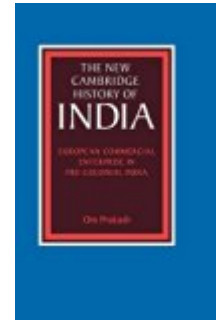




**Om Prakash.** *European Commercial Enterprise in Pre-Colonial India.* New York and Cambridge: Cambridge University Press, 1998. 396 pp. \$59.95, cloth, ISBN 978-0-521-25758-9.



**Reviewed by** John Adams

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This is volume II.5 of *The New Cambridge History of India* which will eventually comprise 31 separately authored titles. The New Cambridge History contributions cover four overlapping temporal and thematic areas: I. The Mughals and Their Contemporaries, II. Indian States and the Transition to Colonialism, III. The Indian Empire and the Beginnings of Modern Society, and IV. The Evolution of Contemporary South Asia. This study by Om Prakash Om Prakash (Professor of Economic History at the Delhi School of Economics) is the fifth component of the second cluster. Each of the contributions to the New Cambridge History that this reviewer has read speaks with the distinctive voice of its author and represents an original and definitive work. There is no requisition from the general editorship (Gordon Johnson, C. A. Bayly, John F. Richards) to write to formula or format. At the same time, there is the desire that the volumes connect to one another and be firmly grounded in the best current knowledge and scholarly interpretations. Over one-half of these are now available and without exception fully realize the principles of the publisher and the edito-

rial team. If you are interested in the modern history of the subcontinent this is the place to begin.

Two caveats are issued to the membership of EH.NET. First, the series and this volume aim at treating economic affairs within the context of society, culture, and politics. This diminution of the material realm to secondary status fairly characterizes the state of human affairs in the Indian subcontinent up to the recent present, but naturally affronts our presumed professional preeminence. Forewarned is forearmed. Second, even the contributions to the series that center on commerce, industry, and finance are historical and descriptive and do not attempt to use newly discovered or freshly catalogued evidence to advance or debunk modernistic economic premises in the familiar mannerisms of cliometry. Prakash, as the immediate example, re-creates historical economies for inspection and does not strive to validate allegedly universal principles derived distally from Lenin or Ricardo.

Those who know the bias of the present reviewer will now make the assured prediction that he will strongly side with Prakash and forthwith

utilize the review to argue with incisiveness and wit against overly formalized economic history, particularly in the Indian timescape where he has for so long labored. This would be wrong. He in fact thinks that the most useful thing he can do for that tiny group of readers that has gotten this far into what has been a most esoteric introduction to a book review about a most obscure subject, and are willing to continue further, is to identify the substantial merits of Prakash's book and to suggest where it points towards arenas where the focused application of economic investigation could yield big dividends. The reviewer further admits that ploughing through factual *avoirdu-pois* in search of a bone structure at times tried his Jobian patience.

Three fields of inquiry will adequately illustrate how Prakash's masterly and comprehensive volume can be approached by the intrepid economic historian.

After 1498, the Portuguese, the Dutch, the French, and the English vied sequentially for domination of the trade between South Asia and Europe. Importantly, India was a geographical link to East Asia: Japan, China, and the East Indies. Their India goods trade and balances of payments were managed by the Europeans with an eye towards to the Europe-East Asia trade and payments systems. Broadly, from the European side, merchant groups; the newly formed trading companies such as the Dutch East India Company, the French East India Company, and the British East India Company, and others of less salience; and traders on private account, frequently but inconsistently affiliated with the trading companies, were the key players. Prakash's central accomplishment is to provide a rich account of the formation and operations of each of these organizational instrumentalities of commerce. He provides vibrant details about key individuals and of the ebb and flow of on-going operations in the novel trading enterprises. No one has done it better or more comprehensively or with superior com-

mand of the comparative motives, structures, and results of these harbingers of the modern corporation.

What does the modest and overwhelmed reviewer hope for? A dash of Coase and Williamson, please. Can we stand back a bit and ask exactly why these new formations emerged, why they were a timely creation, why their boundaries were drawn as they were vis-a-vis the melange of external contractual and customary arrangements that guided Asian commerce? Were they indeed essential before the Europeans could successfully engage well-established and often politically sustained indigenous Asian business clans and transactional networks along which goods and finance moved? Why did the Asians not create countervailing private organizations?

Prakash provides a good deal of data on the "triangular" trade among centers in Europe, South Asia, and East Asia. Exports of textiles from Coromandel and Gujarat enabled the Dutch East India Company to recruit spices in Indonesia, while raw silk was the chief export to Japan, for example. Later, opium was important in the British Company's China trade. Very generally, the European companies sought a profit when annual accounts were cleared. There was the irrefragable need for the British to effect transfers of wealth to London on the Company's accounts as well as those of private agents, who were often Company employees. For most of the pre-colonial period Indians were quite successful in sending commodities and handicraft manufactures east and west, while absorbing large net influxes of precious metals, pre-eminently silver. Prakash does an exceptionally able job of delineating these complicated flows and balances and depicting how they changed over time as opportunities and imperatives varied.

The abashed reviewer wants to know more about the macroeconomic and financial implications of these flows. It is almost certainly wrong to argue as Prakash does in his conclusion that the

"bullion for goods" character of India's trade, contrasted with a "goods for goods" pattern, "implied that the positive implications of the growth in trade for the level of income, output, and employment in the economy were considerably more substantial . . ." (p. 350). This represents a peculiar affection for simple Mercantilism as opposed to endorsing a Smithian pursuit of the wealth of nations. One may reasonably ask about this, and other dimensions of Prakash's arguments (ch. 8), if India was so well-poised in the "triangular" system of trade and payments, and the beneficiary of such positive income, employment, and price benefits, why then was the subsequent income divergence of India and Britain not the reverse of that which precipitated?

*European Commercial Enterprise* contains many well-designed tables, figures, and maps. The text is replete with bounties of numbers gleaned from company records and other sources. Table 6.1, for instance, gives us the composition of Dutch exports from Bengal in percentages, 1675-1785, for five benchmark years of the 111 in question. Table 3.6 shows the English East India Company's total exports by value to Asia, 1601-1760, and the percentage of treasure. Many of the series go up but some go down. The profusion of numbers is impressive but less clear is their overall pattern or meaning.

The bemused reviewer has the sense of being confronted with a 2,000 piece jigsaw puzzle. What is impossible to find out (and this is not Prakash's fault or responsibility) is how largely trade affected economic activities and people's lives. We know that from the middle point of the eighteenth century on, up until the present, India's trade has never amounted to more than about ten percent of total product, and was more likely six percent or less for the past 400 years, which is what one would expect in a large, inward-looking nation. We know that household and village subsistence economies were predominant in India until at least the early years of the independence era. It is

very hard to sort out, and Prakash certainly overdramatizes rather than understates, the scope and scale of commercial and trading-sector activities in the total picture. There is the risk of erring on the side of making the Indian subcontinent seem altogether non-commercial and unready for encounter with the agencies of European commerce, but it is equally misleading to exaggerate the importance of selected commercial crops relative to the major subsistence food grains, or to extol the small coastal enclaves and their merchant families and castes at the expense of the much more numerous interior villages and the multitudes of farmers and agrarian workers who had little or no contact with the world "out there."

These days we are correctly aware of the fallacy of overstating the role of Europe in the post-Columbus era of exploration, commercialization, and may one dare say, post-Seattle, globalization. At the same time, may not the pendulum swing too far in the other direction? Vide Prakash asserting that India was, circa-1498, the ". . . 'industrial hub' of the region surrounded by west Asia on one side and southeast Asia on the other" (p. 154). Did India at that moment (actually India didn't exist at that moment) possess a "sophisticated infrastructure" whose ingredients were ". . . a high degree of labor mobility and the existence of a labor market, merchant groups capable of collective defense and good organization, development of accountancy skills, highly developed and price-responsive marketing systems, and a sophisticated monetary and credit structure (ibid.)?" The unprepossessing reviewer would assert that the subcontinent did not exhibit these features but to avoid confusion would evenhandedly aver that no other place did either.

On the whole: this is an amazingly erudite and encompassing book, which ably serves its primary function of offering a survey of the first three centuries of Indo-European commerce, as defined within the ambit of the New Cambridge History program, but it does not cope effectively

with topics of keen interest to modern economic historians of any sort: the microeconomics of incentives and agents, the macroeconomic and developmental effects of trade and financial flows, and the nature of proto-corporate structures looked at through the eyeglasses of transactions costs and organizational theory.

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