India's Political Economy: Issues, Non-issues and Puzzles

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Until the mid-1970s, political studies of India were primarily concerned with the political process and political institutions. Political parties, pressure groups, voting behaviour, political culture, the role of caste and language in politics were some of the key issues that engaged the attention of the scholarly community. These earlier studies were essentially in the political sociology mould. Over the last ten years, however, paralleling the rise of political economy in the discipline of political science, political studies of South Asia have taken a distinctly political economy turn. By now, both approaches coexist, with political economy receiving increasing attention.

While political *scholarship* on South Asia may have moved towards political economy, transition of *scholars* from the earlier tradition to political economy has not been easy. Nor have scholars in the political economy tradition done significant work on ethnic conflict, voting behaviour, party systems etc. Consider some of the seminal works of the 1960s and early 1970s: *Government and Politics in India, Politics in India, Party Building in a New Nation, Language, Religion and Politics in North India.*[1] Authors of these major treatises have so far not surveyed political economy with equal ambition.[2] Similarly, authors of landmark works in the political economy tradition, *India's Political Economy* and *Land to the Tiller,*[3] have not yet produced works of equal standing in the political sociology tradition.

The Rudolphs are among the leading American scholars working on India. Their contributions to the political sociology tradition are immense. *The Modernity of Tradition*, one of their early books, is a major work in that tradition. They have now attempted to do what others so far have not. As would befit the ambition of scholars ~~and~~ of their stature, their book under review, as its title indicates, is intended to be nothing less than a major text on India's political economy.

To what extent have the Rudolphs successfully brought their knowledge of Indian politics to bear on their study of India's political economy? Does their new book provide new political economy insights? Does it solve some of the major puzzles in the field?

One of the main problems of *In Pursuit of Lakshmi* is that it is a collage, not a painting. It deals with a large multitude of themes – parties, the state, interest groups, industrial relations, agricultural sector, students, relationship between regime types and economic performance – and in the process, shows a wide intellectual range. But, ultimately, no overarching thesis unifies these subjects. The book remains a congeries of vignettes. Secondly, despite its political economy focus, it is more a book on Indian politics than on India's political economy. Its sparkling political colours are not matched by its political economy strokes. Some of the most important puzzles about India's political economy are not addressed at any length, and those that are taken up are open to serious methodological questioning.

First, I shall summarise the strengths of the book which, to my mind, are all political. I do this quite briefly since writers in the pristine political science tradition – and one of the most respected of them, W. H. Morris-Jones, is among the reviewers in this symposium – will have more to say on the subject. Moving quickly to my 'brief' for this review – judging the political economy of the book – I first outline what the major puzzles of India's political economy are, then assess the contribution of the Rudolphs in that light.

POLITICS: SOME NEW CONCEPTS, SOME RICH DESCRIPTIONS

Three new, and heuristically rich, concepts have been added by the Rudolphs to the understanding of Indian politics: 'demand groups', 'involuted pluralism', and 'state-dominated pluralism'. These concepts emerge in their discussion of how one should characterise interest representation in India. Is it pluralistic or corporatistic? Some years ago, Suzanne Berger put this question at the heart of the study of Western European politics in the United States.[4] The Rudolphs ask the same question with respect to India. Their answer is that interest representation in India is pluralistic but in a way different from Western pluralism. Instead of *organised interest groups* that work within i) the institutionally defined policy arenas through ii) formal organisational structures and bureaucracies by means of iii) lobbying based on legal, legislative and professional skills of these group bureaucracies, *demand groups* dominate interest representation in India. Demand groups do not always work within institutionally defined policy arenas: streets are their theatre of action, and agitational politics, rather than organised lobbying, their mode of expression. Demand groups emerge 'when organized interests and political parties fail to represent or reach them' (p. 252). The new agrarian force in Indian politics, investigated in detail in the book, is cast in the demand group mould.

India's pluralism, argue the authors, is state-dominated and involuted. It is state-dominated because, instead of 'relatively autonomous' interest groups, as in the West, groups are 'overshadowed by an omnipresent state'. The state dominates the industrial and services sector. India's pluralism is, moreover, involuted, because interest groups go through a process of 'excessive multiplication'. Involution helps the state dominate interest groups, and is, for that reason, sometimes state-sponsored. As an example of involuted and state-dominated pluralism, the Rudolphs examine the trade union movement at length.

In addition to interest representation, the authors take up two more political themes: that of *state* building and state decay, as well as changes in the *party* system. The chapter on state formation in India is a comprehensive (and beautifully written) overview of the foundations of India's state building effort and of the post-Nehru erosion of state institutions. The account of the deinstitutionalisation of the Congress party runs along familiar lines,[5] but many insightful points about 'the Janata's Historic Failure' are provided. The Rudolphs argue that the Janata's was more a *political* than a *policy* débâcle. Many new policy ideas, closer to Mahatma Gandhi than to Jawaharlal Nehru in ideological anchorage, were introduced, but factional and personality battles overwhelmed the policy innovations. The Rudolphs also provide a very useful empirical and statistical analysis of the spread of the Congress party vote – geographically, over time and over communities. Disaggregated analysis of 'minority constituencies' – mainly, scheduled castes, Muslims and scheduled tribes – is presented to argue that only the scheduled tribes show a 'special relationship' with the Congress party. Muslims and scheduled castes do not.

INDIA'S POLITICAL ECONOMY: SOME MAJOR PUZZLES

What are the main puzzles facing those working on India's political economy? Some are suggested by country comparisons in the field of development, some by the peculiarities of India's post-independence history, and some by theoretical developments in political economy.

Consider some of the *state-centric* puzzles first.

- India's agricultural policy decisively changed in the mid-1960s but industrial policy did not until the mid-1980s.[6] Nehru's agricultural policy was based on increasing production through institutional change; post-Nehru agricultural policy was based on price incentives and new technology. But, while agricultural policy moved towards the market, industrial policy, under Mrs Gandhi, headed towards even greater control over the industrial economy (MRTP, Bank Nationalisation). What drove this ambivalence in economic policy? What is the role of ideas, interests and institutions in policy-making in India?
- India's savings rate increased from 5 per cent in the mid-1950s to over 20 per cent by the late 1970s and early 1980s, which is not very different from the trajectory in South Korea over this period.[7] But India's economy continued to be slow-growing – barely up from 3.5 per cent per annum until the late 1970s to 4 to 4.5 per cent in the 1980s – whereas Korea grew at 8 to 9 per cent from the mid-1960s to mid-1980s. Was India's sluggishness because of its regime type or its policies or both?

- Public stocks of foodgrains soared to 30 million tons by the mid-1980s but an estimated 30–35 per cent of the population continued to be underfed, leading to a coexistence of hunger and food surplus. What prevented the state from distributing more foodgrains even as stocks mounted and a few million tons rotted for lack of storage?

Consider some of the *society-centric* issues now. The ones in the agrarian sector are most puzzling.

- Political Parties and the Kisan Sabhas did not succeed in mobilising peasants against landlords on a significant scale (in the 1930s, right after independence, and in the late 1960s), but now the peasantry has been mobilised by leaders unaffiliated to political parties against the city on the issue of remunerative prices, despite evidence that small peasants are *net* buyers of food. What explains the anti-landlord quiescence of the Indian peasantry but its anti-city militancy now?
- By the late 1970s, the government's food *procurement* operations became *support* operations: if the government had not intervened, the floor of producer prices would have collapsed in the green revolution belt and farmers would have suffered grievous losses. Yet, the farmers are agitating, blaming the state for unremunerative prices.
- Farmers elsewhere in the third world are not organised. Olson's famous theoretical argument about why it is *generally* hard to organise large and dispersed groups has been compellingly used to explain why farmers have little political power in Africa.[8] The size of the farm group in India is large, and farmers are dispersed, but they have, none the less, become increasingly organised over the years. What might have countered the 'free rider' problem in the Indian case? Does democracy make a difference to organising the countryside? If so, in what precise ways?
- Until the late 1970s, the green revolution stubbornly refused to migrate from Punjab, Haryana, West U.P. and deltaic Andhra. In the 1980s, production in East U.P. (and lately, even in Bihar) has begun to increase. Why were certain areas resistant to technological transformation earlier? Was it due to agrarian relations or public policy? What might have changed of late?

I have listed simply those puzzles that strike observers of India's political economy as major. A book entitled *Political Economy of the Indian State* could be expected to address at least the significant state-centric puzzles, if not the society-centric ones.

Of India's two main economic policies, industrial and agricultural, the book deals with only agricultural policy. In the industrial realm, the Rudolphs concentrate on industrial relations (related to labour policy), not on industrial production (which would relate more to industrial policy). There are only brief references to industrial policy but no full-length treatment of it. The relationship between regime types and economic performance is explored but some major variables that intervene between politics and economic performance do not find a place in the discussion. The rise of the new agrarian mobilisation over grain prices and input subsidies is investigated but, once again, some major variables that explain the emergence of the new price agitations are missing. I take up these themes in the order in which they appear in the book.

REGIME TYPES AND ECONOMIC PERFORMANCE

Since authoritarianism in India has had a brief life, the Rudolphs re-work the received binary opposition in the political economy literature – that between authoritarianism and democracy. They coin a new binary mould, consisting of 'command politics' and 'demand politics'.

'The demand polity', write the Rudolphs, 'is characterised politically by voter sovereignty and the *societal direction of the state*; the command polity, by state sovereignty and *state hegemony* ... over policy and politics. The economic characteristics of the demand model feature shorter-term market or state *consumption* and welfare expenditure; those of the command model, longer term *investment* expenditure in public goods and future benefits' (p. 213, emphasis mine). Demand and command politics, they argue, are not regime types but characterisations of the polity. Both can happen under a democratic regime, while authoritarianism coincides only with command politics. The indicators of demand politics are voter turnout, work days lost, student indiscipline and riots: they indicate how much society is pressing the state. Based on these conceptual categories, the Rudolphs periodise the post-independence Indian politics: democratic regime/command politics I under Nehru (1952/53 to 1963/64); democratic regime/demand politics I (1964/65 to 1974/75); authoritarian regime/command politics II (1975/76 to 1976/77); democratic regime/demand politics II (1977/78 to 1984/85). The next step is to relate these political variables to economic performance, for which the Rudolphs choose four indicators: industrial production, agricultural production, inflation and public investment.

From their statistical correlations between political and economic variables, the Rudolphs conclude that 'demand and command politics are more associated with economic performance than are regime types *per se* but that neither association is very compelling. Politics seems not to matter as much for economic performance as politicians and political scientists like to think' (p. 224). Is this a useful discovery or is the problem incorrectly formulated?

To expect that politics would be related to economic performance in any unmediated sense is, methodologically speaking, a false starting-point. A more useful way would be to move in two steps: first look for the proximate causes of economic performance, which would be typically economic, and then investigate the underlying causes which are typically embedded in the political (or cultural) structure.[9] Industrial or agricultural production are related, first of all, to the relevant economic magnitudes: how much is *produced* bears some relationship with i) how much is *invested* and ii) how well that investment is used. Both of these economic magnitudes can, in principle, be deeply affected by politics; to what extent they are is an empirical matter.

The same investment rate can lead to different growth rates (economic, industrial, agricultural) at different times or in different countries. High investment rates can lead to low growth rates because investment is made in sectors that consume a lot of capital – e.g., telecommunications and heavy machinery as opposed to textiles and footwear. But the low growth rate could also be due to some underlying non-economic reasons: i) state policy (industrial or agricultural strategy); ii) political system (the same industrial strategy might be run differently in different political systems); iii) organisation of production (small vs. large, flexible production vs. mass production);[10] iv) cultural reasons (Protestant ethic, Confucian ethic, etc.).[11]

In order to figure out how exactly politics affects economic performance, we need first an *a priori* understanding of how the mechanisms might run. The Rudolphs did have a theory before they ran their statistical tests. But the way they hypothesised the mechanisms to run turns out to be highly problematic.

While correlating demand/command polity on the one hand and economic performance on the other, they had expected that demand politics, reflected in riots, strikes etc., would depress economic performance. But the results were puzzling. On the one side, 'there was a striking association after 1965–66 between declining levels of economic performance and increases in demand politics' (p. 243). And 'yet events in the 1980s suggest otherwise. As industrial production spurted upward, so did the indicators of mobilization' (ibid.).

Why did they get this result? The reason is that demand politics was not, *and could not have been*, the only factor; investment rates in the two periods were different.

Consider the savings rates that would, by and large, determine investment rates in the two periods. In the demand politics I period, 1965/66 to 1974/75, India's savings rate was 15–17 per cent. In the 1980s, it surged upwards of 22 per cent. Similar profiles of investment can be generated. Holding the savings and investment rate constant, it matters what the nature of the polity is. However, if the savings and investment rate change, we are dealing with both investment rate *and* the nature of the polity. Demand politics can be expected to affect investment use, where investment is located and, therefore, also what output results from that investment: i.e. the capital output ratio. If demand politics is accompanied by a rise in investment (as indeed occurred in the 1980s)[12] then, a 'spurt in industrial production' and 'higher political mobilization' can happily coexist. This should explain the puzzling result the Rudolphs get.

While the example above is a specific one, my main point is more general and methodological: once we take the step of going through these proximate mediations or determinants, it may well turn out that politics does significantly affect economic performance. Consider how this method might provide a useful hypothesis for answering why, despite a substantial upward trajectory in savings and investment since the mid-1970s, India's economic growth rate did not increase very much. India's long-run growth rate between 1951/52 and 1983/84 was 3.6 per cent; its short-run growth rate over the last ten years has been 4.2 per cent. *One* answer to why the growth rate remained low is the rise in capital-output ratios, from 3.5 in the late 1950s to nearly 6.5 now. Most economists agree that only some of this rise was attributable to the fact that investment during the 1970s was highly capital-intensive.[13] A politically driven but economically wasteful use of resources was another reason: inefficient location of investment, inappropriate capacity controls, lack of competition in the economy, bad management of the public sector, etc. Politics may not have been able to cancel out the rise in investment totally but it is at least arguable that politics did prevent *what could have been potentially achieved*: it drove a wedge between resource availability and resource use, leading to high capital output ratios.

If the Rudolphs had formulated the problem this way, they would have looked for a different kind of data, and it might have been possible to present an explanation for a puzzling correlation between demand politics and command politics on the one hand and economic performance on the other. They might also have turned their attention to a still deeper political question: why an industrial policy, which made sense in the Nehru years, continued even when, by the early to mid-1970s, it was leading to neither rapid growth nor greater equity. Was the persistence of Nehru's industrial policy driven by interests – of the state elite, or of dominant classes in the society – or by the ideology of the elites, or both? How do we begin to answer this critical and unresolved question about India's political economy? Economists have given us very good proximate explanations for India's lacklustre industrial performance. Political scientists have to provide the underlying explanations for the choice of policies. The Rudolphs touch only briefly upon the issue and provide no satisfactory signposts.

ISSUES IN THE AGRICULTURAL SECTOR

In their treatment of agrarian issues, the Rudolphs start with India's agricultural policy. They identify four stages in the development of agricultural policy: 1) Land Reform and Institutional Change inder Nehru; 2) Agricultural Technology and Self Reliance in the latter half of the 1960s; 3) Basic Needs and Income Distribution from the early to mid-1970s; and 4) Rural Employment and Increased Investment under the Janata Party, continuing until the present day.

Students of Indian agriculture would question this periodisation. It ignores a necessary conceptual distinction between production and equity. Essentially, Nehru's institutional strategy sought to combine two objectives – production and equity – in the same mechanism: land reforms and co-operatives. After Nehru, different mechanisms were considered appropriate for different goals. Production was to be increased through price incentives and new technology. Equity goals were sought *within* these production-first parameters through policies emphasising incremental as opposed to radical change.[14] The last two stages in the Rudolphs' schema were, principally, evolutions in the poverty-alleviation strategy – that is, evolutions in a subset of agricultural policy, not in agricultural policy itself. Since the mid-1960s, India's agricultural production strategy has *not* changed. Different crops may have been emphasised at different points – wheat and rice earlier, pulses and oilseeds now – but the basic economic principle remains the same. Increase in agricultural investment under Janata, particularly for irrigation, was a departure from Nehru, but it was not a qualitative break from the post-Nehru agricultural policy. Such a break had already been achieved under Subramaniam. Janata merely deepened what Subramaniam did.[15]

AGRARIAN PRODUCERS AS A DEMAND GROUP

The Rudolphs also address a key society-centric problem in the agricultural sector: How does one account for the rise of 'new agrarianism' in Indian politics? Why has the *Bharat* versus India, country versus city, divide become so central in Indian politics? Why has sectoral conflict overtaken class conflict as the major mode of political mobilisation? They do not study in detail any particular peasant agitation of the last ten years – in Maharashtra, Karnataka, Tamilnadu or Punjab – but theirs is one of the most detailed accounts available yet of what is clearly a key political change in contemporary India – a change, moreover, that has significant economic implications. There can be little disagreement with the Rudolphs that agrarian politics is likely to remain sectoral rather than class-oriented.[16]

In their search for an explanation, the Rudolphs first examine the changes in the agrarian structure – which classes have gained and which ones have lost? Has the agrarian structure polarised or have the middle ranks swelled? They develop four size-based class categories: landless agricultural labourers; small holders (2.49 acres or less); 'bullock capitalists' (2.5 acres to 14.99 acres); and large landowners (15 acres and above). The bullock capitalists, comprising 34 per cent of the total households and controlling 51 per cent of the total area according to the 1971 census, are considered to be the mainstay of the new agrarianism. They are both more numerous and control more land than the large landowners, while small landowners are almost equally numerous (33 per cent of the total in 1971) but control much less area (10 per cent of the total).

What does the metaphor 'bullock capitalist' mean? The holdings of the bullock capitalists 'are large enough to support a pair of bullocks and use of the new inputs associated with the green revolution ... At the same time their assets are not large enough to enable them to engage in capital-intensive agricultural production based on extensive use of machinery or to require them to rely wholly or mainly on wage or tenant labor' (p. 340).

Those working with disaggregated data – statewise, regionwise, districtwise – would question each of these characteristics, in particular the reliance on size for class differentiation. In the irrigated Punjab, 2.5 acres can produce a surplus for the market; in the semi-arid tropics of Maharashtra, Madhya Pradesh or Karnataka, 2.5 acres can, at best, provide household self-sufficiency – but it is more likely that a smallholder of that size would remain a 'net buyer' of food. Irrigation, by increasing yields per acre, can make an enormous difference to incomes and welfare.

Aware of the problems that a size-based classification of agrarian classes creates, the Rudolphs go to great lengths in defence of size. I agree with their argument that the criterion of size is heuristically defensible. It is unclear what other category can be used for nationwide classification. Data on other possible indices – use of wage labour, extent of marketable surplus – are essentially local or regional. Moreover, most of these data tend to be cross-sectional and one-shot. Size may not be the ideal indicator, but, given the problems with other indices, using size for nationwide category construction is the best that can be done.

The main problems in their treatment lie elsewhere. They do not explain why their 'bullock capitalists' are agitating *now* for 'remunerative prices'. India's agricultural policy since the mid-1960s has been based on producer price incentives, as opposed to when, under Nehru, the government attempted to keep producer prices low – through forced procurement, or through cheap and large-scale imports. What explains this paradox of price incentives coexisting with agitations for 'remunerative prices'?

One explanation could well be that the 'bullock capitalists' took time to acquire political strength, which they eventually did due to a democratic system. They came politically of age with the Janata Party's tenure in New Delhi and, whether or not they were getting remunerative prices, they simply used their new found power to press for more. The Rudolphs write: '... India adopted universal suffrage and free and competitive party politics early in its industrialization. The result has been the increasing influence of agrarian interests and classes in politics and policy' (p. 364).

In some other third world democracies, however, universal suffrage has not led to the emergence of organised agrarian power.[17] But even if it is true that democracy in predominantly agrarian societies does generally lead to a rise in agrarian power, and it would certainly be a reasonable *hypothesis*, we still have to develop an *explanation* of precisely how democracy might create conditions that allow farm groups to overcome the 'collective action' problem. After Olson and Bates,[18] we know that despite its apparent advantage, large size is also a political problem, and, conversely, small size a boon: the power of farm groups in Western democracies is explained in terms of their small size that makes organising less costly and easier. Large size cannot be such an important part of the explanation.

The problem of organising aside, there is a more serious problem with

the argument. The Rudolphs do not investigate whether the demand for remunerative prices has an objective economic basis. Are farmers losing out despite a production policy based on price incentives?

An analysis of the producer price data along with costs of production will show[20] i) that *costs* per quintal for some crops have risen faster than grain *prices*, and ii) that yield per acre has increased differentially for different crops in different regions. As a result of these two factors, returns over time (which can be roughly defined as price over unit cost times yield) have increased for some crops but decreased for others. This has happened despite a constant increase in producer prices over the last twenty years for most crops.[20] Moreover, producer prices of foodgrains have continued to increase despite accumulating food surpluses in the government stocks (until the drought reduced them last year). Such accumulations reflect a lack of demand at the given price: they call for reducing prices, not increasing them.

Indian agriculture thus seems entangled in a paradox of constant increases in producer prices but increasing or declining returns depending on which crop one grows and where. While even this cannot be a complete explanation – since one will have to examine which crops or which regions have lost out over time – one can at least begin to make sense of why these agitations have sprung up with such strength. They are based as much on an objective decline in returns from farming (in some areas, for some crops) as on the increase in the power of agrarian interests.

A result like this provides a crucial entry point into the problem of 'new agrarianism' which can be further explored. But the only way to get to this entry point is to study what has been happening to costs and profitability in Indian agriculture. The new agrarian leaders have themselves placed this issue at the forefront of their agitation.[21] The Rudolphs do not raise the issue: they simply look at the rise in agrarian political power, and how this rise is related to the size-categories of landholdings.[22] The new agrarianism remains half-explained as a result.

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To be sure, all puzzles relevant to a field cannot be solved in a single book. That is not my argument against *In Pursuit of Lakshmi*. My basic criticism is that some of the most critical puzzles of India's political economy are not addressed – the absence of industrial policy, in particular, stands out – and those that are remain unresolved. To use one of their own phrases about India, the Rudolphs have written a 'strong-weak' book. Politics is its strength, political economy its weakness.

NOTES

Of those who commented on an earlier draft of this essay, I am especially grateful to Myron Weiner. Conversations with Lance Taylor have been highly clarifying. The usual disclaimers apply.

1. Written by W. H. Morris-Jones, Rajni Kothari, Myron Weiner and Paul Brass respectively.
2. Paul Brass and Myron Weiner have written essays on political economy issues but neither would claim that the intellectual and empirical scale of these essays is comparable with their work in the earlier tradition. In particular, see Paul Brass, 'The Politicization of the Peasantry in a North Indian State, Parts I and II', *The Journal of Peasant Studies* (July and October, 1980) and 'Division in the Congress and the Rise of Agrarian Interests' in J. R. Wood (ed.) *State Politics in Contemporary India* (Boulder, 1984); Myron Weiner, 'Capitalist Agriculture, Peasant Farming, and Well-Being in Rural India', *Research in Domestic and International Agribusiness Management* (Boston, 1986) and 'Political Economy of Industrial Growth in India', *World Politics* (July, 1986). Weiner has also been writing on migration which, by definition, is a political economy topic.
3. Written by Francine Frankel and Ronald Herring respectively. Frankel's most recent work, to be published by Oxford University Press, is partly in the political sociology tradition.
4. Suzanne Berger (ed.), *Organizing Interests in Western Europe* (Cambridge, 1981).
5. A well-known essay, which is conceptually similar to the Rudolphs' interpretation but precedes them, is James Manor's 'Anomie in Indian Politics', *Economic and Political Weekly*, annual number, 1983.
6. What seemed like a decisive change in the first two years under Rajiv Gandhi appears to have been diluted considerably for a variety of reasons. See Atul Kohli, 'Politics of Economic Liberalization in India', a paper presented to the American Political Science Association, September, 1987.
7. The trajectory is the same; the exact magnitudes are slightly different. I explore some of these issues in 'Does Development require a Minimal State?: The State and Industrial Development in India and South Korea', a paper presented at a conference at Delhi University, November, 1986, currently under revision for publication.
8. Robert Bates, *Markets and States in Tropical Africa* (Cambridge, 1981) and *Essays in the Political Economy of Rural Africa* (Cambridge, 1983). Bates uses Mancur Olson's classic *Logic of Collective Action* (Cambridge, MA., 1965) to explain the weakness of African peasantry.
9. This is based on my review of the SSRC debate on slow industrial growth in India. See Ashutosh Varshney, 'Political Economy of Slow Industrial Growth', *Economic and Political Weekly*, 1 September 1984. The distinction between the proximate and underlying was inspired by Amartya Sen's comments. See also Pranab Bardhan, *The Political Economy of Development in India* (New York, 1984).
10. Charles Sabel has been at the forefront of the argument that organisation of production – mass production or 'flexible specialisation' – is determining industrial productivity in the late twentieth century. Charles Sabel and Michael Piore, *The Second Industrial Divide* (New York, 1984).
11. Weber, needless to add, was the father of this line of argument. In recent times, it has been used to explain economic performance by M. Morishima, *Why Has Japan Succeeded?* (Cambridge, 1983).
12. Overall (public and private) investment went up but public investment declined.
13. For a brief and lucid treatment of the problem, see Raj Krishna, 'The Economic Outlook' in J. Roach (ed.), *India 2000* (Austin, 1985). For a different view see Lance Taylor, 'Macro Constraints on Indian Growth', V. K. Ramaswamy Memorial Lecture at the Institute of Economic Growth, Delhi, 4 February 1988.
14. For a conceptual treatment of the problem of addressing poverty within a price and technology oriented agricultural policy, see Peter Timmer, *Getting Prices Right: The Scope and Limits of Agricultural Price Policy* (Ithaca, 1986), Chapter 5.
15. To appreciate this point, one has to examine the fierce intrabureaucratic battle for the sectoral allocation of plan resources while Subramaniam was Food Minister. A detailed

account is available in F. Frankel, *India's Political Economy* (Princeton, 1978), Chapters 6 and 7.

16. Since the book was written, new price-based agitations have erupted in Gujarat and western Uttar Pradesh. There are reports of similar mobilisations emerging in eastern Uttar Pradesh and Bihar.
17. Mick Moore's admirable study of Sri Lanka explores this problem. See his *The State and the Peasant in Sri Lanka* (Cambridge, 1985).
18. See note 8.
19. This part of the discussion is based on my 'Politics, Prices and Food: Food Price Policy in India', Ph.D. thesis (in progress) Massachusetts Institute of Technology.
20. With the exception of four years between 1973–74 and 1976–77, when a number of prices were kept at the level of 1973–74. Data are available in *Indian Agriculture in Brief*, various issues, Delhi, Ministry of Agriculture.
21. Sharad Joshi's various writings demonstrate this point. They have now been put together in *Bharat Speaks Out* (Bombay, 1986).
22. As to why, despite increasing political power, these economic outcomes obtained – that is, how a wedge between political power and economic outcomes came to exist – is an even more interesting and complex political economy question, but it comes up only after the economic data on costs and prices have been analysed.