historical writing.39

37 Klima, "English Merchant Capital in Bohemia", describes variations and changes in payment forms, including cash advances. Kaufsystem has all the appearance of a residual category masking varying types of relationship. Hameeda Hossain, "The Alienation of Weavers: Impact of the Conflict between the Revenue and Commercial Interests of the East India Company, 1750-1800", Indian Econ. and Social Hist. Rev., xvi (1979), pp. 323-45, enables us to see that rural markets may be coercively organized to disadvantage producers, a case that may help us to understand that treated by Kisch in his "Textile Industries in Silesia and the Rhineland".

However, this all takes place within a limited conspectus, with the consequence that without a careful empirical reconstruction of the broader contextual relationships within which family units or industrial regions are set, the focus of interest becomes subjected to what Bourdieu nicely calls "special solutions" — special logical explanations, substantive explanations that is to say, that derive precisely from the narrowing of the authors’ main concern.⁴⁰ Substantivism, as is well known, is a term applied to a much disputed branch of anthropological thought,⁴¹ and it is significant in this respect that Marshall Sahlins, whose views we earlier compared with those of Medick, is not simply a neo-evolutionist and sympathetic to the ideas of Chayanov, but also a "militant" substantivist.⁴² These three positions seem closely related to one another, above all being characterized by the lack of significance given to context in interpreting both social structure and the nature of economic activities and institutions.⁴³

Many debates centre around this polarization between different kinds of explanation, the substantive on the one hand, and the "contextual" or "synthetic" on the other, an example being the inconclusive debate over modes of production in India. I suggest that the proto-industrialists would be loth to fall into the first category, but it seems to me that their procedures entail precisely this consequence. This is in line with a generally observable shift in balance in recent years towards more substantivist kinds of argument, partly to be seen in the strong contrast between the empirical emphasis of historians in the 1950s and 1960s on the growth and character of commercial relationships in manufacture, and in the emphasis of many today on the various problems associated with the study of family.


⁴¹ Oxford English Dictionary, s.v. "substantive" i(a): "That stands of or by itself; independent, self-existent, self-sufficient"; substantivism and substantialism being alternatives; thus, the substantivism of the anthropologist (Sahlins, Stone Age Economics, pp. xii-xiii) is reviewed by P. Q. Hirst, Jl. Peasant Studies, ii (1975), pp. 241-3, as his substantialism. The concept is used in a broader sense by Bourdieu, "Structuralism and the Theory of Sociological Knowledge", p. 690, where he remarks that "The subject . . . is more resistant than geometrical figures to the effort of grasping the system of relations from which it derives its raison d'être and even the appearance of an autonomous being". The point, in short, is one of categories being treated as if constituting fields containing a multitude of sufficient explanation.


⁴³ For a detailed critique, see my "Space and Order Looked at Critically".
This much too brief introduction presents the central theoretical and methodological problem dealt with in this essay. The weaknesses characterizing the concept of proto-industrialization, especially its evolutionist aspect, surely invalidates its further use for our purposes. What I want to emphasize is that this typical example of neo-evolutionism — the slotting of rural industries into what is essentially a sequence of notionally developmental stages — is not the same as a concern to set rural industries within a dynamic and developmental history, and thus to understand them in relation to the eventual emergence of industrial capitalism. Nor is it to say that pre-factory industry, and its spectacular market-oriented growth in the seventeenth and eighteenth centuries, is not of considerable importance for these tasks, especially when we come to examine those parts of the world where tradition has appeared to reign. In this latter respect, while I am convinced that the notion of proto-industrialization contributes little to our understanding of European history (as opposed to older and much more comprehensive usages, such as "merchant" or "commercial capitalism"), it at least possesses the polemical function of rescuing rural industry from static catch-all characterizations common outside of Europe, and evinced by labels such as "traditional", "pre-industrial", "pre-capitalist" and even "handicrafts". The tendency to apply such terms occurs above all in the Asian case, where it seems to be a point of dogma that manufacture, however sophisticated or extensive, represents age-old practices that cannot be treated as symptoms of a local commercial capitalism or of a changing, wider world characterized by the "commercial revolution" of these centuries (thus Raychauduri’s "high equilibrium" and "industrial involution"). Beyond this polemical function of showing how similar phenomena are used in different historiographies for completely opposite theoretical purposes, the heuristic value of the term "proto-industrialization" can be doubted, and I intend to replace it with the simple descriptive term "commercial manufacture": in this essay "commercial manufacture" simply refers to pre-factory industries of all kinds in town and country, workshop and home, oriented to a commercial market, be it regional, national or overseas. I shall turn later to a broader developmental concept, that of proto-capitalism, which provides a kind of resting stage within which a broad nexus of varied problems and relationships associated with the rise of commercial capitalism may be synthesized and new questions generated.\footnote{"Proto-capitalist" is used by Medick, "Transition from Feudalism to Capitalism", pp. 123, 124, but seems lost to sight in his "Proto-Industrial Family Economy". It does not appear in the index of Kriedte, Medick and Schlumbohm, Industrialization before Industrialization, in contrast, of course, to the full entry for "proto-industrialization".}

Given the recent growth in importance of patterns of thinking
about pre-industrial Europe similar to those long applied to India (the view, especially associated with Le Roy Ladurie and his neo-Malthusian colleagues, that pre-industrial Europe was caught within a technological trap, inducing cyclical or homeostatic movements in its socio-economic structures, thereby preventing long-run development and fundamental change),

it is important to demonstrate how types of production characterized by technological backwardness, impoverishment, and often by mixtures of occupational pursuits in single family household-economies, could nevertheless be aspects of fundamental structural changes transforming the general character of European and Asian societies.

IV
COMMERCIAL MANUFACTURES AND THE QUESTION OF SCALE:
SKETCHING AN APPROACH TO THE PROBLEM

Let us briefly turn to a consideration of the scale on which the rise of domestic industry needs to be examined. The subsequent sections on India are meant to bear the main brunt of this question, but some preliminary indications will help to introduce them.

Firstly, it is now abundantly clear that the very widespread growth of commercial manufacturing was not confined either to the countryside or to regions which would eventually industrialize. In this respect, the fact that urban industrial growth took place in India at the same time as the extension of manufacture into the countryside, is an important indication of a much broader process of change. There is, for example, differentiation between the kinds of product turned out in town and country, with a heavy emphasis on the urban development of the more craft-skilled, luxury productions, and there is

44 This is the subject of the debate in Past and Present, initiated by Robert Brenner, "Agrarian Class Structure and Economic Development in Pre-Industrial Europe", Past and Present, no. 70 (Feb. 1976), pp. 30-75, and continued in succeeding numbers as "Symposium: Agrarian Class Structure and Economic Development in Pre-Industrial Europe". It seems to me that a serious weakness of this debate lies in failure to integrate changes in fertility and population within class-oriented models of society, as factors caused as well as causing. Thus, Guy Bois, Crise du féodalisme: économie rurale et démographie en Normandie orientale du début du 14e siècle au milieu du 16e siècle (Paris, 1976), pp. 315-17, 336, 358-61, seems simply to displace population from a causal order of priorities, leaving the orthodox neo-Malthusian model intact, as noted by Emmanuel Le Roy Ladurie, "En Haute-Normandie: Malthus ou Marx?", Annales. E.S.C., xxx (1978), pp. 115-24, and Emmanuel Le Roy Ladurie, "A Reply to Professor Brenner", Past and Present, lxxix (May 1978), p. 56; thus the importance of the new work referred to in nn. 53 and esp. 59 below. Curiously, the new homeostatic views of pre-industrial Europe are remarkably similar, in principle, to previous views of pre-colonial India and China criticized above.

45 For urban growth, see Gavin R. G. Hambly, "Towns and Cities. 1, Mughal India", in Raychaudhuri and Habib (eds.), Cambridge Economic History of India, i, pp. 434-8. For almost the only serious study of urbanization and industry in pre-colonial India, see Hameeda Khatoon Naqvi, Urban Centres and Industries in Upper India, 1556-1803 (Bombay, 1968).
some division of labour between town and country in the distribution of the different crafts whereby the raw material eventually became a finished article, thus an increasing inter-regional and town/country complementarity and interdependence in both India and Europe, and eventually even between them. These should not be confused with other urban functions of a very different sort, but which also need considerably more attention if we are to understand the full scale on which change was taking place of which industry was merely part. I am referring here to towns as the centres of commercial practice and as the sources of credit and management, as centres of exploitation certainly, but of a kind which again unites town and country as parts of a single set of structural processes.

It is this perspective that provides one of the most important keys for examining the problem of stagnation and de-industrialization, which gripped the majority of commercial manufacturing regions. In this respect (and here I am talking to Indianists) it is a salutary lesson to discover that the failure to industrialize in India is simply one example among a large number, some cases being located in the industrial heartlands of north-west Europe, even in England. Indeed, the whole development of textile industries in Europe during these centuries, and even before in the later middle ages, is a story of temporary successes, inter-regional competition, decline of old products and crafts and the rise of new ones, and of complex, shifting
complementarities between the different trades making up the industry; these compose a continuous history only when put together and synthesized.\textsuperscript{48}

If these nuances have not been properly incorporated within the proto-industrial literature, this is because it has so far failed to differentiate the phasing of the long history of post-sixteenth-century, non-factory, textile manufacture, at least in any systematic and meaningful manner. Thus, in spite of a stricture by Kriedte, Medick and Schlumbohm concerning the need to distinguish pre-factory domestic industry and that stimulated by the rise of the factory,\textsuperscript{49} the literature persistently clouds over this basic problem, either by confuting known instances of both under one rubric, or by failing to ask questions about the contextual nature of some of the industries treated by them.\textsuperscript{50} The sweated domestic weavers of early nineteenth-century Lancashire, or those of nineteenth-century France (for example, the linen manufacturers of Halluin), display all the features of proto-industrialization, except that instead of representing a “first phase”

\textsuperscript{48} For example, Wilson, “Cloth Production and International Competition”; Duplessis and Howell, “Reconsidering the Early Modern Urban Economy”; Supple, Commercial Crisis and Change in England, ch. 7.

\textsuperscript{49} Kriedte, Medick and Schlumbohm, Industrialization before Industrialization, Introduction, p. 1.

\textsuperscript{50} Pierre Deyon, “Premier bilan et perspectives pour un congrès”, Revue du Nord, lxiii (1981), p. 6, dates the conjunction of conditions associated with the establishment of “proto-industrialization” in and from the sixteenth century. Rudolph, “Family Structure and Proto-Industrialization”, p. 111, dates proto-industrialization in Russia from the 1760s, while much of his data concerns the late nineteenth and early twentieth centuries. Braun, “Early Industrialization and Demographic Change”, pp. 289-309, is unclear concerning the chronology of changes, but the important developments seem to occur in the late eighteenth and early nineteenth centuries. Indeed, Alan Rogers, “Rural Industries and Social Structure: The Framework Knitting Industry of South Nottinghamshire, 1670-1840”, Textile Hist., xii (1981), pp. 10-11, describes a transition, from the mid-eighteenth century, from mobile, low-capitalized industry to one with more permanent complexes of buildings and more heavily capitalized, and it may be argued that the framework-knitting industry is less proto-industrial in its organization than an example of the non-factory side of production of the Industrial Revolution itself (the industry continued to grow in the early nineteenth century). Klima, “English Merchant Capital in Bohemia”, and Herman Freudenberger, “The Woollen-Goods Industry of the Habsburg Monarchy in the Eighteenth Century”, Jl. Econ. Hist., xx (1960), pp. 383-403, describe similar capitalization at the same time in Bohemia and Moravia. Levine, Family Formation in an Age of Nascent Capitalism, takes the bulk of the demographic data for the framework-knitting village of Shepshed from the nineteenth century, when reliable figures become available. Reddy, “Modes de paiement et contrôle du travail”, is a study of cotton spinning in France in 1750-1850, partly contemporaneous with machine spinning. Mendels, “Temps de l’industrie et temps d’agriculture”, pp. 30-1, uses data for his analysis of regional complementarities from both the late eighteenth and late nineteenth centuries, and cites a comparative case from the Balkans 1847-1911. Deyon, “Modèle à l’épreuve”, concerns developments in the early nineteenth century. And so on. The great importance of the late eighteenth century as the start of a period of profound transition is also evident in Bengal and Coromandel, as will become evident below.
leading towards industrialization, they are clearly a dependent product of the first phase of industrialization itself. Many of the "typical" features treated by Levine, Chambers, Braun, Rudolph and others appear to take on a specifically "proto-industrial" character in the final decades of the eighteenth century, and even more clearly in the early nineteenth century. I am referring here to the evidence of especially intensive forms of putting-out, of increasing pauperization and of high fertility, and in these respects a very sensitive handling of the general relationships between industrialization and the generation of particular features of the new rural and urban industries is badly needed (even on an inter-regional, international scale).

To refer back to an earlier point, it seems to me that this confusion is another consequence of the evolutionist perspective, in which different industries appear to move at different paces and to be at different stages of a given process of linear developments, rather than treating all as possible parts of a much more complex set of structural processes. For example, the framework-knitting industry with its exceptional technical advancement and its failure to become incorporated into factory production before the 1860s is surely not a suitable example of the thesis of proto-industrialization, although it seems to have entered the literature as an important case.

What I am pointing to here is that the problem of de-industrialization consists of a much longer-term question, part of which is that it happened repeatedly throughout the early modern period in different regions of Europe and Asia, part of which concerns the phasing of the history of textile industries, and part of which concerns the implications of the first phase of industrialization in western Europe. But above all, it indicates that de-industrialization in India needs also to be seen as part of this comparative set of problems, despite the specific local character of commercial exploitation by the East India Companies, and despite the local characteristics of the new colonial regime to come. In addition, earlier processes of decline, for example that of the most precociously "industrialized" region of the seventeenth century, Gujarat, cannot be explained simply by local circumstances.

51 Dominique Vermander, "La cité pré-industrielle d'Halluin au milieu du XIXe siècle", in De Fransche Nederlanden: Jaarboek van de Stichting Ons Erfdeel (Rekkem, 1982), pp. 33-61, for Halluin; E. P. Thompson, The Making of the English Working Class (Harmondsworth, 1968 edn.), ch. 9, for links between the early nineteenth-century Lancashire handloom weavers and factory production. The implication is that the "organizational forms" (see n. 17 above) are less important for describing the nature of an industry than the manner in which it is managed by different forms of capital (in contradiction to the view of Medick, for which see n. 28 above).

52 Chambers, Nottinghamshire in the Eighteenth Century, ch. 5, gives a chronology of technical developments, and Rogers, "Rural Industries and Social Structure", describes both the speculative character of late eighteenth-century investments in industrial villages, and the capital invested in costly machinery.
Thus we need to seek different kinds of explanation from those which traditionally have concentrated on the logical weaknesses of a particular type of society or economy (be it "Mughal", "feudal" or whatever), or on susceptibilities to arbitrary political and military disruption. The essentially substantivist concept of the "equilibrium trap", for example, is of less value than a comparative appraisal of the conditions under which commercial manufactures grew and stagnated in different parts of the world, and I shall thus place considerable emphasis on the character of commercial relationships of production themselves, especially on their extensive, often international character and their different local consequences.

Yet it seems to me that the problem of contextualization is more complex even than this. Several writers have suggested that one of the peculiarities of domestic industry in Europe, marking it off as a breakaway sector quite different from the peasant agriculture from which ostensibly it had emerged, consists of the high fertility and large families often typical of hand-loom weavers mentioned above. The causes are well understood (lower age of marriage and shorter periods of lactation, for example), but there is a fundamental ambiguity concerning whether this derives from emancipation from the constraints associated with the setting up of new families in peasant Europe, often determined by such imperatives as whether and when inheritance of a patrimony occurs, or whether it derives from more rational responses to the imperatives of the demand for labour necessary for a family to compete as a manufacturing unit. In fact, high fertility, large families and rapid population growth, in conditions of fairly unrelieved poverty, are also characteristic of predominantly agrarian regions. Plakans describes precisely such conditions in the manorial economies of the Baltic provinces of Livonia and Kurland, during the eighteenth century, where great composite households

53 Levine, "Demographic Implications of Rural Industrialization"; Levine, Family Formation in an Age of Nascent Capitalism; Paul Deprez, "The Demographic Development of Flanders in the Eighteenth Century", in D. V. Glass and D. E. C. Eversley (eds.), Population in History: Essays in Historical Demography (London, 1965); Braun, "Early Industrialization and Demographic Change"; Mendels, "Industry and Marriages in Flanders"; Mendels, "Proto-Industrialization: The First Phase", p. 252; Medick, "Proto-Industrial Family Economy", pp. 301 ff.; Fischer, "Rural Industrialization and Population Change", pp. 160 ff. Although we have little or no evidence for India (because we lack a pre-colonial historical demography), the vulnerability of manufacturing regions to climatic disorders (for example, the great famines which swept Gujarat in the 1630s, Bengal in 1769-70 and the Andhra delta in 1790-2, all associated with spectacular mortality and partial depopulation) is suggestive of vulnerable occupational structures. Surendra Gopal, Commerce and Crafts in Gujarat, 16th and 17th Centuries: A Study of the Impact of European Expansion on Pre-Capitalist Economy (New Delhi, 1975), pp. 95-6, for Gujarat; W. W. Hunter, The Annals of Rural Bengal, 1, 6th edn. (London, 1883), pp. 19-70, for Bengal.

54 Levine, "Demographic Implications of Rural Industrialization", pp. 178, 191, combines both, as do those mentioned in n. 25 above. But see n. 59 below for more consistent emphasis on labour demand theory.
(saimé) had little choice but to increase their size in concert with increasing demand by the lords and their agents for unpaid labour. It is similarly the case in eighteenth- and nineteenth-century Java, where the "agricultural involution" mentioned by Levine and Mendels also involved a demographic response to increasing taxes and an ecology capable of absorbing ever increasing inputs of agricultural labour. Finally, Jeannin also mentions rural Finland and eastern Prussia as displaying similar demographic characteristics.

What I then wish to suggest is that characterizing all these instances, and not only commercial manufacturing, is a contextual development of exploitative relationships which demand ever more labour for less rewards from particular household units. This phenomenon has been well described in the modern Third World, and it helps to explain the persistence with which poor people are often found building large families. What this implies is that different kinds of relationship — between landlord and serf directly for labour, between colonial state and peasantry for taxes in kind or cash, between market and industrial producers mediated through "hostile" competitive market forces — produced similar results. But this does

56 Clifford Geertz, Agricultural Involution: The Processes of Ecological Change in Indonesia (Berkeley and Los Angeles, 1963), esp. chs. 4-5, and p. 137. "Agricultural involution" is referred to by Mendels, "Temps de l'industrie et temps de l'agriculture", p. 27, and Levine, "Demographic Implications of Rural Industrialization", p. 179, and Levine, Family Formation in an Age of Nascent Capitalism, p. 14. Geertz's concept is one of a structural dependence between factors (sugar and rice cultivation respond symbiotically to intensification of labour input, and thus to increasing labour demand and labour supply), the principal motor of which lies in the constraints imposed by developments in the relations of production (especially different forms of taxing peasant labour by colonial authorities).
57 Jeannin, "Protoindustrialisation: développement ou impasse?", pp. 58-9. Rudolph, "Family Structure and Proto-Industrialization", pp. 114-15, gives a further example, this time concerning Russia, of large families and high rates of population increase among agricultural populations; significantly, these also occur in a period of increasing labour burdens.
58 Clearly, I have no quarrel with the basic theme of Wallerstein, Modern World-System, i, pp. 90-6, that is to say the role of various forms of "coerced cash crop labour" in a growing international economy, but the demographic problem suggests that both prices and prestation, in cash and kind, also exert a powerful coercive force across great distances. See Jerome Blum, The End of the Old Order in Rural Europe (Princeton, 1978), chs. 1-3, for an excellent synthesis of processes of deterioration affecting peasant livelihoods in many parts of western and eastern Europe.
59 Demographers of the Third World have been more consistent in displacing Malthusian theory than the proto-industrialists, who retain it to characterize "traditional" peasant societies (see n. 25 above), but the findings are remarkably similar. The pioneers are Mahmood Mamdani, The Myth of Population Control: Family, Caste and Class in an Indian Village (New York and London, 1972); Benjamin N. F. White, "Production and Reproduction in a Javanese Village" (Columbia Univ. Ph.D. thesis, 1976); Mead T. Cain, "The Economic Activities of Children in a Village in Bangladesh", Population and Development Rev., iii (1977), pp. 201-27. Since Mamdani there has been a steady improvement of the empirical techniques underlying this research.
not mean that explanation is impossible, only that we need a more comprehensive explanation than that supplied by the proto-industrialists. Provisionally we could say that the remarkable fact, in this period of history between the seventeenth and eighteenth centuries, is the secular increase in the use and exploitation of large collections of dispersed labour based on use of simple technologies, and the increasing sophistication and extension of these commercial methods of exploitation over ever larger distances (thus of commercial practice and banking institutions, for example). In Prussia, Kurland and Java crops were grown for distant markets, while in Leicestershire, Flanders and the canton of Zurich the same can be said of yarn and cloth. The common element: the varied forms of commercial capital, and the means by which it “fictionalized”, so to speak, the apparently independent ownership of the means of production by producers.

Thus, far from such analogies demonstrating the traditional character of domestic industry (because some of the phenomena previously associated with it by the proto-industrialists are now associated with peasant, and even serf-based agriculture in the poorest regions of Europe, as well as in “traditional village Java”), they instead implicate the need for a larger framework of questioning and analysis incorporating, on the one hand, textile producers, serfs and peasants, and on the other, Flanders, Baltic Kurland and Java. In this respect, the framework in which purely agricultural activities must be incorporated into a theory of transition, far transcends the rather special example of proto-capitalist agriculture analysed by Mendels, and mentioned above. Why do these two different production systems in widely separated parts of the world exhibit similar phenomena? We need to consider not only the structural characteristics of local societies, but also to ask questions about the possible existence, at the same particular moment in “world” history, of similar, even identical forces operating on these different types of local political economy, thus of larger structural forces. Namely, we require an approach that asks whether the new forced political economy of agricultural production in eighteenth-century Kurland and eighteenth- to nineteenth-century Java can be integrated within a larger study of the growth of capitalism and thus within a framework which merely includes the emergence of commercial manufacture as part of it. In turn, and this is the point of our critique of “proto-industrialization”, the rise of commercial manufactures cannot themselves be properly understood outside of an attempt to comprehend this wider framework. Arguably, and eventually, these in turn became varied aspects of the developing role and dominance of west European capital in organizing flows of goods on an international scale. Note that this does not imply that these international flows had a major, even significant role in the accumulation of capital in western Europe (al-
though in an institutional sense this was surely the case even if the quantities and values of goods concerned are proven to be relatively small), but instead that they had inescapable consequences for these other regions of the world.

We can thus suggest that the ostensibly “traditional” character of peasants during this period may to a large extent be deceptive, but instead that they had inescapable consequences for these other regions of the world.

60 On the basis of Blum, End of the Old Order in Rural Europe, and abundant other works, it could be argued that between the sixteenth and eighteenth centuries Europe’s peasantry had altered considerably, and were parts of very different societal complexes.

61 This is ironic criticism, given Medick’s own references to the importance of context, and his citing of E. P. Thompson, “Anthropology and the Discipline of Historical Context”, Midland Hist., i, no. 3 (1972), pp. 41-55.

In addition, Indianists must reconsider the significance of the poor technological base and impoverished social conditions generally characterizing dispersed types of labour-intensive industry, in which a relative degree of centralized control by merchants is exercised over the production process. Do they really indicate the clinging of archaic remnants of older modes of production to the new relations of production, as many assume, especially those concerned with the Third World?

V

DEBATES OVER DE-INDUSTRIALIZATION AND PRE-COLONIAL ECONOMY IN INDIA

At this point, we need to consider the debates taking place about India itself and, not least, the ways in which they have been con-
strained to the kinds of argument and approach that have successfully
kept discussion apart from that taking place in Europe. There is a
strong degree of complementarity and mutual repulsion in the con-
duct and stances of the two historiographies which reinforce the dual-
istic interpretations of the histories of Europe and the Third World.
In the Indian case, similar kinds of problem are set in a quite different
historiographic perspective, firstly in terms of an inconclusive debate
over "de-industrialization", and secondly in terms of the largely in-
dependent discussion of the nature of India's pre-colonial economy.
The de-industrialization debate has given surprisingly little attention
to recent treatments of what existed before colonial rule and, more-
over, to the broader subcontinental and international contexts of
manufacture and de-industrialization touched on above.

This neglect and a singular lack of firm data (of research of the
right kind) coexists with radically contrasting assumptions about the
nature of pre-colonial economy, and thus about the effects of col-
onialism. In crude terms, the de-industrialization debate has con-
cerned the following questions: did colonial rule lead to a successful
development of Indian economy (to some form or other of transition
in which the technical organization of production was significantly
advanced and life conditions for the mass of the population im-
proved), or did it instead lead to the underdevelopment of that econ-
omy, thereby destroying already advanced manufacturing industries
(partly through direct administrative and mercantilist intervention,
partly through the open door available for England's newly indus-
trializing production of yarn and cloth)? Or was colonial rule too
temporary and impotent a phenomenon to have any profound effects
on a resilient, profoundly conservative, alien society? We can simplify
the question by focusing our arguments on the earlier decades of
colonial rule in the late eighteenth and early nineteenth centuries,
when the problem of manufactures is not confused by a much later
phase of development of the international economy.

It immediately needs to be emphasized that the influence of the
de-industrialists has been largely confined to scholars within India,
especially to the nationalist historians of the early twentieth century,
and some, but by no means all, Marxist historians. Few students of
India in the west have taken their arguments seriously; despite the
scarcity of knowledge referred to above, pessimistic attitudes to the
level of organization of pre-colonial society and economy prevail. In
addition, the impact of modern anthropological field work and of the
many disappointments associated with post-independence agricul-
tural development — an emphasis, therefore, on apparently archaic
features of Indian life (the role of caste, of substantive forms of "econ-
omy", of peasant "backwardness") — has encouraged the view that
essential aspects of India's pre-colonial social order outlasted colonial
rule itself. As I shall point out below, this seems a basic misreading of the anthropological findings. However, it is characteristic of the debate that methodological criticism of arguments favouring de-industrialization, criticism often justified in this methodological respect, tends to become confused with negative judgements about de-industrialization itself. In fact, not only is the question not disposed of, but it remains to be properly discussed.

This becomes obvious when we note the remarkable lack of any serious regional monographs on textile industries, in the seventeenth and eighteenth centuries, of a kind long legion in the European historiography. A fair amount of work has been written about Bengal after the East India Company had seized power, but not much before 1750, and little of either concerns the development of the region as a major centre of urban and rural industrial production. Except for general monographs and some essays on individual towns, we have no study of the precociously developed "proto-capitalistic" region of Gujarat in the seventeenth century.

When we turn to those who have written about pre-colonial society and economy, we discover that the major tendency is again pessimi-

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62 For example, Eric Stokes, "The First Century of British Colonial Rule: Social Revolution or Social Stagnation?", *Past and Present*, no. 58 (Feb. 1973), pp. 136-60. This perspective has much deeper roots among cultural anthropologists, on which see nn. 41-2 above, and my "Space and Order Looked at Critically". Much the best and most wide-ranging critical work has been done with respect to Africa, concerning which historians are playing a leading role.


64 A. I. Chicherov, *India: Economic Development in the 16th-18th Centuries: Outline History of Crafts and Trade* (Moscow, 1971), is a work of general synthesis. Gopal, *Commerce and Crafts in Gujarat*, is a pioneering exception but traditional in form and hardly adequate by itself. John Irwin and P. R. Schwarz, *Studies in Indo-European Textile History* (Ahmedabad, 1966), is also exceptional. The fact is that none of these constitute a detailed study of a pre-colonial industry.

65 On neglect of industries in Tapan Raychaudhuri, *Bengal under Akbar and Jahangir: An Introductory Study in Social History* (Delhi, 1953), see p. 54 and n. 69 below. Mohsin, *Bengal District in Transition*, includes an excellent study of the Bengal silk industry from the late seventeenth century. Om Prakash, "Bullion for Goods: International Trade and the Economy of Early Eighteenth Century Bengal", *Indian Econ. and Social Hist. Rev.*, xiii (1976), pp. 159-87, and Susil Chaudhuri, *Trade and Commercial Organisation in Bengal, 1650-1720, with Special Reference to the English East India Company* (Calcutta, 1975), are welcome emphases on pre-colonial Bengal, but do not aim to study the nature of the industries themselves (Chaudhuri giving little information on silk and cotton manufacture, for example).

66 Due in part to availability of records, Indianist writing tends to concentrate on overseas commerce and commercial relationships, in contrast to Europe. On Gujarat towns, see B. G. Gokhale, "Ahmadabad in the XVIIth Century", *Jl. Econ. and Social Hist. of the Orient*, xii (1969); B. G. Gokhale, *Surat in the Seventeenth Century: A Study in Urban History of Pre-Modern India* (London and Malmö, 1979); Ashin Das Gupta, *Indian Merchants and the Decline of Surat, c. 1700-1750* (Wiesbaden, 1979). However, information on manufacturing is scanty and we are in need of a study of the whole proto-capitalist nexus of towns and ports, merchants and bankers, cash crop production and manufactures, characterizing seventeenth-century Gujarat, thus of the infrastructure which provided Surat with its essential functions.
tic. No serious historian would argue today that India had been on the eve of an industrial revolution, only interrupted by the establishment of colonial rule. Instead, the argument concerns the kind of political economy (in the largest of senses) which arose in the seventeenth century. Habib is the central figure in these arguments, and he has put forward a theory of parasitical "commercial" capitalism which emerged and declined together with the Mughal empire, and which depended on the peculiar organizational features of its taxation systems and service nobilities. Thus long before serious European intervention in the subcontinent, this economy is thought to have declined, providing a vacuum which facilitated colonial conquest. Habib, like most other writers, gives little attention to manufactures, but where he does these are again characterized as a feature of the special class structure of the Mughal state and destined to disappear with it (urban workshops sponsored by the ruling elite; rural production receiving poor notice).

Raychaudhuri has more tantalizing remarks about Bengal's commercial, industrial economy in the seventeenth century but, and this is again typical, they are but remarks, a couple of paragraphs in a book supposedly devoted to the social history of the province.

Unfortunately the brunt of Habib's arguments remain engaged in battle against the now surely defunct optimism of the nationalists, that is to say with refuting claims that India might have industrialized, thus with an argument not sharp enough to deal with problems of pre-colonial change as we need to see them today. Thus his recent essays on technology are pessimistic exercises demonstrating that Indian society had little disposition towards the types of technical innovation in production mechanisms characteristic of China and Europe; he is hardly interested in institutional changes such as might affect the organization of production (the changing structure of the textile industry, the organization of labour in the work place) or in changes in the quality of products for a growing market, which may reduce skill inputs but increase size of production and its orientation towards distant markets. As I shall argue below, these questions

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67 The best statement of this thesis is Irfan Habib, "Potentialities of Capitalistic Development". It must be added that it still dominates discussion not because of general agreement but because of the difficulties of formulating an alternative hypothesis.


69 Raychaudhuri has more tantalizing remarks about Bengal's commercial, industrial economy in the seventeenth century but, and this is again typical, they are but remarks, a couple of paragraphs in a book supposedly devoted to the social history of the province.

are crucial in the early modern period in both India and Europe. Finally, such theories, dominated by the glittering, despotic presence of the Mughal state, confuse all late pre-colonial history with things Mughal. However, in most of India south of the heartland of the empire, Mughal conquest was brief and incomplete, while different, equally complex societal orders existed in southern India which have remained unintegrated into the general models we are discussing here. What is historiographically significant, as also in the case of Dumont, is that such theories have generally been accepted despite conflicts over detail. Their proponents tend to agree that the Mughal state dominates, generates and subdues “its” economy, that private economic activities are dominated by it, that “Mughal” and “economy” are coincident categories, or that even this dependent, commercial and manufacturing world suffers fragmentation and decay together with the unravelling of the knot of imperial power.

Chicherov, however, represents a quite different alternative. He explicitly treats manufactures between the sixteenth and eighteenth centuries as subject to a radical development of commercial capitalism in the subcontinent before colonial occupation. Unfortunately the pervasive interference of his many assumptions (for example, a “vulgar” evolutionism and adherence to the old idea of the closed village economy), and his kaleidoscopic jumbling together of his evidence, has led too easily to rejection of his theory. Yet its strengths are fundamental, not least his refreshing absence of emphasis on the roles of rulers and governments, his singular emphasis on manufacture, and his lack of concern for political boundaries. It seems to me that despite all his weaknesses, Chicherov was on the right track, as my arguments intend to show.

One further point needs to be mentioned. Arguably the most important sector of recent growth has been that of India’s overseas trade. Not only do we have access to far greater knowledge of the

71 Chicherov, India: Economic Development in the 16th-18th Centuries.
72 Chaudhuri, Trading World of Asia, chs. 11-12, from the perspective of a historian of overseas trade, is similarly unconstrained by political or regional boundaries in his treatment of textile manufactures, but Chicherov is the most ambitious in his attempt to reduce all the varied and scattered evidence to some form of order.
73 For example, Vitorino Magalhaes-Godhino, L’économie de l’empire portugais aux XV° et XVI° siècles (Paris, 1969), Holden Furber, Rival Empires of Trade in the Orient, 1600-1800 (Minneapolis, 1976) and Kristof Glamann, Dutch Asiatic Trade, 1620-1740 (The Hague and Copenhagen, 1958) all concern India and the broader Asian context of European commerce; M. A. P. Melink-Roeotofz, Asian Trade and European Influence in the Indonesian Archipelago between 1500 and about 1630 (The Hague, 1962) and Niels Steensgaard, The Asian Trade Revolution of the Seventeenth Century: The East India Companies and the Decline of the Caravan Trade (Chicago and London, 1974) have important general implications; while Chaudhuri, Trading World of Asia and Chaudhuri, Trade and Commercial Organization in Bengal, treat India more specifically. In addition, there are many new works on other parts of the Asian trading nexus which help in reconstructing the commercial jigsaw of the time, for example Louis Dermigny, La Chine et l’Occident: le commerce à Canton au XVIII° siècle, 1719-1833, 3 vols. and album (Paris, 1964); Denys Lombard, Le sultanat d’Aijdah au temps d’Iskandar Muda, 1607-1636 (Paris, 1967).
economic and commercial aspects of European penetration into Asia in the long term, but we are at last beginning to realize that Indian merchants played a vital, but relatively little charted or quantified role in the development of maritime commerce. This information, and especially that concerning the commodity composition of this trade, possesses implications supporting the view that the pre-colonial economy experienced important structural changes in the course of the seventeenth and eighteenth centuries, and I shall review certain of these essential features below. However small in quantity, this new evidence has far outrun the arguments considered above.

Having briefly outlined the general character of these debates, it is now necessary to consider the de-industrialization literature in more detail, since it has a strong bearing on central features of the comparison attempted here. The problem is that participants in its latest phase seem essentially agreed with certain fundamental, but, in my view, questionable conventions; the debate itself remains a predominantly statistical exercise concerned with the relative truth of dogmas established by nineteenth-century colonial officialdom. Thus, although evidence now exists to show that “craft” production was widely distributed in certain areas of India in the seventeenth and eighteenth centuries, there is surely a general failure to analyse the kinds of macro-economic production relationships in which it might have functioned (the commercial economy on which it depended). The most recent phase of the debate is dominated by the presumption that the existence of large numbers of families combining both in-

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74 Ashin Das Gupta has pioneered the study of Indian merchants. See his Indian Merchants and the Decline of Swat, and his “Foreign Trade. 2, Indian Merchants and the Trade in the Indian Ocean, c. 1500-1750”, in Raychaudhuri and Habib (eds.), Cambridge Economic History of India, i, pp. 407-33. This remains a largely unknown field despite neglected evidence in the records of the European trading companies.


76 The same problem of concentrating on “organizational forms” as commented upon in the case of the proto-industrialists above.
dustrial and peasant pursuits (that is to say, the existence of conditions that do not allow us to divide the population into clear-cut statistical occupational categories) is a sign of lack of development, thus a continuation of archaic kinds of economy.  

This question of “mixed family economies” is a serious one; the tendency of peasants to take up industrial pursuits in the home forms one of the basic components of the vast expansion of commercial manufacture in pre-industrial Europe, and is part and parcel of the characteristics alleged to demonstrate transition and “proto-industrialization”. Moreover, students of twentieth-century capitalism are increasingly reluctant to view the phenomenon as a temporary phase giving way to eventual proletarianization; mixed occupations, whether in the home of the peasant or in terms of the migration of family members to distant towns and countries, seem to be essential aspects of “advanced” capitalism, as is shown by the immigrant workers of Europe, and the vast use of domestic outwork in India to manufacture goods for distant markets.

But, in contrast, instead of viewing this phenomenon as a possible indication of new developments, both de-industrialists and their opponents confine treatment of the question of the development of manufacture and commercial economy to that of the extent to which there was division of labour, not in a structural (class or relational) sense, but in that of a statistical examination of occupational categories among the mass of the labouring population. That is to say,

In a private communication, A. K. Bagchi has kindly summarized his views on “mixed occupations”. He rightly points out that for Morris, Thorner and others, who attack the de-industrialization thesis, “mixed occupations” imply a relative absence of division of labour in the pre-colonial period. Bagchi himself prefers to see them as “the result of a breakdown of a development of a high degree of division of labour where whole families became specialized in particular occupations and then through a process of de-industrialization [were] forced back on to less and less paying occupations”; thus mixed occupations were a consequence of decline generated by colonial rule in its first decades. This may be true of many urban manufactures, but my argument is that mixed occupations are themselves evidence of a new division of labour on an international scale.

Neither discussant appears aware of current work on the role of migration and mixed occupations, and of the peasant family, as pivots of modern international capitalism: see especially Stephen Castles and Godula Kosack, Immigrant Workers and Class Structure in Western Europe (London, 1972), and the same authors “The Function of Labour Immigration in Western European Capitalism”, in David S. Landes (ed.), The Rise of Capitalism (New York, 1966), pp. 53-64, on the region of Zurich.


This is a question of method, not of opinions, thus of a problem common to “both thesis and antithesis” (see n. 6 above), affecting Bagchi, “De-industrialization in India”,...
a producer needs to be separated from agriculture to become an indicator of structural change. Naturally, given what we know about peasant manufacturing, this formulation largely misses the point and certainly much of the evidence.

It can be argued that this approach belongs to a particular colonial perception of the ruled society, carried over by the form and matter of the colonial documentation; it is an approach that fails to treat government, administration, the state or a larger political economy as part of the forces shaping that ruled society (whatever the larger views of the author happen to be). It focuses on impoverishment and technological backwardness as inherited characteristics, or as features of decline, without at the same time analysing the place of a larger economic, social and political infrastructure in influencing and even inducing mixed-production systems marked by these features. It divides up and categorizes the population, obtains numbers and ratios, without properly relating them to one another, or to the context of rent and taxation, colonial government or agricultural economy. Nor is there even much attempt to analyse the spatial distribution and interdependence of tasks and functions characterizing particular domestic industries, or the structure of marketing which supplied them with raw materials and removed their products. It is not surprising, therefore, that debate tends to become concentrated on the validity of a particular choice of categories worked out from inadequate sources, or that such an approach ultimately collapses into interpretational nihilism, the form of the statistics simply confirming inherited views.

Given these criticisms, there seems little question that mixed occupations, in a context of growing market-oriented production networks, should be treated as marks of structural change. It is argued in the Europeanist literature that the shift to rural textile production facilitated a shift to a much lower cost structure, not simply because it escaped guild restrictions, but essentially because it involved a kind of production which subsidized the price of the labour itself through "subsistence" agriculture. Its main expansion among peasant populations occurred in the seventeenth and especially eighteenth centuries, when lower quality, mass-produced fabrics were increasingly in demand, so that textiles could be manufactured without the apprenticeship and levels of skill required of craft techniques so important in quality production and in other branches of the industry (which often remained, therefore, an urban pursuit).

If these remarks and criticisms are valid, the consequence is that besides Thorner, *Land and Labour in India*, ch. 6, and Vicziany, "Deindustrialization in India".

81 Contrast Hossain, "Alienation of Weavers", for an excellent study of the relationships in which production took place.
de-industrialization in India, and especially the larger questions that it entails, requires to be seen in an entirely different light than hitherto. This is what I shall attempt in the following sections. Underlying this exercise will be the question phrased above: is it true that the origins of capitalism are to be found only in Europe and, therefore, that it was subsequently imposed from outside on a pre-capitalist India? We must be careful of using a focus on commercial manufacture simply in order to push back the date at which penetration by a capitalistic Europe began, so that the debate would be reduced to arguments about whether European trade was extensive and powerful enough to provoke systematic change in India. What I want to do is to point out that the question is much more serious. First, in line with the questions formulated above, the growth of commercial manufactures in particular regions must be contextualized within the larger framework of the subcontinent itself. What sort of infrastructural conditions were necessary for an internal development of new production relations to take place in the seventeenth and eighteenth centuries? Secondly, contextualization must extend beyond the subcontinent, taking in developments at the level of the growing inter-Asian trading nexus and that of the new international trading system being forged by the Europeans.

For these reasons I prefer, as already suggested, to replace the concept of proto-industrialization by the broader notion of proto-capitalism, within which, it would be argued, institutions of commercial capitalism emerged. Use of a term as general and unspecific as proto-capitalism is partly intended to avoid implying too much about the detailed character of such pre-colonial orders, at a time when we still know far too little about them. It also has two further advantages: first, it avoids the dualist assumption that India, or any other region, must have possessed economies of a different order from those in which capitalism was generated, or that India itself should similarly be divided into structurally discordant capitalistic and pre-capitalistic sectors; secondly, and more specifically, "commercial capitalism" may thus be retained for the commercial and financial developments associated with towns, ports, traders and manufacturing regions, while at the same time being incorporated as an essential motor of the wider changes proto-capitalism is intended to suggest.

These broader perspectives allow us to argue two propositions: on the one hand, that commercial capitalism developed in more than one centre of the world, in a generally propitious international context of commerce and societal growth; on the other hand, that the question of change in India should be seen not as one of penetration by "foreign" capitalistic agents, in either colonial or pre-colonial times, but

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82 See, for example, Prakash, "European Trade and South Asian Economies".
as one of a framework of relevance escaping national or continental boundaries, and instead including European traders, Asian commerce and Bengali agriculture as part of a single set of processes, developments and changing structures.  

83 This formulation of my argument implies a substantial shift from the manner in which I put the problem in my "Pre-Colonial South Asia and Western Penetration in the Seventeenth to Nineteenth Centuries: A Problem of Epistemological Status", Review [Fernand Braudel Center, Binghampton, N.Y.], iv (1980), pp. 267-306.

84 The following section summarizes my recently completed study, "Money-Use in Late Pre-Colonial India and the International Trade in Currency Media" (revised version of paper presented to the Conference on the Monetary System of Mughal India, Duke University, June 1981), in J. F. Richards (ed.), Imperial Monetary Systems in Early Modern India (forthcoming). This study contains new data and detailed references to which I shall refer below where necessary.

85 According to Wallerstein, Modern World-System, ii, pp. 108-9, "The coin or bullion brought into Asia (and Russia) was largely used 'for hoarding or jewellery'; and the 'balance of trade' (if one refuses to think of silver as a commodity) was persistently unfavourable and largely bilateral for a long period of time. These two facts are precisely evidence that the East Indies remained external to the European world-economy". His source is J. Sperling, "The International Payments Mechanism in the Seventeenth and Eighteenth Centuries", Econ. Hist. Rev., 2nd ser., xiv (1962), p. 450, who gives no sources and is much more speculative. Given evidence of vigorous circulation of imported silver and other money media, and that production and supply depended upon an elaborate division of labour and institutional infrastructure (on which see below), the "refus[al] to think of silver as a commodity" begs fundamental questions concerning the nature of demand in India and its relationship to growing international commerce; thus my reference to Sraffa below who is cited by Wallerstein, "Three Stages of African Involvement", p. 31, in presenting his theory.
across this Berlin-like wall, money constituting a special case, taken up by those no longer accepting the thesaurization thesis, in order to examine the price history of the subcontinent.\textsuperscript{86} I shall leave aside the debate over price inflation in India (which reproduces in large part the course of the Hamilton debate over sixteenth- and seventeenth-century Europe), and ask a different question: what implications can we draw from the trade in monetary media for the nature of subcontinental economy?\textsuperscript{87}

In fact, precious metals performed vital functions in India's increasingly monetized economies, as I shall indicate below.\textsuperscript{88} More

\textsuperscript{86} Suggestions that the import of American silver had direct affect on hinterland economies have been raised from at least the eighteenth century; for examples, see Irfan Habib, "Monetary Systems and Prices", in Raychaudhuri and Habib (eds.), \textit{Cambridge Economic History of India}, i, p. 363; Chaudhuri, \textit{Trading World of Asia}, p. 181; Perlin, "Precolonial South Asia and Western Penetration", pp. 293-4. Habib and his students have pioneered the modern study of this question; see Habib, \textit{Agrarian System of Mughal India}, pp. 81-9, 392-4; Aziza Hasan attempted an "ingenious" substantiation of his argument that imports of silver from overseas stimulated an inflationary movement in India, in her "Mints of the Mughal Empire: A Study in Comparative Currency Output", \textit{Proceedings of the Indian History Congress}, 29th Session, Patna, 1967 (Patna, 1968), pp. 314-44, and especially her "The Silver Currency Output of the Mughal Empire and Prices in India during the 16th and 17th Centuries", \textit{Indian Econ. and Social Hist. Rev.}, vi (1969), pp. 85-116. This has been attacked by Om Prakash and J. Krishnamurty, "Mughal Silver Currency: A Critique", \textit{Indian Econ. and Social Hist. Rev.}, vii (1970), pp. 139-50; and John S. Deyell, "Numismatic Methodology in the Estimation of Mughal Currency Output", \textit{Indian Econ. and Social Hist. Rev.}, xiii (1976), pp. 375-92. Habib has recently restated his position in his "Monetary System and Prices". For inflation induced by silver imports into Late Ming China, see William S. Atwell, "Notes on Silver, Foreign Trade and the Late Ming Economy", \textit{Ch'ing-shih wen-t'i}, iii no. 8 (1977), pp. 1-33; William S. Atwell, "International Bullion Flows and the Chinese Economy, circa 1530-1650", \textit{Past and Present}, no. 95 (May 1982), pp. 68-90.


neglected, but equally significant, was the trade in less valuable money-forms, especially copper, but also in non-metallic media such as cowries. "Copper was in universal demand throughout the East", but formed an especially stable import into India over some three centuries, being a major mainstay of official Portuguese, Dutch and English commerce in Asia from the sixteenth century. Prices for copper and silver were generally high in India and remained so for most of our period.\footnote{Vilar, History of Gold and Money, pp. 97-8; Furber, Rival Empires of Trade, pp. 249-51: "Annual movement of copper on the Company's country trade never dropped below 200,000 lbs during the seventy-five years between 1656 and 1731"; Glamann, Dutch Asiatice Trade, pp. 167-82. Supplies from Europe and Japan continued in the late eighteenth century, on which see my "Money-Use in Late Pre-Colonial India", n. 9.} In addition, trade in monetary media formed an important aspect of the flourishing entrepot trade conducted through markets in the Indonesian archipelago and Indian Ocean and in which Asian merchants were much involved.\footnote{Kristof Glamann, "The Dutch East India Company's Trade in Japanese Copper, 1645-1736," Scandinavian Econ. Hist. Rev., i (1953), tables 3, 5; Glamann, Dutch Asiatice Trade, p. 176; Furber, Rival Empires of Trade, p. 250.} Copper currencies were by no means new in Asia but their functions altered and their volume and use expanded, not only in India but elsewhere — in Japan, the city states of the Indonesian islands, and Burma, for example — and it is worthwhile noting that this occurred simultaneously with the establishment of copper as a major currency form in western Europe.\footnote{Silver and copper were regularly shipped to Surat from ports such as Mokha on the Indian Ocean; see for example, Chaudhuri, Trading World of Asia, pp. 179, 193; Glamann, "Dutch East India Company's Trade", pp. 75-7, describes Chinese trade in copper from Japan, eventually purchased for import into India. For imports by Indian merchants, see H. W. van Santen, "De Verenigde Oost-Indische Compagnie in Gujaratan en Hindustan, 1620-1660" (Univ. of Leiden proefschrift, 1982), ch. 3, "Geld, Inflatie en Financieele Structuur". On cowries, see below.}

Turning to non-metallic money-forms, Johnson and Hogendorn have pointed out the importance of the cowrie trade for European merchant companies in the seventeenth and eighteenth centuries. Vast numbers were annually transported around the Cape of Good Hope and marketed in major entrepôts such as London, Amsterdam and Hamburg, the trade reaching a high point in the early eighteenth century. Cowries were vital means of payment in the growing slave trade, but they also circulated widely in seventeenth-century India.

\footnote{For references, see my "Money-Use in Late Pre-Colonial India", nn. 58, 59; for example Geoffrey Parker, "The Emergence of Modern Finance in Europe, 1500-1730", in Carlo M. Cipolla (ed.), The Fontana Economic History of Europe: The Sixteenth and Seventeenth Centuries (Glasgow, 1974), p. 531, for Europe; Glamann, "The Dutch East India Company's Trade", for Japan; J. Hall, "Notes on the Early Ch'ing Copper Trade with Japan", Harvard Jl. Asiatic Studies, xii (1949), pp. 444-61, is illuminating on late seventeenth- and early eighteenth-century China; Yeh-chien Wang, Land Taxation in Imperial China, 1750-1911 (Cambridge, Mass., 1973), pp. 60, 89, on the last two-thirds of eighteenth-century China, when Yunnan became a major supplier of copper for China's currency, replacing overseas supplies.}
An important shift in distribution seems to have occurred in the course of the late seventeenth and early eighteenth centuries, as copper gradually displaced cowries from many hinterland regions of the subcontinent, cowrie trade coming to be especially focused on west Africa and Bengal where they remained a major currency form into the nineteenth century.

Much of this international trade had begun to expand in the sixteenth century, but its major period of acceleration took place, like much else associated with the "commercial revolution", from the later seventeenth century. This is clearly true of India, where silver, copper and cowries were imported in steadily increasing amounts at this time, being the essential means of payment used by Asian and European merchants for India's manufactured products and export crops, such as rice and indigo. Note that the African slave trade also took off in the later seventeenth century, together with the establishment of new plantation economies in the Americas and Caribbean. Silver, copper and gold were carried to local mints, often in the port of import, and converted into local, circulating currencies.

Let us briefly look at what this trade involved: silver from Mexico and Peru percolating from Europe overland in fairly substantial amounts throughout most of the sixteenth and early seventeenth centuries, and carried in increasing quantities by ship round the Cape
of Good Hope; copper, firstly from Europe, then shipped from Japan in massive amounts by the Dutch East India Company, as well as by way of more indirect routes used by Chinese merchants, and later, in the eighteenth century, increasingly from European sources once more; cowries from their only major source in the Maldives, being part of an extraordinary distribution network that ultimately joined up the Atlantic and Indian Ocean trades in a complex relationship of interdependency; badam, an inedible bitter almond, imported from Persia into the ports of the west coast of India. All of these media, as I shall now point out, were used as circulating currency. Each of these trades, especially in copper and cowries, might involve a medley of entrepôts from the Philippines to Aden, including Batavia, Ceylon, Mokha and Surat, to mention but a few. The evidence published by Atwell and Hall concerning supplies of copper and silver from Japan, and of American silver by way of the Pacific and Philippines, into another insatiable economy, that of late Ming China, form more links in this elaborate chain. Temporary difficulties in the later seventeenth century soon gave way to a fresh period of growth in the early eighteenth century.

What I am trying to point out is that imports into India constitute a number of nodes in a larger, increasingly elaborate pattern of burgeoning money-use and supply in this period, itself part and parcel of an exchange of one set of commodities (means of payment) for others (other means of payment, industrial goods such as textiles, and export crops).

What basis of demand led to the absorption of these currencies in seventeenth- and eighteenth-century Asia and Africa? Simply asking this question implies a polemic against the concept of substantive types of economy, supposedly characterizing pre-industrial societies; against assumptions about hoarding; and also against another popular notion among trade historians, that silver and cowries belonged to two different sectors or types of economy, a sector of real economic exchange being reserved for the first. Johnson’s article on imports of cowries into west Africa constituted an important demystification of an especially powerful substantivist tradition, best known through

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98 On the entrepôt trade, see my “Money-Use in Late Pre-Colonial India”, n. 25. See Atwell, “International Bullion Flows and the Chinese Economy”, for the difficulties following the ceasing of silver imports via the Philippines; on the subsequent period, see for example Mark Elvin, The Pattern of the Chinese Past: A Social and Economic Interpretation (Stanford, 1973), ch. 6.

Polyani's work and influencing some Europeanist historians today.\textsuperscript{101} Cowries were clearly entering the west African hinterland as a medium of exchange. Their steadily increasing supply from the late seventeenth century, and wide distribution in the hinterland, implies the functioning of little-understood but growing market economies, contemporaneous with the processes of state formation engaging most attention.\textsuperscript{102}

In the south Asian case, our knowledge of the extent and forms of monetization is both inadequate and unbalanced, but it is far in excess of what the more adventurous Africanists have at their disposal. What I shall argue is that although monetary media act merely as a means of payment, and although the quantitative relationship of imported monies with stocks of currency in the importing economies has not yet been established,\textsuperscript{103} we are clearly dealing with a trade in commodities, which in Sraffa's terms, enters (no matter whether directly or indirectly) into the production of all commodities.\textsuperscript{104} If this is true, money-use clearly penetrates to all or most levels of economic activity, and this is what I intend to show in the following argument.

Firstly, a diversion is necessary in order to present the broader


\textsuperscript{102} We know very little about internal circulation, Johnson's argument being that their continuous import in large quantities in conditions of relative price stability between the early eighteenth and mid-nineteenth centuries, the extension and gradual unification of cowrie-using markets, plus travellers' reports, indicate an increasingly vigorous exchange economy in west Africa: Johnson, "Cowrie Currencies of West Africa", pp. 331-53, esp. pp. 348-9. This seems to contradict the view of A. G. Hopkins, \textit{An Economic History of West Africa} (London, 1973), chs. 3-4, that the growing slave trade had few implications for the economies of small people. Habib, "Monetary System and Prices", pp. 365-6, uses a similar logic to Johnson to explain a smaller rate of price inflation than would be expected merely from calculated additions to money supply through imports (in contrast to Moosvi's argument, for which see n. 87 above). On state-formation in west Africa, see for example Jack Goody, \textit{Technology, Tradition and the State in West Africa} (Cambridge, 1971); the excellent review article of that book by Emmanuel Terray, "Technologie, \"et\ et tradition en Afrique", \textit{Annales. E.S.C.}, xxviii (1973), pp. 1331-8; and Ivor Wilks, \textit{Asante in the Nineteenth Century: The Structure and Evolution of a Political Order} (Cambridge, 1975).

\textsuperscript{103} Thus contrast Habib, "Monetary System and Prices", pp. 363 ff. (namely, his references to Hasan's substantiation of James Grant's remarks concerning the possible effects of imports in tripling India's stocks of gold and silver), with Raychaudhuri's sceptical remarks (stocks being too large to be so affected), in \textit{Econ. Hist. Rev.}, 2nd ser., xxx (1977), pp. 529-31 (book review).

\textsuperscript{104} Piero Sraffa, \textit{Production of Commodities by Means of Commodities} (Bombay, 1960), pp. 6-7.
context in which changes in money-use need to be set. My essential proposition is to argue against the view that pre-colonial India presents a history of high-level fluctuations in an essentially unchanging economy. Raychaudhuri’s view is little different from Elvin’s for China, in that respect, but what I would like to argue instead is that late pre-colonial south Asia, like China in the same period, was subject to a fundamental process of change affecting most of its major social, economic and governmental features. A decisive feature of this development, however, is one which for the present must be kept in the background, and this is the increasing involvement of European commercial and other activities within the subcontinent. I would argue that by the late eighteenth century, even for the bulk of the subcontinent not yet taken under East India Company rule, it is no longer possible to speak of a separate history of India: already Indian history has become a much more international history, and it is this in part, together with a reinterpretation of the character of internal developments in the eighteenth century, that constitutes an undeniably irreversible dimension to late pre-colonial history, especially when we note its prehistory in the sixteenth and seventeenth centuries. Moreover, I would argue that these changes take place in too short a time span (a mere two centuries or so) to be able to speak of “equilibrium traps” or of cyclical reversibility.

To repeat the basic lines of an argument worked out elsewhere, from about the fifteenth century on (the chronology varies widely from region to region) there appears to have been a significant acceleration of population growth, and of new agrarian settlement parallel to similar developments in Europe, Russia, China and possibly Java. The evidence for China is considerable, at least in its basic trend and in the directions taken by agrarian colonization. In the European case, the interpretation of population changes is admittedly more complex, but the overall movement is unmistakable.

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105 Elvin, *Pattern of the Chinese Past*, ch. 17, who like Burton Stein, “The Integration of the Agrarian System of South India”, in Robert Eric Frykenberg (ed.), *Land Control and Social Structure in Indian History* (Madison, Wisc., 1969), and Habib, “Potentials of Capitalistic Development”, p. 50, seems to argue in terms of an expansion that fails to cross a certain assumed but ambiguous threshold. For the Indianists, the lack of technological change is a critical criterion, while for Sinologists technology must be brought beneath the threshold. In the European case, also, we may read of the constraints imposed on the development of capitalism by feudal society; see for example E. J. Hobsbawm, “The Crisis of the Seventeenth Century”, in Trevor Aston (ed.), *Crisis in Europe, 1560-1660* (London, 1965), p. 15. To be fair, Raychaudhuri observes many institutional and organizational developments in passing, but they are without significance for his general model: Raychaudhuri, “Non-Agricultural Production”.

106 In the case of western Europe, at first a case of filling spaces left by the great retraction of the fourteenth and early fifteenth centuries. For Russia and eastern Europe it was one of major new settlements and migrations. For Russia, see Jerome Blum, *Lord and Peasant in Russia from the Ninth to the Nineteenth Century* (Princeton, 1961), pp. 117 ff., for the sixteenth century; Blum, *End of the Old Order in Rural Europe*, p. 241 (table of figures for various European countries 1750-1850); Geroid (cited on p. 67)
Extensive tracts of country became populated by settled peasant populations during this long period, not only in the upland regions of the Deccan, but even in parts of the Ganges basin itself; in Gujarat, where the countryside became more intensively settled, new villages were established, and the interstices between older ones filled in.\textsuperscript{107} As Hambly remarks, it was also a period of accelerated urban growth at all levels, from the small market town to major concentrations such as at Agra, a movement with regional shifts and local declines but unmistakeable.\textsuperscript{108} Even in the difficult eighteenth century, when instances of local decline are indisputable, population levels appear to have held steady and possibly even to have risen.\textsuperscript{109}

This alone should lead to a reappraisal of the allegedly traditional character of these peasant orders and old order states in the subcontinent. But change goes much beyond mere indices of growth. At the same time, a gradual but relatively continuous process occurs in which novel techniques and institutions of taxation and rent are imposed on the countryside, common to both royal administrations and patrimonial lordships, and extending over most of the subcontinent, irrespective of political frontiers. They were characterized by an increasing proportion of demand being levied in money and by novel

\textit{Footnotes:}


\textsuperscript{107} Evidence for India is much more scanty due to a framework of assumptions militating against collection of evidence, although much will be found scattered in district gazetteers published by the different Presidency governments of colonial India. For suggestions, see Shireen Moosvi, "Production, Consumption and Population in Akbar's Time", \textit{Indian Econ. and Social Hist. Rev.}, x (1973), pp. 181-95; Moosvi, "Money Supply and the Silver Influx in the Mughal Empire", p. 31, for 1601-1801 (debated by Alan W. Heston and Shireen Moosvi in \textit{Indian Econ. and Soc. Hist. Rev.}, xv (1977), pp. 388-401); Colin McEvedy and Richard Jones, \textit{Atlas of World Population History} (Harmondsworth, 1978), pp. 182-6; Perlin, "The Precolonical Indian State: A Reconstruction of Societal Formation in the Western Deccan from the Fifteenth to the Early Nineteenth Century", in Henri J. M. Claessen and Peter Skalnik (eds.), \textit{The Study of the State} (The Hague, 1981), pp. 279 ff., and esp. p. 282. Major interruptions undoubtedly occurred, as in China and Russia (McEvedy and Jones, \textit{Atlas of World Population}, pp. 171-3; Blum, \textit{Lord and Peasant in Russia}), especially on a regional basis, but seem to have been overtaken by later increases.

\textsuperscript{108} Hambly, "Towns and Cities. 1, Mughal India", pp. 436 ff., which is unusual in formulating this expansion of towns, internal commerce and manufacture in terms of the growth of overseas markets for Indian products, thus in terms of the "open frontier" of explanation argued in this essay. Cf. Habib, "Potentialities of Capitalistic Development", pp. 60-1.

\textsuperscript{109} On the eighteenth century, see Section VII, below.
and increasingly exact measurement systems of a variety of kinds. The monetary composition of such appropriations was itself subject to important changes. For example, in the fifteenth and sixteenth centuries, circulation seems to have been dominated by copper currencies, but at the end of the sixteenth century, contemporaneous with the growing importance of silver supplies from overseas and overland by way of the Middle East, a series of fundamental reforms are instituted which alter the basis of the money economy, silver taking over the role of major currency metal of the Mughal empire. For a while, according to Habib, copper suffers a partial eclipse, silver and cowries taking its place in the early seventeenth century. In addition, silver comes to assume an increasingly dominant role beyond the borders of the old Mughal heartland, thus throughout northern India and the Deccan. The usual political explanation that this was caused by Mughal dictat is surely inadequate. A convincing explanation would need to examine the increasing importation of silver into an ever thirsty, insatiable market, and the role of money in India's late pre-colonial economy. In these respects, monetization responded to and was itself part of a general development, including societal growth and changes in institutional form, of which state taxation was merely a part. As

110 I know of no attempt to synthesize these developments and mutual borrowings over the long term for the whole subcontinent; see the brief discussion in my "Pre-colonial Indian State", pp. 283-5.
112 In ibid., Habib argues, first, that silver took over many of the functions of copper as a fiscal and commercial currency medium, and secondly, that copper minting declined in absolute terms during the early seventeenth century. I further suggest that high copper costs, together with a long period of gestation at the end of which the mint adapted to cheaper techniques of production suitable to copper as a popular money form, led to a temporary expansion of cowrie use in the subcontinent, and thus to their increased import by Asian and European traders. By the late seventeenth century, copper is again becoming a major money-form; for detailed argument, see my "Money-Use in Late Pre-Colonial India".
113 Joseph J. Brennig, "Silver in Seventeenth Century Surat: Monetary Circulation and the Price Revolution in Mughal India", in J. F. Richards (ed.), Precious Metals in the Later Medieval and Early Modern World (Durham, N.C., 1982), for the transition in Khandesh and the northern Deccan; J. F. Richards, Mughal Administration in Golconda (Oxford, 1975), pp. 113-37, for Golconda. The transition in the Maratha Deccan is abundantly documented in revenue records in the Jamav Daftar (Jamav papers) of the Pune Archives for the turn of the seventeenth and eighteenth centuries. H. Dodwell, "The Substitution of Silver for Gold", Indian Jl. Econ., iii (1921), pp. 183-204, argues that the victory of silver was limited in pre-colonial southern India; Habib, "Monetary System and Prices", p. 362, seems to exaggerate Mughal success in this respect; thus see P. M. Joshi's excellent article, "Coins Current in the Kingdom of Golconda", Jl. Numismatic Soc. India, v (1943), pp. 85-95; and Joseph J. Brennig, "The Golconda Coinage of Shah Jahan and Aurangzeb: A Mughal Tributary Coinage", Jl. Andhra Hist. Research Soc., xxxvii (1978), pp. 53-64 (which suggest that the silver rupee coinage of Golconda was essentially ceremonial and for tribute). In the gold zone, policy changes were resisted by infrastructural conditions.
Habib has recently argued, such processes of monetization imply the development of extensive commodity production in the countryside and of markets capable of redistributing arable (often industrial) crops and of converting them into monetary forms.\(^{114}\)

The point about these changes, and about the reappearance of copper in the late seventeenth century, and especially in the eighteenth, is that a new type of monetary economy came into being during this period, characterized by the extension of money-use to large sections of the "humble" population, to peasants, townsmen and textile manufacturers, of which more later.

Also remarkable about late pre-colonial India is the appearance of relatively sophisticated monetary and financial institutions, their broad range of application and the generalization of the skills needed to operate them, evidence for which is especially marked in the course of the eighteenth century.\(^ {115}\) Nor is it simply a question of banking institutions and forms of payment (naturally, of "pre-industrial" types, to be distinguished from those of the present day), but also of accounting techniques widely utilized in the running of a large range of different types of organization, from patrimonial right-holding households, dispersed through the countryside (thus, lordships of various scales, their retainers and officials), to taxation accounting at the level of the village, by village-based "officials" (merely the bottom

\(^{114}\) Habib, "Potentialities of Capitalistic Development", p. 41.

end of an elaborate pyramid of fiscal administration), besides rural moneylenders, traders, shopkeepers and manufacturers based in the small country towns. At the same time, credit in money as well as kind, was also widely utilized at all levels of economic organization. Thus in eighteenth-century Maharashtra I have found abundant evidence of loans in cash and kind, made between persons involved in landholding, including peasants, but also including agricultural labourers, soldiers, craftsmen, as well as many in better-off occupations; these loans were secured by written contracts stipulating the exact conditions of repayment, in which interest charges were normal, and which were witnessed. Note that not only does this imply money-use in its material sense, but also a knowledge of quantity, calculation, attributions of value, widely dispersed among ordinary people.

This is the case in a hinterland economy in an ecologically unfavourable and late-settled part of the subcontinent, the Maratha Deccan. In Gujarat, a precocious development of industrial production and of dispersed urban commercial centres formed the essential infrastructure behind, say, Surat and Cambay's famous roles in international commerce, or that of Ahmadabad as a political and manufacturing centre. In such areas there also developed extensive manufacturing in urban workshops (as in Gujarat) and rural households (as in Bengal), supplying Indian and other Asian markets with textiles, and forming also the basis for supplying an increasing market in Europe and west Africa. These activities were dominated by textiles (as was also the case in pre-industrial western Europe), and the complex division of labour affecting the textile industry led to an increasingly elaborate distribution of functions in the subcontinent that paid little or no discernible heed to political and ecological frontiers, and much less heed to obstacles in the way of transporting commodities over large distances than generally suspected of pre-industrial economies. An example lies in the supply of cotton overland from Awadh (Oudh) and the north-east Deccan, marketed in Mirzapur in the Ganges valley (a distance of some six hundred kilometres as the crow flies) and distributed to spinners in Bengal.


To my knowledge, the cultural implications of money-use have been completely neglected (except from the negative standpoint of the substantivists).

Braun, "Impact of Cottage Industry on an Agricultural Population", p. 55, makes this important point with respect to the Zurich Oberland, the essential variables being poor ecology and supply of labour.

Amalendu Guha, "Raw Cotton of Western India, 1750-1850", *Indian Econ. and Social Hist. Rev.*, ix (1972), pp. 5-6; Chaudhuri, *Trading World of Asia*, pp. 141-3, gives other instances. In the case cited by Guha, the distance given is only to Mirzapur, a further distance of the same order required to carry the cotton to markets in Bengal; even greater distances were involved from other Deccan centres.
Raw cotton was also shipped from western India to Bengal in the eighteenth century (as it also was to China at certain times). Crop production, spinning, weaving, bleaching and dyeing, printing and painting, could be separated within small regions or between larger regions, and it is unfortunate that this aspect of textile manufacturing, like much else of great importance, has not yet been studied. The point to emphasize is that manufacture occurred on the basis of a developed and developing infrastructure of markets and entrepreneurial functions. It should also be pointed out that such developments of industry were not confined to coastal regions.

For example, in the early seventeenth century the Punjab became an important centre of textile production, its products finding their way to the Middle East, Persia and central Asia; at the same time, in large numbers of villages to the east of Agra, in the Mughal heartland, the Dutch and English East India Companies, and Persian, Armenian and Indian merchants, purchased indigo (an important textile dye used in Europe) and textiles. The Dutch and English used credit facilities provided by Surat and Ahmadabad money dealers and their agents in the Agra region in order to make these purchases. Such credits were forwarded in the form of advances to the indigo growers in a pattern of dependencies which increasingly characterized both agricultural and industrial production in India. Hambly has recently remarked that urban growth in the seventeenth and eighteenth centuries was closely linked to the development of textile production. This can be seen in the rise of the silk-producing centre of Murshidabad in the late seventeenth century, in that of a string of important towns running across the northern Deccan, and in the nexus of large and small towns in south and central Gujarat. Extension of production into the countryside seems to have had much to do with changes in the character of both internal and foreign markets, where cheaper, less craft-intensive products were transforming the character of commerce itself.

Agricultural production must have developed in concert with industrial developments, and the evidence bears this out. I have already mentioned raw cotton and indigo, but the question also concerns foodstuffs. Marshall's description of the extent to which some Ben-

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120 Moreland, From Akbar to Aurangzeb, pp. 110, 193; van Santen, “Verenigde Oost-Indische Compagnie in Gujarat”, ch. 3.
121 Hambly, “Towns and Cities. 1, Mughal India”, p. 436.
122 Mohsin, Bengal District in Transition, ch. 3; and Gautam Bhadra, “The Role of Pykars in the Silk Industry of Bengal, 1767-1830” (revised version of paper presented to the Indian History Congress, 36th Session, Aligarh, 1975), both on Murshidabad; Chaudhuri, “Structure of Indian Textile Industry”, pp. 140-1; Das Gupta, Indian Merchants and the Decline of Surat, pp. 49-51; and Gopal, Commerce and Crafts in Gujarat, for example pp. 183-4, all on Gujarat.
123 On cotton, see the interesting figures for the late eighteenth century in Guha, “Raw Cotton of Western India”, pp. 4-6.
gal regions had come to specialize in exporting rice to other parts of Bengal and beyond by the eighteenth century is especially significant. Indian-owned ships exchanged Bengal rice for cowries in the Maldives, and for other products, such as cotton, in Surat. In the busy towns of Gujarat and the northern Deccan, inhabited by urban manufacturers, administrators, money dealers and merchants, supplies of foodstuffs and of agricultural raw materials for fabrication had to be organized, while Konkani rice was regularly distributed to the large households and towns of the western Deccan. Indian grains were part of the Indian Ocean trade with the Red Sea and Persian Gulf. These are examples selected from a broad nexus of varied developments and relationships.

Nevertheless, such complementarities and specializations most probably involved a small part of the agricultural product, and in the following paragraphs I shall advance an interpretation of the pre-colonial economy that presents an alternative, but at the same time essentially complementary view of how different sectors and regions in these pre-industrial economies were probably integrated.

Fundamental to this whole development was the existence of the financial institutions mentioned above; these permitted numerous monetary transactions to occur without the exchange of actual coin, and provided wide access to credit for commercial operations and rural money-lending. These mechanisms and institutions allowed high rates of appropriation by providing the means for large numbers of producers to survive climatic and price fluctuations, to which high taxation and rents, and low real prices for marketable commodities, made them especially vulnerable (a "reasonable" replacement rate, therefore). At the same time, they also provided continuity in space and time, enabling commercial transactions to multiply.

In this respect we should note Guha's information that cotton production in the eastern Deccan was financed and marketed by large banking "firms" with branches in different regions, and even polities. By

126 The trade can be detected in road toll accounts kept uncatalogued in the Dabhade Daftar (Dabhade family papers), preserved in the Bharat Itihas Sanshodhak Mandal, Pune. Its consumption can be seen in accounts of household expenditures, as in those of the important Dabhade family.
129 Guha, "Raw Cotton of Western India", p. 6.
the eighteenth century, the kind of connections noted between Agra and Surat in the seventeenth century, themselves certainly only indications of a much broader, more elaborate system of connections, had become very extensive, some of the largest money dealers having branches and agents scattered across the subcontinent, in both East India Company and uncolonized territories, while smaller bankers also had correspondents in different towns and regions. One must not exaggerate the extent of such change; in the seventeenth century one great Surat banker had agents in such distant ports as Masulipatam, and even as far as the major entrepôts of the Persian Gulf, with which he did substantial business. Further, by the eighteenth century the changing character of Asian trade (on which see below) is likely to have affected some of these international contacts for the worse. Nevertheless, elaboration occurs, not least in the penetration of finance-related activities and intermediaries into the pores of the agrarian and urban economies.

Although it would be a mistake to fall prey to the general assumption that monetization necessarily means direct access by peasants to markets, my evidence for the western Deccan demonstrates that peasants often participated in fairly frequent, if low-value monetary transactions. This is also the case in contemporary Bengal, where labourers and rural textile producers are described as using and exchanging cowries. But more of this later. In so far as rent and taxation were concerned, however, private finance firms and individual financiers seem to have performed indispensible marketing functions. Many differences must have existed even within particular regions, but these can only be worked out when sufficient local research has been undertaken. In fact, credit and finance operated in terms of a complex ordering involving lenders at different organizational and social levels, centring finally in the towns and market-places where money could be transferred by bill of payment to more or less distant private and public destinations. These transfers generally encompassed a relatively large proportion of the agricultural product.

Such transfer by bill of payment also took place between different parts of the subcontinent. When Maratha condottiere raided villages in Gujarat, instead of seizing the crop they obtained bills of payment

130 Perlin, “Money-Use in Late Pre-Colonial India”, section e, and table 6.
131 H. W. Van Santen, private communication.
132 Hossain, “Alienation of Weavers”, pp. 340-1; Bhadra, “Role of Pykars in the Silk Industry of Bengal”, p. 50; Mohsin, Bengal District in Transition, pp. 118-20. For the Maratha Deccan, see below.
133 Bhattacharya, “Industrial Production, Technology and Market Structure in Eastern India”; and Marshall, East Indian Fortunes, p. 196, both for eighteenth-century Bengal. It is also the dominant impression gained from a study of the archives of large private families (for example the Dabhade Daftar), and Pune bankers’ papers (for example the Tulsibhagvale Daftar), also preserved in the Bharat Itihas Sanshadhak Mandal, Pune.
from local bankers "payable in any part of India". Dissident Rajput chieftains are also described, in the legendary histories of the Rajput nobility, as descending from strongholds in the hills to cash bills of payment in the local towns. These dramatic illustrations occur against the more mundane background of a generalized organization of finance facilities of this type. Thus, the papers of eighteenth-century Pune (Poona) bankers show money transfers between major towns and cities in the subcontinent, especially between Pune and correspondents in Gujarat, Bombay and the northern and southern Deccan, all of which regions were characterized by a level of economic activity higher than in the Maratha Deccan itself (in which Pune was a major centre). Locally, within the Maratha polity, we can see this system operating in depth: most money business that involved transfers, even over relatively short distances, tended to be conducted by such bills. This is especially the case with holders of various sorts of right, absentee who lived elsewhere in the countryside, or who resided in the towns.

Thus, while "Company" historians have described the circuits of money moving between major centres of industrial production and the ports, it is also important to demonstrate that such monetary "communications" also integrated areas primarily concerned with agricultural production with the rest of the subcontinent, and thereby with events and relationships on an international scale. Sometimes this is a matter of the movement of actual products, but it also needs to be emphasized that long-distance money transfers may be rooted in products which are marketed only locally. The evidence is very scanty, of course, but when put together it seems to be fairly decisive, at least in so far as the validity of phrasing such a hypothesis as a basis for further research is concerned. But it is also important to underline the fact that documentation exists with which to test it, although as yet astonishingly neglected.

This hierarchic interdependency between general and local activities can be demonstrated with another fundamental and well-known feature of financial activities in India. This is the extent to which seventeenth- and eighteenth-century governments across the subcontinent...
tinent were propped up by credit provided by a very large number of lenders. This was also true of the leading nobles of the various courts of the subcontinent, who besides being frequently heavily indebted to bankers, also appear to have invested their monies with the latter at interest. In the 1630s, war at Kandahar caused the Mughal nobles settled at Agra to withdraw their deposits, thus causing a credit crisis that froze the local economy. Still, the Dutch East India Company were able to obtain sufficient loans to conduct their commercial operations between Agra and Surat.¹³⁸ At Pune in the eighteenth century, the leading magnates regularly borrowed huge sums from numerous local bankers.¹³⁹ Leonard and Richards mention other cases in Bengal and Hyderabad.¹⁴⁰ As in the examples mentioned by Marshall in eighteenth-century Calcutta, big debtors tended to have many creditors, and creditors many debtors.¹⁴¹ It is not surprising then that a close relationship often existed between government ministers and bankers, the latter even utilized as “ministerial” functionaries; what this meant was that agricultural production, its monetization, government taxation and the octopus-like reach of eighteenth-century bankers into many different sectors of the economy, were closely interdependent. Bankers in Pune handled the collection of taxes in newly conquered territories, as well as local and more dispersed collections of incomes from government and privately held rights. G. D. Sharma has recently argued a similar case for Rajasthan.¹⁴² The degree to which bankers had confidence in apparently shaky political ventures, and also in what were often essentially international transactions, signifies the normal range and development of such facilities.

Finally, I wish to refer to an argument which is presented in detail elsewhere, and in which I consider the character of monetary transactions which had developed in one rural region by the late eighteenth century. Villagers in the western Deccan, in the eighteenth century, not only engaged in local market transactions in money, but were also paid daily and monthly money wages for agricultural labour, craft production, soldiery, and household service.¹⁴³ I would argue that

¹⁴⁰ For references, see n. 115 above.
¹⁴² Kulkarni, “Banking in the Eighteenth Century”, gives some examples, but the records of the Pune bankers (see n. 133 above) give abundant information on their tax-collecting activities. Sharma, “Indigenous Banking and the State in Eastern Rajasthan”, writes specifically on this hidden organization of finance mediating formal tax-collection operations. In the Maratha Deccan, the mechanisms varied both in extent and in kind.
¹⁴³ See n. 150 below. A preliminary formulation of the character of this economy can be gained from my “White Whale and Countrymen”, esp. pp. 190-2.
the import of copper and cowries indicates precisely the existence of vigorous, highly monetized, local market centres of this kind. These, when placed in the context of a general, long-term increase in population, arable settlement and monetization, argued above, suggest a growing market for coin. But my arguments are not merely logical.

Two kinds of evidence strongly bear out this case concerning local exchanges, which in their turn partly help to explain why south Asia provided such a vital source of demand for imports of payments media. Firstly, the production of coin seems to have experienced a radical transformation in the course of the seventeenth and eighteenth centuries, characterized by the appearance of mass-produced poor quality monies, especially of copper, for which faster production techniques were possible. Although the mint was not mechanized before colonial rule, hand technology proved highly flexible, especially when less emphasis came to be placed on high level skills in the various stages of the production process. Parallel with this generally observable change, which was essentially one of diversification since quality coinages remained important, were institutional changes. On the one hand, the number of mints in operation expanded dramatically in the late eighteenth century, and on the other they fell under increasingly private and entrepreneurial management. Research, once more, is sparse on these problems, but a number of documented instances show merchants and bankers in control of some of these mints. In the Deccan, for example, large and small mints producing different types of coinage are found in small market towns, the residential kasbas of important lords, as well as in major cities, and it is quite clear that many of these scattered coin factories supplied a local need.

A crucial example of such local need lies in the advance payments increasingly made by merchants to industrial and agricultural producers of commodities in both town and country. East India Company merchants were explicit about such payments and they made strenuous attempts to extend the system in the eighteenth century, and thereby bind producers more closely with their needs. This and the following hypothesis is worked out in my “Money-Use in Late Pre-Colonial India”.

On control of mints by bankers, see ibid., section e, and n. 152. Jan Lingen and Keneth W. Wiggins, Coins of the Sindhias (London, 1978); Malcolm, Memoir of Central India, ii, p. 85; and my “Money-Use in Late Pre-Colonial India”, table 4.1.3, show this development in the case of central India. Advance cash payments also occurred in Europe, although little seems to be known about these; see Klima, “English Merchant Capital in Bohemia”, pp. 36, 37, 43. In my “Money, Industry and Commercial Capital in Late Pre-Colonial India”, in Communications Presented to Section A2: la protoindustrialisation, I argue that this is less a question of the relative development of merchant capital (for which see Chaudhuri, “Structure of Indian Textile Industry”, p. 151), than of the “free currency” system, characterizing India, and of increasing entrepreneurial control of mint production in the eighteenth century. Some authors argue that putting-out was not resorted to be-

(cons. on p. 77)
early seventeenth century, when an increasing demand for coin and a too-rigid supply temporarily drove copper partly out of production, cowries and *badam* are found circulating in some of the main industrial regions of the subcontinent. This will surprise those who view such non-metallic media as archaic: *badam* circulated among small people in Gujarat, not least in Surat, while cowries circulated in Burhanpur, Agra, Andhra and especially in Bengal. These were not among the regions one would characterize as “backward”, relative to the rest of the subcontinent, but, on the contrary, were those most affected by the spread of domestic and workshop production. In the Deccan, on the other hand, copper seems to have succeeded in displacing cowries by (or in) the eighteenth century, although that region was predominantly an area of low-quality food crop production. More direct evidence from the eighteenth century explicitly describes silk weavers of Murshidabad and cotton weavers in the Bengal countryside exchanging cowries.\(^{149}\)

My second source of evidence concerns the study of a wide variety of records dealing with rural exchanges in the western Deccan during the late eighteenth century. In contrast to the cases of Bengal and Coromandel, colonial occupation did not take place until 1818.\(^{150}\) The western Deccan was a very different kind of region to either Bengal or Gujarat, with a low level of industrial production and gen-

\(^{147}\) See n. 147 above.

\(^{148}\) These are from the records of the Deccan region, as quoted in my "Money-Use in Late Pre-Colonial India", nn. 31, 33, 161.

\(^{149}\) This seems to neglect the long-distance transport of cotton to different markets in India, and the attempts by the English and Dutch East India Companies to introduce putting-out. In fact, despite the oft-stated view that weavers needed advances to purchase raw materials (for example, Arasaratnam, "Weavers, Merchants and Company", p. 268), the companies are found attempting to force weavers into accepting them, thereby binding them to the company and destroying local competition: S. Arasaratnam, "Trade and Political Dominance in South India: Changing British-Indian Relationships", *Mod. Asian Stud.* xi (1979), p. 34; Arasaratnam, "Weavers, Merchants and Company", p. 275; Hossain, "Alienation of Weavers", pp. 224 ff. See also contemporary observations quoted in Qaisar, "Role of Brokers in Medieval India", p. 243, on which he remarks that "the merchant had to *induce* the producer to accept the advance payment in his own interest". Habib, "Potentialities of Capitalistic Development", pp. 43-4; and Qaisar, "Role of Brokers in Medieval India", pp. 242-3, use "putting-out" to cover both the advance of cash and raw materials, but I have chosen like Arasaratnam to distinguish between them.

\(^{150}\) The following paragraphs are based on my research in Maharashtra during 1975-6, in the Pune Archives and the Bharat Itihas Sanshodhak Mandal, Pune. The latter possesses a very abundant, important but neglected archive of papers collected from the accounting repositories of many leading and middle-level property-managing households of the eighteenth century; see my "White Whale and Countrymen", appendix 6B, p. 204, for description of the archive. At present access is restricted.
eraly characterized by low-value cropping. However, we have already noted the numerous mints scattered in the small country towns, many of which produced only copper coin of low gimcrack quality, in addition to the wide variety of silver coinages also produced locally. Besides the indirect evidence of the mints, however, eighteenth-century household accounts bear out this view of humble people involved in numerous tiny transactions in which copper coin was most likely to be used. This character of rural economy may be described in terms of intensive circuits of localized distribution and redistribution, in which a high rate of appropriation and local export indeed took place but which formed part and parcel of types of social relationship and activity in which occurred what at first sight seems a surprising level of local expenditure and employment. What is thereby implied is the scattering within country villages and small rural towns of many of those functions normally considered to be primarily urban in kind. Fox's term "rurban" is peculiarly appropriate for this type of economy because the case with which Fox was concerned (Rajput north India) is associated with a similar dispersal of nobilities, garrisons and manufacturers through the countryside in numerous local centres. But this argument should not be confused with the view that rural exchanges were constrained within relatively autonomous micro-regions (another orthodoxy of the literature). In Maharashtra, such local circuits comprised a dense and overlapping nexus of numerous instances, partly determined by the scattered and fragmented social distribution of property rights and dispersed, rural habitations of large right-holders. Note that the question is not that of the value of such transactions, but their frequency and their social distribution; numerous, very small transactions are decisive evidence of the nature of economic life, even if their total local value is small in contrast with the purchases of lords and administrators, or taking place in towns and ports.

In contrast, early colonial rule led to a substantial reduction in the level of monetary life, partly because of the control gained by the authorities over taxation and its consequent substitution for bullion imports in making purchases, partly owing to a whole bundle of changes affecting social and economic life which destroyed the "rurban" economy. Small market towns decayed, village-based resi-

\[\text{[151] Fox, Kin, Clan, Raja and Rule, p. 51. Cf. Marshall, Statistical Reports, pp. 149-50; Perlin, "White Whale and Countrymen".}\]

tential complexes of lords, administrators and garrisons of soldiers tended to disappear, together with the local mints and complexes of market-oriented craftsmen described above. References to money famines are as frequent in early nineteenth-century Maharashtra as those to food famines in a period generally characterized by severe crisis. Given the role of anthropological studies of present-day life in our picture of the past, we may legitimately ask how far colonialism was responsible for the emergence of the traditional Indian village during the nineteenth century.

The case has already been made for Meso-America and can also be argued in the case of post-sixteenth- and seventeen-century Dutch colonization of Java. It is not only a question of how far the description of the "self-subsisting and self-perpetuating character . . . of the village" (described by Daniel Thorner as "the outstanding feature of the economy of India before the advent of British power") was ever true, but also one of the extent to which the advent of British power produced the very conditions that would eventually pass for it.

VII

THE PROBLEM OF THE EIGHTEENTH CENTURY

This characterization of the last centuries of pre-colonial history conflicts sharply with the hallowed images of old order India. Readers

153 Siddiqi, Agrarian Change in a North Indian State, ch. 5 and p. 186; Prakash, "European Trade and South Asian Economies", pp. 201-2; Bhattacharya, "Industrial Production, Technology and Market Structure in Eastern India". This would have affected volume of transactions, intensity of circulation, and the activities of all those who deal in money, in short the level of monetization of local economy. See, for example, Siddiqi, Agrarian Change in a North Indian State, pp. 170-1, describes some of the consequences of the closure of the Farrukhabad Mint in 1824, including the departure of 65 of the 120 bankers at work in the city, and a rise in the price of coin. Some authors have argued that pre-colonial bankers were deprived of their old functions and either disappeared or adapted; for example Bhattacharya, "Industrial Production, Technology and Market Structure in Eastern India"; Mehta, "Indian Bankers"; Leonard, "The 'Great Firm' Theory". On the disappearance of the many pre-colonial mints, see Siddiqi, Agrarian Change in a North Indian State, pp. 170-1; Perlin, "Changes in Production and Circulation of Money in 17th and 18th Century India: An Essay on Monetization before Colonial Occupation", in E. van Cauwenberge, F. Irsigler and M. Koerner (eds.), Mint Output, Monetary Circulation and Exchange Rates (forthcoming); on increasing scarcity of coin, see C. A. Bayly, "Putting Together the Eighteenth Century in India: Trade, Money and the 'Pre-Colonial' Political Order" (paper presented to the Second Anglo-Dutch Conference on Comparative Colonial History, Univ. of Leiden, 1981). Colonial pressures were multi-faceted, attacking the structure of the old order at numerous points; in addition to the above examples, the pensioning-off of members of the old nobility and their migration to the towns; demilitarization of the scattered courts and small urban centres; the onslaught on sources of wealth of village officers; the whittling away at old order property rights.


155 Thorner, Land and Labour in India, p. 51.
will surely argue that Indian history is a story of repeated decline, the last such reversion being in the late seventeenth and eighteenth centuries, when one region after another apparently succumbed to warfare and banditry ("from chaos to chaos" in Morris's suggestive phrase).\textsuperscript{156} Was not the eighteenth century the period when the Mughal empire, and thus "Mughal" economy, was effectively dismantled, long before colonial occupation? The developments of which we speak would thus seem to be merely of a cyclical, fluctuational or even random character, occurring within given (homeostatic?) limits, and in this respect it is important to note that even modern works of economic history betray a fundamental agnosticism before this problem.

The reasons are fairly clear: they reside in the conundrum, discussed above, concerning the extent to which India's late pre-colonial history can be considered simply as an "Indian history", that is to say as an autonomous collectivity of evidence abraded here and there by contacts with European companies and commerce. If it can be considered so, then although the course of the eighteenth century will remain disputable, it will also remain part of that long and separate entity (the history of India), abruptly broken into by the colonial conquests of the late eighteenth and early nineteenth centuries, and thus always tending to be seen as the final tide of a history that, at base, never changed in its fundamental character, or, at the least, belonged to a different epoch of history to that which followed under colonial rule — an involuted history, in short. Here, then, our hypothesis needs to be led an essential stage further, the question of the eighteenth century to be confronted, certain connections to be made, and an alternative solution worked out which dispenses, as far as possible, with all special (that is to say, substantive) logics. In particular, various problems were treated in the above section largely as structural features representing a "kind" of economy, and these will now have to be filled out further as a real history subject to changes of a particular kind.

It would be wrong to see the problem of the eighteenth century as merely "economic", even in the larger sense of the term. It has long been established orthodoxy to write of the "political decentralization" of the eighteenth century (thus of imperial decline) as if it were synonymous with decline as such.\textsuperscript{157} As the imperial armies fell back, and local elites switched their loyalties, a number of new polities came into being of an apparently less centralized and ordered character than the empire which they replaced. The establishment of these

\textsuperscript{156} Morris, "Towards a Reinterpretation of Nineteenth-Century Indian Economic History", p. 4.

\textsuperscript{157} A very recent example is Bayly, "Putting Together the Eighteenth Century in India".
polities and their stabilization entailed a good deal of military conflict, plunder, and extraordinary exactions, thereby leading to de-urbanization, impoverishment and a decline in indigenous trade and commerce.

An adequate treatment of the question of decline would require a separate essay, but it remains important to point out that even in the limited terms in which it is customarily discussed, India's historians are becoming increasingly sceptical. 158 Firstly, a critique must begin with the still-dominant tendency to view economic developments as dependent functions of the strengths and stabilities of particular governmental entities and "superstructures", thus of particular dynasties, regimes and polities. Instead, it could be argued, on the basis of the above discussion, that political decentralization went hand in hand with a broader process of "localization" in the distribution and organization of power. The character of political order, according to this thesis, underwent a transformation, together with those changes of society and economy outlined above, that is to say with an increase in the density of economic life. This can be shown on a variety of levels, from the rise of "new" states in Rajasthan, Maharashtra and Hyderabad, to name some notable examples, to the dispersal of small lordly courts and ostensibly urban functions within the small towns and villages of the countryside. Manufacturing and cash-cropping for distant markets would in some regions have formed part of this "rurban-type" economy. "Rurbanization" can be observed in the southern Deccan, Bihar and Bengal, and in Gujarat as well as in Maharashtra.

Although political changes can be connected with changes of other kinds, it is best to dispense with attempts to lay any one factor at the door of another. This can be seen in Ziegler's exemplary study of Rajput state formation in Mewar, which shows a continuous development from the fifteenth century on, and in which Mughal conquest and control has a formative role which enabled the Rajputs eventually to throw it off. 159 Underlying a change towards locally autonomous administration, and in the structural character of property systems, local elites became increasingly sedentary. This can also be seen in Maharashtra over a very long period, the heartland of which was never properly controlled by the Mughals, and whose property and administrative systems can be seen evolving well into the eighteenth


century, in a way that enabled both local lords and state to increase their controls over the countryside.\textsuperscript{160} No doubt this was a paradoxical development, since each state, as indeed the Mughal empire itself, was thereby subject to fissiparous tendencies. It is in the eighteenth century that the voluminous accounts of income and expenditure of Maratha lords and villages become available, and in the same period that the more powerful of the former manage to set up their own semi-autonomous administrations. What I would tentatively suggest is that the relationship between political power and economic life alters in the eighteenth century, with centralized political power becoming of less weight in the total disposition of the latter. Historians would thus do well to relax their emphases on political power, administrative coherence and the scale on which central control was exercised, when interpreting the economic events of the eighteenth century.

Our second point, given the role of military conflict in the interpretation of decline, is that we have astonishingly little research on the effects of warfare on society in India, comparable with that conducted in recent years on, say, the Thirty Years War and the Wars of the Roses in Europe.\textsuperscript{161} The latter has been responsible for a major demystification from dogma of a kind to which those of us concerned with India still seem subject. A unique study by Gordon, however, justifies a critical attitude. He successfully shows that the period of disruption following the Maratha conquest of Malwa, in central India, was relatively short and that the new regime quickly set about constructing an administration capable of providing the Maratha treasury with a regular income.\textsuperscript{162} The Marathas are the archetypal marauders of the literature, apparently responsible for the undoing of Gujarat’s busy economy, although as I have argued here, this has never been demonstrated, and other more economic factors may be responsible.

There are many other reasons for scepticism. It has not been shown that eighteenth-century conflicts were greater than those accompanying Mughal expansion (the “golden age” of the historiography), or, for that matter, the Napoleonic Wars in Europe. The effects of war itself are disputed: financing war through increased taxation and borrowing might have deleterious general effects, while on the other hand routes and battlefields tended to be localized. Moreover, peasant recruitment in eighteenth-century armies could be a means of inject-


\textsuperscript{161} For example, see the discussion of the Thirty Years War in Wallerstein, \textit{Modern World-System}, ii, pp. 22 ff., summarizing the work of Henry Kamen and J. V. Poli-

\textsuperscript{162} Gordon, “Slow Conquest”.
ing wealth into Maratha towns and villages, a source of investment in cloth and weapon production, and part and parcel of the "rurban" demand structure treated above.\textsuperscript{163} This does not mean that large-scale disruption did not occur, but, to take one famous example, the port of Surat proved remarkably resilient under repeated attack.\textsuperscript{164} Seventeenth- and eighteenth-century Europe was hardly without its wars and disruptions, regional economic declines and political decentralizations.

In addition, the wars of the eighteenth century were hardly random, being especially marked by piecemeal intrusion into the subcontinent by the East India Companies; these penetrated along many different regional "fronts", taking over rights, interfering in governments, conquering one piece of territory after another: thus, the textile manufacturing regions of Bengal and Bihar in 1765, an important part of what is now eastern Uttar Pradesh in 1775, most of southern India south of the Kistna river between 1792 and 1801 (including the textile districts of Coromandel, and also Malabar and Mysore), important cotton growing districts and commercial towns in south Gujarat between 1800 and 1805, large areas of Andhra and Orissa, also important for their export-oriented textile production, between 1753 and 1803, and in 1818-19 most of Maharashtra, among other territories.\textsuperscript{165} These last were the least interesting for the company, commercially speaking, while the others mostly had important industrial and commercial functions for the company.\textsuperscript{166}

If it thus seems reasonable, at first sight, to divide the subcontinent into colonial and pre-colonial regions existing separately, but simultaneously, alongside one another, it is, in fact, no longer possible by the middle of the eighteenth century to conceive of Indian states as functioning independently of the influence of European intervention. The companies were using their armies and their treasuries to interfere in a fairly massive way (even in territories which they were not to conquer formally before the early nineteenth century); local princes were able to build up and maintain strength through alliances

\textsuperscript{163} Thus Hiroshi Fukazawa, "Lands and Peasants in the Eighteenth Century Marath\={a} Kingdom", \textit{Hitotsubashi J\={i}. Econ.}, vi (1965), pp. 32-61, argues that returning soldiers invested in property rights in the eighteenth century, while I have examined many accounts of salaries paid to soldiers of all ranks, many of whom bear the typical peasant names of the area in which the Dabhade family resided: Dabhade Daftar, \textit{Bharat Itihas Sanshodhak Man\{a\]}, Pune.

\textsuperscript{164} B. H. Baden-Powell, \textit{Land Systems of British India}, 3 vols. (Oxford, 1892), map of "India, Showing the Sequence of Territorial Acquisition" (enclosed in pocket of vol. 1).

\textsuperscript{165} European travellers generally skirted the central parts of the Maratha polity, and there were no East India Company commercial investments there. See Public Record Office, London, Board of Trade Papers 6/42, Reports on the Export Trade from Great Britain to the East Indies, 8 Aug. 1788, Appendix no. 6, negative report from C. W. Malet.
of this kind, thus affecting the coherence of larger states; armaments were imported and distributed in the hinterland; and European mercenaries hired themselves out to Indian rulers. In short we have all the features of what Martin Klein and Ivor Wilks describe in west Africa as the destabilizing effects of an open and violent frontier with the Europeans.\textsuperscript{167} Marshall’s description of the course of East India Company penetration of Awadh, in northern India, is an outstanding example of these processes, because it demonstrates the numerous forms in which they occurred, as much commercial and private as political and institutional.\textsuperscript{168} Rather than stepping into a political and military vacuum, as often claimed, it can be argued that colonial conquests followed a long history of pre-colonial disruption brought about by the “open frontier” with the companies.\textsuperscript{169}

However, although this argument helps to break down the rigidity of the frontiers separating colonial and pre-colonial sectors, and gives to the eighteenth century a shape it too often lacks, it needs to be reformulated in terms of the commercial and international developments of the period, which in my view impart to these processes of conquest and transition a quite different texture and meaning. Since it is these aspects which are most relevant to the subject of this essay, I shall briefly concentrate on them.

Firstly, let us return to the question of money, a feature already shown to have been subject to powerful developments in the seventeenth and eighteenth centuries. Yet money is one of the many features which the pessimists have automatically cast as evidence of decline: gimcrack coinages, privatization of mints and multiplication of both mints and coin-types are factors which seem to have be\textsuperscript{tokened a loss of coherence, an increasing disorder and chaos affecting economic life. In contrast, we have argued that these changes were closely related to the contemporary needs of a commercializing economy, an economy in which, in addition, local economic life was becoming more dense and vigorous even in essentially agricultural hinterlands; these developments were paralleled in eighteenth-century Europe, where illegal money-making activities fulfilled a similar role.\textsuperscript{170} 


\textsuperscript{170} Perlin, “Money-Use in Late Pre-Colonial India”, section I. Analogies may be drawn with the private production of token and forged coinages in contemporary Europe in order to meet cash shortages generated by more rigid and centralized cur-
Vilar rightly argues that money should not be attributed a "special" significance for an understanding of past economic life. 171 However, in certain historical circumstances, where established viewpoints have depended upon the absence of money, or upon its socially restricted circuit, money, its very existence, its easy passage across political and geographical frontiers, its role in connecting regions, states, classes, town and country, lord, banker, peasant and merchant, its ready divisions and subdivisions into portions which allowed values to be attributed to the tiny dealings of poor people in the countryside, all of these features and many others give to money a quite unique interpretational status; it would be no exaggeration to say that it provides a further dimension for understanding the organization of old order life. In the course of the seventeenth and eighteenth centuries, use of money spread to new sections of the population.

Already in the seventeenth century, ordinary people were using badam and cowries and a variety of small coins, for purchases in places as far apart as Surat, Burhanpur and Agra. Gujarat, as mentioned, must have been highly monetized, given its exceptional urbanization, commerce and manufactures, and its special currencies. Moreover, we have already seen that its bankers, based in Surat, had agents and respondents in Agra, Ahmadabad and even further afield.

Now, at the same time as there occurred the broad processes of "rurbanization" and increasing local money-use, discussed above, there is circumstantial and impressionistic evidence suggesting that industrial producers were increasingly caught up in advance payment systems. To begin with, a number of authors suggest that producers in the seventeenth century possessed some degree of independence from the merchants selling them the raw materials they needed and purchasing their products. 172 This is a very difficult theme, because it is quite unclear what and who these "manufacturers" were, the sociology of manufacture remaining largely undifferentiated in the literature. 173 The question is thus whether industry was so structured

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171 Vilar, History of Gold and Money, p. 19.
172 Chaudhuri, "Structure of Indian Textile Industry", pp. 147 ff.; Qaisar, "Role of Brokers in Medieval India", pp. 242-3; Arasaratnam, "Trade and Political Dominion in South India"; Arasaratnam, "Weavers, Merchants and Company".
173 Hossain, "Alienation of Weavers", is especially valuable for the later period: middlemen traders (dalals and paikars) "registered themselves as Company’s weavers in order to seek protection". "Advances were accepted by head weavers" (p. 333); she refers to "principle weavers" and "inferior weavers" (p. 335). Cf. Bhadra, "Role of
that some trades, employers and middlemen would have possessed this relative independence in contrast to the bulk of the manufacturing population. Even given this qualification, Arasaratnam and Hossein are correct in pointing to a considerable extension of the advance system in the eighteenth century. At this time, the Dutch and English East India Companies made strenuous efforts to obtain closer supervisory control over textile spinners and weavers, even to the extent of cutting out various levels of intermediary; this enabled company merchants to inspect looms and demand technical changes. These events parallel many other features of East India Company activities, and also the actions of English private merchants, who sought to drive other merchants out of competition (be they Armenian, Indian or those of another European trading company). As Arasaratnam remarks, these changes correlate closely with the changing character of the international market for textiles. Textiles in Europe as well as India were becoming more varied both in kind and quality, and consumer expectations and quality controls correspondingly more exacting, not least as relatively less skilled workers were incorporated into the lower end of these production networks.

These changes, and the increasingly critical task of imposing a supervisory control, sufficiently sensitive to the market, upon numerous dispersed producers, need to be seen in terms of the increasingly competitive character of the international market as more regions entered production in the course of the eighteenth century.

Paykars in the Silk Industry of Bengal”; Arasaratnam, “Weavers, Merchants and Company”. A problem which I have not examined in this essay is the role of caste, on which Arasaratnam, “Weavers, Merchants and Company”, places a great deal of emphasis, using late nineteenth-century sources. This seems to me anachronistic, since caste in late pre-colonial India is largely unstudied. Rural and urban manufactures expanded considerably in the eighteenth century (Chaudhuri, Trading World of Asia, pp. 272-3), recruitment into production increasing accordingly (Prakash, “Bullion for Goods”, pp. 159-87; Hambly, “Towns and Cities. 1, Mughal India”, p. 441), and it is hard to accept that such recruitment was limited to members of ascribed castes. Jan Ouvry has recently pointed out that contemporary European merchants and travellers used the term “caste” in a different manner to today, generally for “group”, “religion”, “race”, “occupation”, that is to say as “category”; Jan Ouvry, “De Open-Deure tot het Verbogen heydendom: Percepie van Indische Maatschappij en Religie in Engelse, Franse en Nederlandse Reisverhalen uit de 17de eeuw”, 2 vols. (University of Ghent doctoraal thesis, 1979). For a sceptical treatment of such “traditions”, see D. A. Washbrook, “Ethnicity and Racialism in Colonial Indian Society”, in R. J. Ross (ed.), Colonialism and Racialism (The Hague, 1982), pp. 144-81.

Arasaratnam, “Weavers, Merchants and Company”, by using Weber’s model of a change from the “price worker” to the “wage worker” surely exaggerates the degree of transition (esp. p. 280), and is partly contradicted by his own evidence; however, in this article and in his “Trade and Political Dominion in South India”, he provides much evidence of use of violence, removal of intermediaries, increase in supervision and attempts to enforce putting-out, and not merely cash advances. See also Prakash, “European Trade and South Asian Economies”, p. 201.

Thus, in both Bengal and Coromandel, as East India Companies accumulated local political power and commercial monopoly, the managerial links with the producer were tightened, an increasing scale and level of violence characterized treatment of producers, and the costs of labour were driven downwards.\textsuperscript{176}

But, of course, these developments of the late eighteenth century were part and parcel of a gradual transition to colonial rule, and Hossain and Mohsin have shown that the assumption of political control provided an essential impetus to the exploitative controls exercised by the English company. During the eighteenth century, Indian merchants were driven from independent participation in inter-Asian trade and forced into subsidiary roles within India itself in order to survive. Similarly, Armenian, Persian and Indian purchasers of textiles within the subcontinent were disadvantaged and either forced from the trade or into intermediary functions for the Europeans.\textsuperscript{177} Moreover, some writers argue that eighteenth-century bankers were gradually divorced from commercial operations under early colonial rule.\textsuperscript{178}

A useful comparison can be made with events in eastern and central Europe during the same period, commercial manufactures in Bengal and Coromandel experiencing astonishingly similar developments to those described by Klima in Bohemia, where Dutch and English merchants also gained an increasing stranglehold on local regions and producers.\textsuperscript{179} With respect to this comparison, it is only of local significance that this process in India is tied in with the slow extension of control by the European trading companies. Comparison could also be made with other studies of central and eastern Europe, where despite different local conditions, increasingly organized groups of foreign merchants were moving into more direct control over production by the late eighteenth century.\textsuperscript{180} However, this obviously does not imply that colonial rule overseas is without general significance. Instead, I wish to emphasize that although we can speak of a "continuous process of developments" affecting local production systems in India (linking pre-colonial and early colonial periods), this development is of a specific kind, possesses a particular international

\textsuperscript{176} Marshall, \textit{East Indian Fortunes}, gives many instances, esp. chs. 2, 5, for example p. 38; Mohsin, \textit{Bengal District in Transition}, pp. 63-5; Arasaratnam, "Trade and Political Dominion in South India", pp. 34 ff.; Arasaratnam, "Weavers, Merchants and Company", pp. 271 ff.; Bhadra, "Role of Pykars in the Silk Industry of Bengal".

\textsuperscript{177} Each of the references in n. 176 above mentions these changes.

\textsuperscript{178} Mehta, "Indian Bankers"; Marshall, \textit{East Indian Fortunes}; Leonard, "The 'Great Firm' Theory".

\textsuperscript{179} Klima, "English Merchant Capital in Bohemia"; Freudenberger, "Woollen-Goods Industry of the Habsburg Monarchy".

\textsuperscript{180} For example, Kisch, "The Textile Industries in Silesia and the Rhineland", Section 2, on Silesia; Freudenberger, "Woollen-Goods Industry of the Habsburg Monarchy".
context, and moves in a direction that also needs careful definition, points which I shall take up when I return to the problem of de-industrialization.

For the moment, it is worth noting that the vast expansion of textile output in late eighteenth-century Bengal and Coromandel demanded increasing supplies of cotton, yarn and foodstuffs from an agricultural hinterland that extended far beyond those regions controlled by the East India Company. Yarn was thus carried down from upland villages to the factories of the English East India Company on the Coromandel coast, while company merchants purchased manufactures from south Indian producers living in regions under rulers whom it could barely influence without use of troops. Cotton was grown in Awadh, the upper Ganges valley, and the central north Deccan, all under different political dispensations, for export to the markets of Bengal, while both cultivation and transport seem to have been financed by banking establishments with their head offices also located in distant, colonial Bengal. This latter feature is confirmed elsewhere (for example, the relatively small finance house of the Dixit-Patwardhans of Pune having a branch in the major East India Company port of Bombay).

In summary, by the late eighteenth century we can no longer properly write of a merely “Indian history”. Well before the colonial conquests of the early nineteenth century, Indian history, company history and the history of a growing international commerce have become inextricably entangled, even fused. To some extent this was partly true in the seventeenth century, when a vigorous export and import trade linked India’s ports and textile manufactures with the inter-Asian nexus. But by the eighteenth century the process of integration is of an altogether different scale and character.

VIII
A CONCLUSION: THE INTERNATIONAL DIMENSION AND COMMERCIAL CAPITAL

What were the wider international implications of these developments in India, their comparative meaning and their role within a growing international system of exchanges and production relationships? First, I have argued that certain important aspects of India’s late pre-colonial history were much more similar to those in Europe than has generally been recognized. Not only is there a broad category of similar, parallel developments, but it also needs to be recognized

181 For example, Chaudhuri, Trading World of Asia, pp. 272-3.
182 For example, Guha, “Raw Cotton of Western India”, p. 2; P. J. Marshall, “Eighteenth-Century Calcutta” (paper presented to the Colonial Cities Workshop, Univ. of Leiden, 1980); Marshall, East Indian Fortunes, pp. 78, 99, 100, 107, 137; and see n. 119 above.
that many well-known features of old order life in pre-colonial India (features that at first sight appear unique and incomparable) achieve a new significance when interpreted in comparative perspective. Domestic manufacture and mixed occupation, are significant examples of features which for too long have been accorded different, even opposite meanings, according to the category of historical writing in which they fall as explanatory tools.

Secondly, we need to move beyond comparison in an attempt to draw broader structural conclusions. Thus it may be argued that the context of societal growth and developing proto-capitalist relationships formed an essential precondition for the increasing European involvement in the subcontinent (for example, through the high prices paid for silver and copper, and in the economic and institutional infrastructure that lay behind production of the textiles which foreign merchants increasingly purchased). Together with similar developments occurring elsewhere in Asia, local regional growth facilitated the establishment of European commerce in Asia, and, seen more widely, formed part of the preconditions for the development of a system of international exchanges and dependencies in which Europe established an increasing hegemony. At first we have the case of a needy western Europe seeking means of exchange for dealing in high-value luxury goods within an already established inter-Asian exchange nexus; by the late seventeenth century, trade was becoming more substantial, increasingly concerned with the purchase of manufactured commodities and with the sale of goods of increasing importance for the stability and organization of hinterland Asia (monetary media); by the end of the eighteenth century, trade has come more and more to possess a mass-marketing basis and to involve a much closer organizational relationship between merchant and producer. This final phase is matched in Europe where, in the same manner, metropolitan forces obtained closer control over distant production centres. At the same time, the late eighteenth century was a time of technical innovation and change in the organization of labour: the silk filatures in Bengal, which exported high-quality yarn to England, the new workshops on Bohemian estates, innovations in the framework-knitting industry in England and the first phase of the Industrial Revolution are examples of the movement. In the eighteenth century, the inter-Asian nexus becomes increasingly subdivided into spheres of European influence, while Holland and England begin to seize more direct control over local production systems: Bengal silk yarn and cotton textiles, south Gujarat cotton and eventually Javanese sugar, for example.

In short, commercial manufactures in Europe and Asia formed dependent parts of wider international developments. The rise of merchant capital in different parts of the world, of market-oriented
manufactures in Europe, Asia and North America, the incorporation of expanding systems of peasant production into international commodity circuits, all these need to be considered in terms of a framework of relevance comprising the growth of international commerce and division of labour. European commercial activity responded parasitically to major commercial and industrial circuits in Asia, but in the course of the eighteenth century there can be no doubt that certain regional concentrations of commercial and industrial capital in Europe were becoming much more advanced in several crucial respects, their maritime economies increasingly imposing their will elsewhere. Colonialism in India sealed this hegemony, leading to a whole nexus of changes among which was de-industrialization.

This argument is clearly at odds with the thesis that capitalism originated uniquely in Europe. According to Wallerstein, “this historically unique combination of elements first crystallized in Europe in the sixteenth century, and the boundaries slowly expanded to include the entire world”. But this focus on Europe as the unique centre of early capitalism is a misreading of historical developments during this period, coinciding with the neglect of the secondary literature on pre-colonial Asia and Africa characterizing the literature on transition. What thus needs to be reconstructed is the manner in which local merchant capitalisms were disrupted and dismantled in favour of the increasing hegemony of Europe.

It should now be clear that I am not arguing that India would necessarily have industrialized if colonialism had not intervened. As pointed out above, “intervention” began long before colonial occupation and was none the less significant because it did not take the form of governmental controls. This has raised questions about the manner in which we should conceptualize the European presence in India, and I shall return to this question in my conclusion. What should first be considered, however, is an equally basic but related question about the nature of pre-colonial economy (thus, of the consequences of a growth of commercial capital of the type outlined above), and the manner in which it could lead to serious misunderstanding, given a certain structure of assumptions in which lack of fixed capital, mixed occupations, poverty, technical stagnation, instability of investments and diversity of professional pursuits have all seemed the hallmarks of profound localism and traditionalism (of economies which, in a fundamental sense, are undynamic).

In this respect, a major problem of perspective lies in the obvious, general absence of large-scale investments of fixed capital, so that in contrast to India in the later nineteenth century (with its railways, imperial architecture, port facilities and a slow beginning of factory

development and investment in machines), pre-colonial India appears empty of what has come to be deemed the *sine qua non* of modernization and development. What we need to observe is that economic development in the period before industrialization was mainly characterized by changes in the size and *organization* of circulating capital, and in its increasing control over large quantities of labour extensively dispersed through space in households and large workshops. Thus the lack of durable capital investments and a high mobility of commercial and financial capital, has meant that we lack the more obvious kinds of visible evidence for changes affecting India in the seventeenth and eighteenth centuries (especially the case, given our argument favouring a process of underdevelopment in the early decades of colonial rule).\textsuperscript{184} The principal effects of merchant capital were instead to be seen in developments affecting the social relationships of production and in institutional innovations (as in the organization of money, government and commercial practice), whereas labour remained intensive and increasingly poorly endowed, investment in tools and in overland transport facilities being minimal.\textsuperscript{185} In these respects, the role of financial institutions (mints and credit) and new monetary media (use of gimcrack coppers, *badam*, cowries and bills of exchange, and diversification of coin types) are clearly of fundamental importance. But, in turn, these are problems that remain to be properly researched, until which time they must remain largely invisible.

These remarks about the character of commercial capital in pre-colonial India confirm observations made for pre-industrial Europe in the same period. In this respect it must be emphasized that the proper comparative focus for pre-colonial India is not the colonial imperium of the late nineteenth century but contemporary pre-in-

\textsuperscript{184} On mobility of pre-industrial commercial capital, see the illuminating article by S. D. Chapman, "Industrial Capital before the Industrial Revolution: An Analysis of the Assets of a Thousand Textile Entrepreneurs, c. 1730-50", in N. B. Harte and K. G. Ponting (eds.), *Textile History and Economic History: Essays in Honour of Miss Julia de Lacy Mann* (Manchester, 1973), pp. 113-37; Supple, *Commercial Crisis and Change in England*, Introduction. Marshall, *East Indian Fortunes*, by contrast, emphasized the inconvenience of large quantities of capital tied up in the hands of numerous middlemen and producers. On Habib's view of capital and commerce as parasitic on the Mughal ruling class and state, see his "Potentialities of Capitalistic Development", p. 78: "In so far as capital, confined practically to the sphere of commerce, had failed to develop any independent base for itself, its fortunes would lie with the Mughal ruling class . . .". Leonard, "The 'Great Firm' Theory", p. 154, makes pertinent and critical remarks. It is often noted that in India, trading, shopkeeping and money-dealing were often combined, that persons shifted from one activity to another, and that premises were generally unspecialized. Chapman, "Industrial Capital before the Industrial Revolution", shows that this was also the case in eighteenth-century England; cf. the "miller" in Carlo Ginzburg, *The Cheese and the Worms* (London), 1980, pp. 1, 97, 103.

dustrial Europe. Thus Supple's remarks about seventeenth-century England could as well be applied to India at the same point in time: "A marked feature of non-agricultural occupations in the period under discussion was . . . the relative unimportance of fixed capital . . . Given the methods and organization of trade and industry, an extremely high proportion of the country's non-agricultural wealth consisted of circulating capital. And the effects of this situation were exaggerated since, firstly, some of the items of fixed capital, e.g. mills, were by no means specific in their uses, and, secondly, the arrangements of domestic production meant that employees frequently provided their own workplaces and the necessary, but inexpensive, tools and machines". 186

It seems to me that serious attention to the problems raised by this point must precede formulation of successful research into many vital problems concerning manufacture and commerce in pre-colonial economy. The relative decline of Gujarat, and the rise of Bengal during the same period, referred to above, ought surely to be assessed in relation to the high fluidity of capital in this period, and the apparent ease with which investments in production were withdrawn and placed elsewhere. 187

In short, Mendels and Habib are correct to focus attention on the discontinuity separating merchant from industrial capitals. 188 In addition, however, the nature of this problem should not be lost to sight beneath a logical set of contrasts about their different character. If we look carefully at the historical circumstances surrounding the growth of manufacturing regions in Europe and Asia, it is significant that stagnation eventually affected the vast bulk of them, and that the emergence of industrial capitalism was not at all predetermined by the particular locations of home and workshop forms of production. 189 What is important about proto-capitalism is that under given conditions it maintains and intensifies a high rate of exploata-

186 Supple, Commercial Crisis and Change in England, p. 8. Technological weaknesses in India are real enough, but I am arguing that the crucial question in India's "failure" to develop lies in the manner in which capital came to be organized in the eighteenth century.

187 In particular, Bengal was known for its cheap foodstuffs and labour costs. For example, see Marshall, East Indian Fortunes, pp. 34-5; M. A. Ansari, "A Short Survey of Cereal Prices in Northern India during the 18th Century", Proceedings of the Indian History Congress, 31st Session, Varanasi, 1969 (Patna, 1970), pp. 255-61 (with rather unsatisfactory data). Prices appear to have been levelling out by the 1750s (Chaudhuri, Trading World of Asia, p. 99), after which the company is found using non-economic methods to keep prices down; see, for example, Hossain, "Alienation of Weavers", pp. 329-30; cf. Kisch, "Textile Industries in Silesia and the Rhineland", p. 551; and, as a general point, Kriedt, Medick and Schlumbohm, Industrialisation before Industrialisation, p. 101. See also n. 190 below.


189 Las and Soly, Poverty and Capitalism, p. 155, arguing that regions in which putting-out merchants operated tended not to industrialize.
tion, driving prices given to producers lower than those available in a notionally open market, and thus fostering continued impoverishment at that level. Blum has synthesized a large amount of evidence pointing to similar tendencies affecting peasant production in western and eastern Europe, and the same process has been observed in Java.

Secondly, its character of organizing large quantities of available cheap labour, and in rendering the costs of labour cheaper as it extends control over production, meant that technical impoverishment was also written into the nature of much domestic industry (as also into that of peasant production). This was the case in those industries in which putting-out and advance payment systems were successfully organized from distant centres (as in Bengal and Coromandel), in contrast to a number of industries, such as described by Hudson with respect to England, where producers retained sufficient control to be able themselves to accumulate capital. Nor is this to say that putting-out and advance payments necessarily prevented local accumulations of wealth among entrepreneurial groups concerned with organizing domestic industry. Such accumulation, for example, occurred in Bengal, where the Dutch and English East India Companies imported large quantities of treasure as means of payment for textile purchases. But, correspondingly, the increasing hegemony and control obtained by European companies and private traders over hinterland production systems by the late eighteenth and early nineteenth centuries led to distortion in the structure of local economy, while a significant proportion of the gains fuelled European-dominated international commodity circuits. This is also evident in Bohemia and Silesia.

As just mentioned, in areas of Europe and Asia marked by development of domestic production, such as Brittany, eastern Prussia, Russia and Bengal, industrial capital did not develop in a significant manner on the basis of such production, and it can be argued that the relatively strong control exercised by merchants and bankers over

190 Payment of Bengal weavers by the company is symptomatically low, especially given the alleged levelling of prices by the mid-century with the rest of the subcontinent. Hossain, "Alienation of Weavers", p. 327, describes company weavers' wages at Dacca as rising from between 1 and 1½ Arcot rupees per month in 1760-4, to between 2½ and 3½ in 1800. The wages of agricultural labourers, rank-and-file foot soldiers and household servants in mid-eighteenth-century Maharashtra were between 3 and 5 rupees, often with some food and cloth in addition: Dabhade Daftar, Bharat Itihas Sanshodhak Mandal, Pune. According to Moreland, India at the Death of Akbar, p. 75, who gives rates in the Mughal army, porters received between 2½ and 3 rupees, "matchlock men" between 3 and 6 rupees per month.

191 Blum, End of the Old Order in Rural Europe, chs. 1-4; Geertz, Agricultural In-
domestic production inevitably led to a drain of resources from these regions, and, by contrast, to accumulation in metropolitan centres elsewhere, especially western Europe, or at best in the hands of local landlords, merchants and bankers more concerned with an extension and an intensification of such systems of exploitation than with their technical transition into new forms of production. As described above, all these tendencies were intensified by assumption of governmental control in Bengal and Coromandel by the English East India Company.

In conclusion, therefore, we resist the tendency to treat growth in commercial manufacturing as the basis of a local transition to full industrialization. Areas in which commercial manufactures developed were generally affected by stagnation, as were their agrarian equivalents in Java and eastern Europe. Instead, their transitional role would better be seen as stimulating organizational change, capital accumulation and reinvestment elsewhere. On the one hand, it is very evident that a system based upon labour- and skill-intensive production, lacking advanced systems of transportation, does not seem to have been a serious obstacle to commercial manufacturing. On the other hand, industrial capitalism was dependent upon efficient location and it is not surprising, therefore, that maritime western Europe and the Rhine formed the first major centres of industrial revolution.

Finally, we must return to the problem of the manner in which the European/Indian (that is Asian) interaction should be conceptualized before colonialism. To begin with, the idea that before occupation this contrast involved a meeting between representatives of two completely unrelated sets of societal complex (relatively isolated in two different parts of the world) would in itself be an a priori judgement in part contradicted by the arguments set out above. Nor, so it seems to me, can there be any question of opposing “Europe” and “Asia” to one another, thus of contrasting “indigenous” developments to those induced by foreign trade (what would, in effect, be simply two reified categories, introduced without discussion). Reinterpretation must instead widen the frameworks of relevance to include European and Asian actors in a general theatre of developments, within which increasing European involvement led to changes in the distribution and character of manufacture and commerce in India, which in themselves would have inhibited indigenous industrialization. Since this “penetration” began at a time when we have also located vigorous overall growth in India, the question of whether colonialism deprived India of an indigenous industrialization is a falsely formulated problem depending upon a general epistemology in which colonialism has always been seen as the herald of change as such.

Likewise, the notion of “proto-industrialization” has served to mystify the issues which it had been intended to clarify. Like other
catch-phrases, such as "domestic mode of production", "peasant economy", "pre-capitalist" and "Malthusian balance", it is too heavily laden with a baggage going far beyond the phenomena to which it has been attached. This burden consists of the elements of patterns of thinking contradicting the only means available to us for re-examining the problem of transition in the early modern and early colonial periods: on the one hand, comparison, and on the other, an open frontier of relevance, which is to say the ruthless pursuit of the discipline of context.

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