

Grime Beneath the Glitter

James Crabtree argues that India's living out the same gilded age that America did in the 1800s — where corruption swirls under a shiny surface.



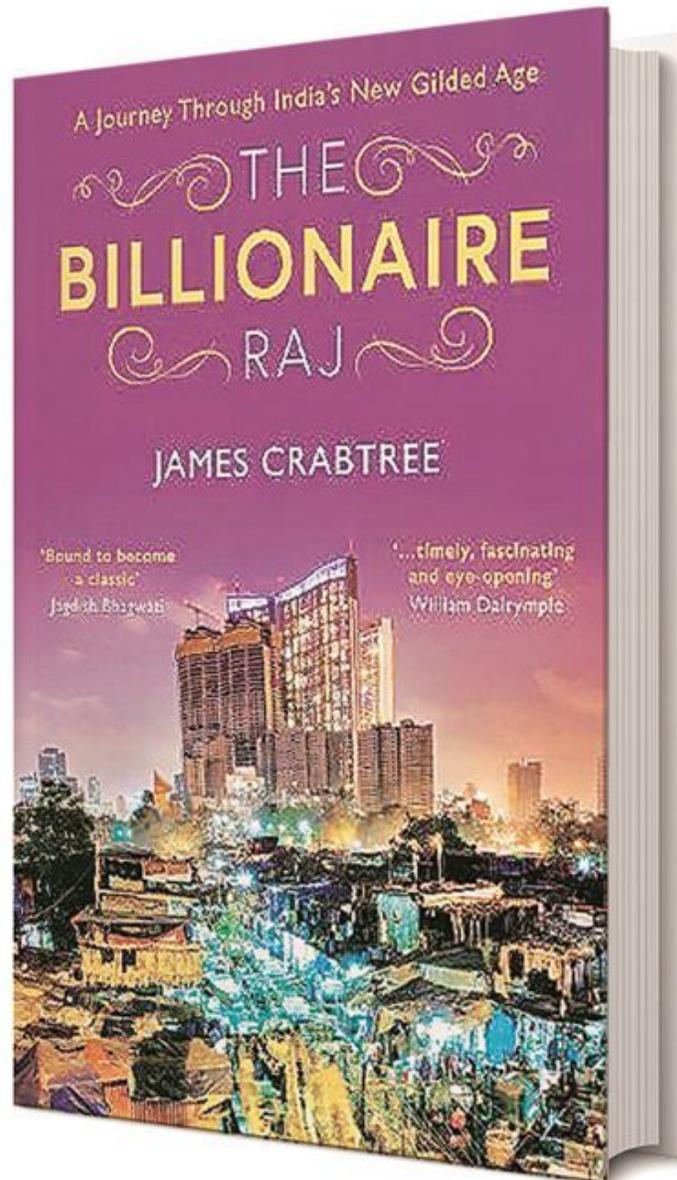
Gurgaon cityscape: Urban migration may be a solution rather than a problem. (Express photo/Manoj Kumar)

Let me first say something about the term “gilded age”, which forms the central idea of the book under review. In 1873, the term was invented by Mark Twain, America’s 19th century literary giant, and his co-author, Charles Dudley Warner. In what turned out to be a prophetic insight, Twain and Warner clearly began to see that America’s imminent rise to prosperity had a deeply morally unsettling core to it. The US glittered on the surface but was corrupt underneath.

Later, the term came to signify the era of 1865-1900 in US history, when a predominantly agrarian America went through a massive urban-industrial transformation. Driven by rising industry and immigration from Eastern and Southern Europe and China, as also rural to urban migration within the country, old cities rapidly grew and new ones were settled. In 1860, the US was 20 per cent urban; by 1910, close to 50 per cent of the nation lived in cities. In 1850, Chicago had a mere 30,000 residents; by 1900, with a population of nearly 1.7 million, it had become the second largest American city, next only to New York. The city of Boston, where I live for nine months a year, grew from roughly 1,78,00 people to a little over 5,60,000 in this period.

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As incomes rapidly grew, the US became richer than the UK by 1905-1906. But as America economically advanced, it also became greatly unequal. The period witnessed the emergence of the first dollar billionaires of the world — the Vanderbilts, Rockefellers, Carnegies, Astors, Morgans, Mellons etc. Innovation accounted for only a part of their wealth creation. As historians have widely documented, much of their wealth either resulted from unsavory business practices or collusion with government. Both rot and dynamism came to define the US economy.



The Billionaire Raj: A Journey through India's New Gilded Age

James Crabtree, the former Mumbai bureau chief of the Financial Times (2011-2016), is convinced that India is also going through a gilded age. In 2011, he landed in Mumbai when its airport generated comparisons with Nairobi, if not Lagos. In 2016, he left for Singapore marveling at the elegance, grandeur and efficiency of the new Mumbai airport. Some of us, including

this writer, have written that India's post-2000 political economy indeed resembles the American gilded age, but no single account is as meticulously empirically observed, systematic, or revealing as Crabtree's book. As academics, we often write in conceptual or statistical terms. Crabtree has read most of what we have penned, but leveraging his journalistic eye, he has also provided felicitously crafted portraits of businessmen, politicians, and even some journalists and bureaucrats. The intertwined lives of businessmen and politicians, especially in Mumbai, Chennai, Delhi, Bangalore, Hyderabad, Lucknow, Gujarat and Odisha, constitute the bulk of the book, but there are also remarkable chapters on Modi, the IPL and TV news, including a somewhat mordant chapter on Arnab Goswami.

Three substantive themes run through the book: inequality, crony capitalism and the grave necessity of kicking off industrialisation, the Achilles heel of India's economy. A great deal has been written about how India's high post-1991 economic growth has lifted millions out of poverty, but not enough, says Crabtree, about how the type of growth India experienced has also created one of the most unequal societies of the world. In the mid 1990s, the Forbes magazine used to list only two Indian billionaires. That list by now exceeds a hundred. Only the US, China and Russia have more billionaires.

The result is a capture of policy and regulatory apparatus, and a larger corruption of politics. Though free, India's elections have become increasingly expensive — so the reliance of political parties on business donations, often murky, has also grown. That, in turn, makes politicians subservient to business interests. Prime Minister Modi might have more or less eliminated the daily drip of corruption gore at the very top of the polity, but his inability or unwillingness, says Crabtree, to clean up campaign finance means that Indian politics remains susceptible to malfeasance and cronyism.

While Crabtree has indeed sketched a remarkable account, one must point to

a gap in his political economy. The new entrepreneurs who burst onto the scene in the 1990s, especially in the information technology (IT) sector and mainly based in Bangalore, are briefly mentioned, but get no detailed treatment. This gap is not only empirical, but also conceptual. These entrepreneurs were not in the so-called “rent thick” sectors heavily reliant on a business-government nexus. Basically, beyond the initial allocation of land, the IT sector did not have to deal all that much with the government. The creativity of the IT sector could have been added to sectors marked by intricate business-government collusion and analysed so evocatively by Crabtree.

This criticism notwithstanding, we simply have no comparable account of India’s gilded age. A reporting gem, *The Billionaire Raj* deserves to be widely read.

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