



**INDIAN INSTITUTE OF MANAGEMENT CALCUTTA**

**WORKING PAPER SERIES**

**WPS No. 695/ March 2012**

**The Rise of the East: A non western path?**

**by**

**Mritiunjoy Mohanty**

Professor, IIM Calcutta, Diamond Harbour Road, Joka P.O., Kolkata 700 104 India

# The Rise of the East: A non western path?

Mr0TD.000B.(Tfas70111TD.000B.(Tfas70111TD3.10TD0Tc03ZTj7T3(cc)10)

## Meeting Peter Leuprecht

Since the winter of 2003, for reasons of the heart, I have been visiting Montreal twice in the year for about a couple of months each time. During the early years, my temporary research home during those visits used to be the Centre ~~to meet those~~

# The Rise of the East: A non western path?

Mritiunjoy Mohanty

As the centre of gravity of the global economy slowly but inexorably moves from the West to the East, this paper looks at the possibility of devising a non western path to growth and well being, more in line with the regions resources. It is divided into seven sections: Section I looks at the evolution of agriculture in China and Japan in line with its defining feature of land scarcity; Section II discusses the contrasting European and East Asian paths of transition from agrarian to industrial societies from the standpoint of its impact on the dispossession of the peasantry; Section III looks at the Japanese experience of hybridizing the East Asian and Western paths; Section IV discusses China as an instantiation of accumulation without dispossession; Section V looks at the rise of China and India

Second, as Ishikawa pointed out, traditionally, wet rice based agriculture in Japan had a distinctive labour absorption pattern. This pattern was largely due to the focus on increasing land productivity (or what is the same thing, economising on the use of land) given that land was the scarce factor. Prior to mechanisation of rice cultivation land productivity increased due to



19<sup>th</sup> centuries Elvin argued that technological and institutional change allowed Chinese agriculture to grow and maintain high levels of land productivity but that by the end of his period it had run out of dynamism and had little impetus to introduce a radically different technology such as the European labour displacing type. Indeed, path dependency of land productivity enhancing technological and institutional structures constrained China in adopting labour displacing technology and effectively trapped China in a high level equilibrium.

All this to say that on the eve of the industrial revolution in Europe, East Asia and South Asia were reasonably prosperous and not very far behind Europe (see also Bagchi (2005: 135 66 and 179 94)). Indeed as Maddison (2007: 174, 310 11) demonstrates, Japan and China had been able to absorb large increases in population without a fall in incomes and had rates of GDP growth similar to that of Europe. Per capita income in both however was lower than Europe. Be that is it may, even as the high level equilibrium trap of a land productivity based growth strategy constrained East Asia in the 18<sup>th</sup> century, England, followed by Europe and North America (and other white settler outposts that absorbed labour made surplus by Europe's industrialisation) surged ahead on the basis of a capital intensive, labour productivity based growth strategy (see e.g., Bagchi (2005), Arrighi (2007) and Maddison (2007)).<sup>9</sup>

In the 19<sup>th</sup> century China went into decline in part because of fissiparous tendencies that it was not able to contain and in part because its inward looking growth strategy constrained its ability to fashion a response to British expansion and imperialism (Arrighi (2007: 321 44); Maddison (2007: 160 67)), finally culminating in the peasant led communist revolution of 1949. As was noted earlier (fn3), inward looking Tokugawa Japan changed tack in the 18<sup>th</sup> century by opening up to the West and under the Meiji restoration of the late 19<sup>th</sup> century officially adopted the European model of capital intensive industrialisation to catch up, culminating in the Japanese imperialist debacle of World War II. Post war, under US hegemony, Japan caught up with the West and until 1995 East Asia (excluding China and Japan) secularly narrowed its gap with the West. Since 1970 and 1980 respectively China and India have narrowed the gap with the West, though the narrowing has been significantly faster for the former than the latter (see Arrighi and Zhang (2010: Table 1)).<sup>10</sup> Sugihara (2003) and Arrighi (2007) have argued that China's rise is a continuation of the East Asian path to development.

### **III: The Japanese hybrid, colonialism, US hegemony and accumulation without dispossession**

If Japan's adoption of a capital intensive and labour productivity based growth path helped her break out of the 'high level equilibrium trap' of a land productivity based one, the Japanese path, as Sugihara (2003: 113) has argued, did not fully converge with the western

---

<sup>9</sup> As to why Europe surges ahead with the Industrial Revolution and China stagnates is a matter of a very lively debate. For recent contributions to this debate see Bagchi (2005) and Arrighi (2007: 24 32).

<sup>10</sup> China's rise

path. In re fashioning its growth strategy, Japan retained some of the central aspects of the earlier one – it chose to economise on the use of



Coming from a very different standpoint than Sugihara, Hart (2002: 200), in her comparative exploration of growth and accumulation in South Africa in contradistinction with China and Taiwan, while discussing the success of rural industrialisation based growth strategies in the latter two

Third, he argued that TVEs must not be viewed merely as a mechanism of absorbing surplus rural labour. TVEs were dynamic because they expanded the size of the local (as opposed to national or international) market and improved the productivity of labour. To quote him, “[b]y reinvesting profits and rents locally, TVEs have expanded the size of the domestic market and created the conditions for new rounds of investment, job creation, and division of labor” (Arrighi (2007: 364))<sup>15</sup>.

Fourth, in the global South, in terms of human resources, the outcomes of accumulation strategies that have used dispossession (if one were to generalise on the basis of the Southern African experience) vis à vis those that have not are starkly different. As Arrighi, Aschoff, and Sanyal (2010, 467) argue “Just as the Southern Africa tradition has narrowed domestic markets, raised reproduction costs, and lowered the quality of the labor force, so the East Asian tradition has simultaneously expanded domestic markets, lowered reproduction costs, and raised the quality of the labor force.”

Fifth, Arrighi and Hart note the importance of contestation in shaping accumulation strategies



absorb the shock of demand contraction in developed economies. But as Harvey (2009: 93-94) points out, if this is the new 'spatial fix' for the growth of

rates of per capita income growth alongside very slowly declining levels of poverty. Between 1981 and 1993, poverty levels in India declined from 59.8

employment, the exact

acquisition of farm and forest land in the current phase of accumulation by dispossession is of that lineage.

The fact that in India it is the poor who vote, that parties representing socio economically marginalised groups have gained political power and the widespread resistance to the acquisition of farm and forest land, has placed the issue of land and land acquisition squarely on the political and legislative agenda<sup>32</sup> despite attempts by the big bourgeoisie and the political elite to finesse it. And if, and it still remains a big if, as a result land can no longer be expropriated at will, then it will bring to fore the issue that poverty cannot be solved without addressing land hunger, and therefore the possibilities of accumulation without dispossession have to seriously explored. It will then open up the possibility of

grabs at the moment." Therefore if India can switch to accumulation without dispossession and China can return to that path, both would have charted truly non western paths to growth and well being. But today at least that possibility exists.

[I am grateful to Dolores Chew and Sushil Khanna for comments on an earlier draft. Outside of Peter Leuprecht, I also gratefully acknowledge conversations with Dolores Chew, Nirmal Chandra, Selvyn Jussy and Sushil Khanna on transitions to capitalism. Errors in



Balakrishnan, Pulapre, (2010), **Economic Growth in India: History and Prospect**, Oxford University Press, Delhi

Basole, Amit, and Deepankar Basu (2011), 'Relations of Production and Modes of Surplus Extraction in India: Part I – Agriculture', **Economic**

Hart Landsberg, Martin and Paul Burkett, (2005), **China and Socialism: Market Reforms and Class Struggle**, New York: Monthly Review Press

Harvey, David, (2003), **The New Imperialism**, Oxford and New York: Oxford University Press

Harvey, David, (2005), **A Brief History of Neoliberalism**, New York: Oxford University Press

Hayami, Akira, (1992), 'The Industrious

Mohanty, Mritiunjoy, (2009), 'Structural change and employment: an empirical exploration', **Indian Institute of Management Calcutta Working Paper Series**, WPS 639, June

Mohanty, Mritiunjoy and VN Reddy (2010) 'Some explorations into India's Post Independence Growth Process, 1950/51 - 2002/3: the demand side', **Economic and Political Weekly**, 45(41), 47-58

Mohanty, Mritiunjoy, (2011), 'Growth and Immiserisation in India: a political economy framework', paper presented at the conference 'Accumulation, Immiserisation and Development' organised by Centre for Economic Studies and Planning, School of Social Sciences, Jawaharlal Nehru University (JNU), Delhi, India

NCEUS, (2007), **Report on Conditions of Work and Promotion of Livelihoods in the Unorganised**

<http://www.japanfocus.org/>