Book Reviews

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THE PROBLEMATIC AND THE ARGUMENT

Vivek Chibber ‘sets out to examine, and to explain, some central elements of the post-colonial Indian state . . . in particular . . . why it was that Jawaharlal Nehru, and his colleagues failed in what they regarded as perhaps their central mission – to build what we would now call a developmental state’ (p. xi). In his quest, Chibber might have chosen either to proceed across a wide front, or to focus, more narrowly, upon any one of a number of attempted strategies. He opts for the latter, and considers India’s attempted industrialization. He seeks ‘to explain why the Indian state failed so conspicuously to transform India into an industrial dynamo’ (p. 4); and ‘why India became saddled with an inadequate developmental state, and how, once installed, it became locked in place’ (p. 12). He covers the period from 1945 until 1970. But, he argues, the ‘locking into place’ proceeds well beyond that.

To help in his analytical quaesitum, he compares India’s experience with that of South Korea:

Asking why the Indian state failed in its ambitions presumes having some idea of what kinds of policies or choices would have been more successful. Toward this end, my examination of the Indian experience is framed by a comparison with South Korea, perhaps the exemplar developmental state in the post-war period. (p. 4)

That comparison runs through the whole book.

His argument has the following four strands. Firstly, and pivotal, unlike Korea, ‘the critical factor that blocked the building of a successful developmental state in India was the widespread and organized resistance of the business class’ (p. 85); a ‘well-organised [relentless and continuing] offensive launched by domestic capitalists’, from the very outset (p. 9). In both India and Korea, ‘it was rational for capitalists to abide by an interventionist state’, but, ‘while in the former it made sense to reject the disciplinary components of the interventions . . . in the latter the state was able to leverage an acceptance of its disciplinary institutions’ (p. 226). Secondly, this was ‘structurally driven’ (p. 88), in the following sense. It is explained, to a large degree, by ‘the development model the respective regimes chose to adopt’ (p. 10). Thus:

In India the state opted for import-substituting industrialization (ISI) whereas in Korea greater emphasis was placed on export-led industrialization (ELI). I suggest that the two models generated different political incentive structures for the capitalist

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classes [with respect to meeting state-imposed performance standards]: ISI made it possible, and even rational, for Indian capital to resist the effort to build a state that could impose discipline on private firms; ELI, on the other hand, made it rational for Korean business to acquiesce to its own disciplining by a developmental state. (p. 10)

Thirdly, Korea’s choice of the ELI model was enabled by a powerful advantage that India did not possess:

during the 1960s Korea fell within the ambit of Japan’s industrial strategy, which had as one of its components the relinquishing of markets in the United States to Korean firms . . . Japanese firms were vacating markets in the United States and bequeathing them to Korean firms, along with their marketing and sales outlets. In addition to this demand-side bounty, Japanese trading companies – the Sogo Sasha – also secured critical finance and machinery for Korean firms, which was essential to secure the muscle required for competitive success. Japanese firms . . . were able to secure a captured market in Korea for their capital goods and other inputs, as well as a lucrative outlet for their excess savings. (pp. 41–2, author’s emphasis)

Fourthly: ‘A full explanation for why the Indian National Congress was unsuccessful in installing a developmental state is that, in addition to facing a mobilized business class set against the project, Party leaders also demobilized a massive and quite organized labor movement – thus reducing the state’s leverage against the capitalist class’ (p. 43). The Indian state might have used the labour movement ‘as a battering ram against the unified business class’, but instead it ‘chose to split the movement by creating a new union federation, and then demobilised it’ (p. 43, author’s emphases). So it was that ‘the Indian planners attempted to appease the capitalist class, in a situation where they needed to usurp their autonomy from it’ (p. 44). That usurping was not to be.

Such are the bare bones of Chibber’s argument. It is a bold argument and thus sparsely stated may raise doubts in the reader’s mind. Parts of it, indeed, run counter to what Chibber terms the ‘received wisdom’ of Indian political economy. But it is presented in rich detail, compellingly, and in far more nuanced fashion, than a summary account can suggest: the Indian treatment based upon meticulous use of archival sources, along with the available secondary ones, and the Korean on a deft and exhaustive use of the relevant secondary literature.

After an excellent introductory chapter, in which the problematic of the book is identified and its main argument delineated, Chibber proceeds, in chapter 2, to consider existing approaches to the developmental state. It is here that he suggests, in detail and convincingly, the diverging disciplinary implications of ISI and ELI (see pp. 32–9). Since this is such an important part of his argument, it is worth elaborating somewhat. In a nutshell:

in the Korean case, the opening provided by the Japanese would have been in danger of going to waste if Korean firms did not drastically ratchet their performance level upwards. Firms therefore had a direct interest in accepting state discipline, so long as the discipline was essential to their succeeding in export markets . . . In India, because there was no direct threat of being exposed to world-class competition, the connection between profitability and performance was severed, and local business [while accepting subsidies and protection] had no reason to accept the imposition of discipline. (pp. 131–2)
This logic recurs throughout the book. Anyone not convinced is likely to be so after a careful perusal of its full statement by Chibber.

In the third chapter, Chibber considers the origins and nature of the development state in Korea. Indeed, the treatment of Korea, although based on the secondary literature, is in itself original and revealing. The comparison with Korea, which structures the book’s central argument, is, in several respects, enlightening. Such a comparison with India has never before been pursued with such thoroughness, or to such powerful effect.

In chapters 4, 5 and 6, Chibber analyses what he terms the ‘critical juncture’ of 1947–51, when the basic institutions of Indian industrial planning were put in place, and concludes that ‘contrary to the received wisdom concerning the Indian political economy, there was no real consensus around industrial planning on the morrow of Independence . . . and the business class was virtually unanimous in rejecting the idea that the state ought to be vested with the power to regulate or control the flow of private investment’ (p. 16). Chapter 4 is devoted to the Bombay Plan of 1944–5, which is usually taken to support the ‘received wisdom’ of an Indian ‘developmental bourgeoisie’, a thesis which Chibber emphatically rejects; chapter 5 to a succinct and cogent treatment of the ‘demobilisation of the labour movement’ and its implications with respect to the possibility of ‘disciplinary planning’; and chapter 6 to the offensive of India’s industrial bourgeoisie against ‘disciplinary planning’ between 1947 and 1951. In particular, in chapter 6 he examines the conflicts surrounding the setting up of the Planning Commission in 1950, and the enactment of the Industries (Development and Regulation) Act in 1951: concluding that ‘the final form given to the Commission was extremely weak in the end’ (p. 137). Chapter 7 seeks to show the consequences for industrial policy of the apparatus that was installed, and, in particular ‘that the structure of the state made disciplinary intervention extremely unlikely even irrational’ (p. 193), with a revealing comparison with the opposite outcome in Korea. His argument is that the Planning Commission never came near to being the ‘nodal agency’ necessary for disciplinary planning. It was never, he argues, remotely comparable to Korea’s Economic Planning Board in this respect. The Indian capitalist class made sure of that. In chapter 8, the structural constraints that made reform of the ineffective structures in India impossible are identified and analysed. Chibber is fond of counterfactuals. In chapter 9, possible routes that might have been taken in India are considered. And in an Epilogue the contemporary situation in India is considered and a spirited argument made to the effect that state intervention remains of critical importance: that it is not a question of whether the state needs to intervene, but how.

SOME ABSENCES

There are aspects of the treatment about which I have reservations. There are, I think, certain absences that make for a less full picture than is possible, and, perhaps, a somewhat distorted one.

The first absence is that, given that his treatment focuses on the period of the first three five-year plans, and essentially on industrial policy – the era of the initiation of Indian industrialization – remarkably little attention is paid to the central, and dramatic, element in the Second Plan, the embarking upon the creation of a capital goods sector. At one point, he describes the Second Plan as ‘the most ambitious of all the Indian plans’ (p. 177). That is so. Indeed, it was the Second Plan that first seriously launched India’s post-1947 industrialization strategy. Yet Chibber does not pursue its central ambition: the creation of a capital goods sector. Thus, does not the embracing of this strategy suggest rather more authority residing with the Planning Commission, at that juncture, than he indicates?
Might one not argue that it did have some power: in this case to spearhead the introduction of a strategy of great significance, in which the public sector was of central importance? But not only that. Might not the creation of the capital goods sector be construed as being powerfully in the interests of private capital? He needs to discuss more fully the attitude of the 'business class' to this. That might start with the Bombay Plan, where a clear position on the crucial importance of a capital goods sector is taken. It was left to Mahalanobis, in the famous Mahalanobis model, to develop a rigorous case for substantive state intervention to create such a sector. A large amount of investment was made by the state. We need some consideration of the attitude of the 'business community', and, in particular, the industrial bourgeoisie, towards this strategy. Were they in favour of it: given the objective need for such an indigenous sector and given that they lacked the capacity to create such a sector, on a sufficiently large scale and across the board? His reticence on all this is noticeable.

Secondly, the foregoing, in turn, highlights the absence of any serious examination of the public sector. It is not enough to say that the 'business class' deplored the public sector: as he does at several points. After all, they benefited greatly from its operation: in the form of subsidized inputs (as many have pointed out). I would suggest that their attitude towards the public sector was more complex, and, on the whole, less aggressive than he argues, at least in the 1950s and 1960s. Or, if it became aggressive, it was not necessarily so in the very early years. The discussion of the public sector (pp. 131, 135–6, 208–9, 220) comes too late and is insufficient. Not only that, but if a central problem with respect to India’s attempted industrialization was the refusal of the industrial bourgeoisie to submit to disciplinary planning, what of those who managed the public sector? Was their record, in this regard, any better?

A third lacuna, I would suggest, is that he abstracts too readily from any treatment of the agrarian question and its implications for industrial policy. I will not rehearse here the senses in which successful capitalist industrialization depends upon a resolution of the agrarian question. I have done so at length in a number of places. I will simply note that, quite simply, this is ignored. I think there is more analytical mileage in pursuing the nature and persistence of the agrarian question, with respect to industrialization, than this implies. Thus, had the Korean state not resolved the agrarian question then, even with Japanese support, the ELI strategy would have been far more difficult. In India, contrariwise, the inability to solve the agrarian question, I would argue, proved deeply problematic: inasmuch as it weakened the effort to secure a successful accumulation strategy capable of delivering a dynamic capitalist industrialization. It was in the vacuum left by the departing Japanese colonial state that the post-colonial Korean state could intervene decisively to resolve the agrarian question, in favour of industrial capital. That was not the case in India. The implications, I have argued often, at some length, of an unresolved agrarian question for Indian industrialization were considerable. Even if there is little recorded awareness of this among the 'business class', the implications may be considered. I do not think that one can discuss the Indian state and the tasks it needed to perform in the context of attempted industrialization without some treatment of this. One might compare, for example, for Korea and India, the record with respect to (a) agricultural taxation and (b) the inter-sectoral terms of trade. And so on. At the very least, one should acknowledge the significance of the agrarian question. It needs to be mentioned and a position needs to be taken.

Apart from these 'absences', I am uneasy about his argument about demobilizing labour and its implications. I wonder whether a strong labour movement in India would, necessarily, have contributed significantly to a better record with respect to 'disciplinary planning'. I think that he needs to spell out, more precisely, the senses, or manner, in
which this could have been used as a ‘battering ram’ in this respect. Did not the Korean state maintain an extremely hostile attitude towards labour? Might one not argue that a ‘developmental state’, far from needing a strong labour movement as a ‘battering ram’, will seek to demobilize labour, in the interests of capital, in order that accumulation will proceed in an unhindered way. His argument, with respect to India, that in so demobilizing labour the state removed the basis for disciplinary planning is not necessarily convincing. A strong state is able to proceed far more effectively with labour demobilized. One might argue that a powerful labour force would have made planning even less effective. Let me stress that his account of the actual ‘demobilization of labour’ is excellent: it is incisive and convincing. What I am questioning is the implications.

Finally, among my reservations, there is matter of size. His comparison of India and Korea is powerful and revealing. It is a true vindication of the comparative approach. Yet, one aspect of such a comparison he does not consider. That is the question of size. Thus, in 1961, say, the total population of India was 439 million, while that of Korea was around 25 million (less than 6 per cent of India’s total). Is there not a sense in which ‘size matters’? He notes the ‘role of sheer luck’, of ‘historical good fortune’, in Japan’s intervention in both the Korean and Taiwanese cases (p. 203), referring to Japan as a ‘deus ex machina coming from without’ (p. 204). He is correct to point out that this is frequently underplayed ‘even by scholars who are aware of the importance of Japan’s contribution’ (p. 203). Yet, the opportunity presented had to be grasped, as it was very effectively in Korea. Suppose that Japan had decided in favour of India, in the way that it did for Korea. Because of size, apart from anything else, would this not have had far less impact than in the Korean case? That would have been so simply in terms of the significance of the range of industrial units that might have been created. Then, at another level, his description, for example, of the personal control over the whole process of Park Chung-Hee, and of the remarkable flow of information in Korea is extremely interesting (pp. 169–70). But could any individual in India, given its size, possibly have replicated what Park did?

THE ACHIEVEMENT

These reservations, if accepted, might be seen as qualifying the full thrust of Chibber’s conclusions, and pointing, perhaps, to some (minor) distortion of analytical perspective. They cannot, however, obscure what is a considerable achievement.

This is an excellent piece of work, which is original, and vigorously pursued. One learns much that is new about the Indian state, via treatment of the relationship of the state to Indian planning, and, in particular, to industrial policy, over the period in question. Thus, for example, the interplay between, on the one hand, state/state apparatus/state functionaries/state managers/bureaucracies/bureaucrats/planning agencies/developmental apparatus and, on the other, business community/business class/firms/capitalists/capitalist class is considered in detail: from the pre-1947 relationship, as exemplified, especially, by the Bombay Plan, to the founding of the Planning Commission and its ultimate demise as an effective body. The tensions and contradictions within these sets of categories are explored to considerable effect. Indeed, the detailed examination of both the Bombay Plan and the Planning Commission is, by far, the best I know of these two in the scholarly literature.

The treatment throughout is challenging and informative. It is, most certainly, refreshing and enlightening, for anyone familiar with the standard economics literature on planning, to see capitalist planning considered not as a technical exercise but as part of a political
process. That is triumphantly achieved. As I have suggested, the comparison with Korea is genuinely illuminating.

This book saw its first incarnation as a doctoral thesis, pursued under the supervision of Erik Wright at the University of Wisconsin-Madison. The dissertation was transformed into a book at the Department of Sociology, New York University, where the author is currently an Assistant Professor. It is most welcome to see serious work, by a young scholar, on the political economy of India, in which class takes centre stage, emanate from universities in the USA. One hopes that Vivek Chibber is not a one-off in this regard. One fears that he may be.

I have no doubt that we have here a work of some importance. It will occupy a prominent place in the literature on economic planning, on the state, and on industrialization. It will engage the attention of economists, political economists, political scientists, sociologists, geographers and historians. It is skilfully structured and very well written. It is, moreover, an engrossing read. It is more. At one point, Chibber tells the reader: 'The opposition to discipline has been missed by most historical studies of the Indian capitalist class and the planning regime' (p. 109). That is surely so. Chibber adds: 'An important exception is Michael Kidron’s superb book, *Foreign Investments in India* [1965. Oxford: Oxford University Press]' (p. 281, note 99). Michael Kidron’s book is, indeed, superb: it is a truly illuminating combination of scrupulously pursued empirical work of the highest order, incisive political economy and an unerringly accurate political sense. If I say that Vivek Chibber’s own book merits comparison with that of Michael Kidron, in these respects, I can give it no higher praise.

CHARLES POST


Roger Kennedy’s fascinating study of the US acquisition of 828,000 square miles of territory – stretching from the Mississippi river to the Rocky Mountains – from France in 1803 is an important contribution to our understanding of the social and political forces that drove and shaped US territorial expansion in the early nineteenth century. Rich in anecdotal materials, *Mr. Jefferson’s Lost Cause* presents a history without predetermined outcomes – a history where the contestation of social forces ultimately decided the timing, conditions and content of the geographic expansion of commodity production and circulation across the North American continent.

Two sets of conflicts shaped the ‘Louisiana Purchase’ of 1803 and the expansion of commodity circulation in the early nineteenth century. On the one hand, European-American settlers – planters, independent family farmers, land speculators, merchants and manufacturers – contested control of large swatches of landed property with the Native American peoples, most of whom held land as common property for hunting, gathering and agriculture. Kennedy’s research reveals a variety of allies arrayed on the side of the Native Americans in their struggles, military and political, against the expansion of