

POLITICAL ECONOMY OF DEVELOPMENT

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This course has the aim of introducing the student to the history of the international division of labour under colonialism, which resulted in the capitalist industrialization of Europe and North America on the one hand and in the specialization of third world countries as primary producers on the other. We begin by considering the resource base with respect to supply of wage goods, energy and raw materials in two of today's advanced countries – Britain and Japan taken as case studies and raise the question of whether they actually experienced the internal agricultural revolution required for sustaining the industrial growth that they underwent. A critique of the pure theory of trade is developed and linked to the conceptualization of the economic role of the colonies in advanced country industrialization. India is taken up as a case study of colonial development with its highly specific trends towards tertiarization of the economy, commercialization of agriculture, and inverse relation between exports and internal food supply. The conceptual and measurement issues in estimating transfer of surplus are discussed and the importance of transfer from the colonies relative to the metropole's GDP, capital formation, and capital exports is estimated. The breakdown of the multilateral system of international settlements in the inter-War period, the reasons for the deepening of recession into the Great Depression, and the impact of WW11 followed by post-war reconstruction, sets the stage for a discussion of early industrialization in independent India.

COURSE OUTLINE

1. Capitalist Industrialization and the International Division of Labour: Britain and its Colonies

A. Britain: 17-18th century origins. Agricultural constraints and the food-feed competition. Overseas expansion and mercantilist policies; the "Agricultural Revolution" and ability to meet wage-goods and raw materials needs of the Industrial Revolution.

The 18th-early 19th century pattern of international trade by regions: commercial policies, the mechanisms of transfer from colonies (Ireland, West Indies, Asia) and their role in capital formation during Industrial Revolution. Trade theory in relation to historical experience. Capitalism and slavery.

The Industrial Revolution - technical innovations, the factory system, structural changes, reversal of the trade pattern in textiles. The railway boom, capital goods industries.

Capital exports from Britain by major destinations, the Gold Standard. Balance of payments by regions and multilateral balancing to WWI

Post-WWI problems in Europe. The Great Depression and after to WWII

2. Case-study of a colonized economy

B. India Land settlements, the fiscal system-trade system connection, estimated transfers during 1770-1820. The commercialization of agriculture, decline of manufacturing and impact on occupational structure in selected regions. Transfer mechanism after the Great Revolt and the principal areas of India's export earnings. The

rise of factory production, and the changing role of external and internal markets for manufactures. Transition to Gold exchange standard, banking and trade, impact of First World War.

Trends in per head foodgrains absorption and the link with transfers. Discriminating protection. The impact of the Depression; War financing, Bengal famine and sterling balances. Post-War reconstruction and contours of development to the sixties.

3. The Case of Independent Asian transition to Capitalist Industrialization

C. Japan: Tokugawa origins – the nature of the Meiji Restoration, the 1873 Land Settlement and impact on agrarian structure, the Matsukata deflation.

Early industrialization without tariff autonomy-state and enterprise, colonial expansion and the zaibatsu

The agricultural growth debate, the extent of transfers from colonies and Manchukuo of wage goods and raw materials. Differential economic structure. Akamatsu's analysis of industrial evolution.

The impact of the Depression on Japan – reflationary and militarist policies -the invasion of China, SCAP economic reform policies after WWII and post-War reconstruction to the 1970s. Japan as a model for developing economies.

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