

# Intellectual Contributions of Amiya Kumar Bagchi

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In his academic writings spanning over six and a half decades, Amiya Kumar Bagchi straddled several areas among which economic history and political economy of development/underdevelopment attracted his abiding interest. He generally drew his insights from Marx and Keynes and illuminated the problems of underdevelopment with his own analytical perspective steeped in history. In this paper, we take an in-depth look at Bagchi's huge scholarly output, classified into major thematic areas, which are industrialisation, the behaviour of investment, and the role of the state in a mixed economic system; colonialism and its connection with the growth of global capitalism; and conceptualising a global history of capitalism from the perspective of human development.

Amiya Kumar Bagchi had had a long association with the *Economic & Political Weekly (EPW)*, which ended with his passing away on 28 November 2024, at the age of 88 years. A good number of his important articles, written over a period of more than 60 years, appeared in *EPW*. He was a great scholar in the classical political economy tradition with a variety of interests, a voracious reader of anything that caught his eye, an institution builder, and an inspiring teacher. In his academic writings spanning over six and a half decades, Bagchi straddled several areas, among which economic history and political economy attracted his abiding interest. In particular, he had a deep interest in blending the historical diversity seen across the world with political economy to produce what he later called "contextual political economy" (Bagchi 2014a).

In the paper, we take an in-depth look at the huge scholarly output that Bagchi has left for us. A shorter essay on his life and work was written by one of us soon after he passed away (Chakraborty 2024). Since the paper mentioned included a short biographical sketch of him, we skip the biographical information here and confine ourselves exclusively to the intellectual contributions of Bagchi as a scholar. With a somewhat similar objective, Prabhat Patnaik (2025) contributed an excellent article to *Development and Change*. Bagchi's intellectual output is so vast and wide-ranging that one could reasonably justify revisiting his oeuvre yet again. The present paper may be viewed as an attempt to further highlight the importance of Bagchi's intellectual contributions connecting them to major turns in his intellectual journey. Research and teaching interests of the Indian economists working in academia have undergone significant changes over the past few decades, as one would normally expect. However, a kind of instrumental rationality pervades the academic world now in a way that discourages deeper enquiry of the kind which scholars like Bagchi had been so passionately engaged in. It is remarkable that Bagchi carried out his relentless intellectual pursuits, basing himself in Kolkata and continued to draw the attention of serious students and scholars from across the globe to his work. His exceptional command of what he knew humbles many who hold him in awe. In what follows, we identify a number of broad themes and discuss the clusters of major articles and books that may be seen as belonging to those themes.

## The Developing World—From Capital Controversy to Private Investment

Having been profoundly influenced by Maurice Dobb, Richard Goodwin, and Joan Robinson, while carrying out his doctoral research at Cambridge University,<sup>1</sup> Bagchi's initial foray into

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academic writing carried the traces of the then ongoing “capital controversy,” in which stalwarts from both sides of the Atlantic—mainly from Cambridge University (UK) and the Massachusetts Institute of Technology (MIT) at Cambridge [US]—fiercely debated whether or not there was something that could meaningfully be called “aggregate capital.” On the one side of the battle was Robinson (1953) who initiated the debate questioning the consistency of the concept of aggregate capital and the use of the production function. Economists with neoclassical persuasion, mostly based at MIT, embarked on countering the criticism made by Robinson, and as a result, a series of articles appeared in influential journals such as the *Review of Economic Studies*, the *Quarterly Journal of Economics*, and the *Economic Journal*. One of Bagchi’s (1962) first important articles appeared in the *Economic Journal*, in which he dealt with the choice of the optimum technique of production. It was an intervention in the ongoing capital controversy. He showed that the reversal of capital intensity could occur as a result of changes in the degree of utilisation of capacity. He further argued that, in general, neoclassical prescriptions for choosing the optimum technique did not stand on closer scrutiny. His Cambridge training decisively made him a sceptic of what we know as neoclassical economics.

After a brief stint with theoretical issues of this kind, which was then in vogue in Cambridge, Bagchi in no time moved on to the problem of sluggish investment propensity of the capitalist class in a typical underdeveloped economy such as the economies of India, Argentina, Brazil, China or Indonesia. Right from his PhD days, Bagchi was drawn into the problem of investment in developing countries where both the state and the private sector are major players. He dealt with this issue in his first article published in *Economic Weekly* (Bagchi 1960), in which he formulated the interaction between the state and the private sector in the area of investment as a game. The reactions of the businesspeople as a class would depend on what they expect the government to do and how they expect the government to react to their own reactions. This is a classic game situation where two players face each other and formulate their respective strategies driven by a certain kind of rationality. This is very different from the typical approach then in vogue, at the core of which was the “optimising social planner” choosing the right “policy instruments,” as pursued by economists Jan Tinbergen and Ragnar Frisch. Given the fundamental difference between the government and the private sector in terms of targets and the time horizon (that is short term for private and a longer term for the government), it makes sense for the government not to make its reactions to the reactions of the business to a particular economic policy predictable, except within a range of probable outcomes.

This short article shows the beginning of his abiding interest in the role of the state in promoting industrialisation in a less developed country like India where the private sector was envisaged as an important player. In a later article, he further developed the game idea and presented a more formalised version (Bagchi 1964). He showed that, in the process, the more efficient producer would drive out the less efficient ones

in the absence of a protective tariff. However, a tariff could be set at such a level that it would not be worthwhile for the more efficient firm to engage in grabbing a larger market share. In other words, he could make a theoretical case for protective tariff, which would counter the monopolising tendency and help maintain competition in the domestic market.

All these interconnected themes that he approached had a clear theoretical tilt of a heterodox kind, the expression of which was found in his writings published at the early 1970s. In an important paper presented at the International Economic Association Conference, Bagchi (1970) made a bold attempt to explain the industrial stagnation in India in the first two decades of the country’s planned development. Towards the end of the 1960s, observers of the Indian economy began to question the effectiveness of the planning strategy adopted in the first two five-year plans to accelerate the rate of growth of national income. The usual explanations ran in terms of administrative shortcomings or exogenous factors such as poor harvests or the shortage of foreign exchange. Bagchi eminently shifted the focus to the inherent structural issue that plagued the planning strategy itself, which is the problem of achieving sectoral balance in resource allocation in an essentially mixed economy where the private sector players are allowed to make their own decisions. The paper was heavily criticised by Jagdish Bhagwati on the grounds that the thesis was not strongly grounded in logic and facts. Despite the hard-hitting criticism it attracted, the paper remained an essential reading for anyone interested in the debate on the slow pace of industrialisation in independent India.

The most important work in this phase of his intellectual journey is his first published book, *Private Investment in India, 1900–1939* (Bagchi 1972b), which is perhaps the most widely known among his major works as well. In the standard investment functions formulated by economists, the social and political factors hardly entered, nor did the numerous constraints that entrepreneurs would face. Bagchi’s passionate quest for understanding the behaviour of investment in India resulted in this work. Looking at the title of the book, one might be under the impression that it was a chronological account of private investment in India in the first four decades of the 20th century. This is partly true because one does get to know about the developments in important industries in great detail. However, the book really stands out for the importance it gives to economic theoretic arguments. Bagchi offered a deep critique of the supply-side arguments which were commonly put forward around that time to explain the slow pace of industrial growth. The conventional argument typically ran in terms of scarcity of capital or entrepreneurship. Neither did he accept the argument that the slow industrial growth was due to the inherent weaknesses of India’s social structure. To explain the major changes in the levels and patterns of investment, Bagchi put forward an argument that started from the other side, to wit, the demand side, and looked at the profitability of investment and ease of entry into different fields by European and Indian industrialists. He strove to establish, with a blend of theory and empirics, that the profitability of investment in

the Indian context crucially depended on the adequacy of effective demand. He further argued that colonialism led to a low rate of accumulation within India because much of the investible surplus was either exported as a tribute to the colonial power, or used up in rentier consumption, or could not be turned into investment because of the low propensity to invest in an economy constricted by poverty, low productivity and weak demand for industrial goods. He has since been consistently arguing that the demand problems are endemic in a country like India, even though the importance of structural bottlenecks is not to be ignored. He applied this perspective to explain the long-term constraints on India's industrial growth in the post-independence period as well, which we discussed earlier.

He returned to the issue of his abiding interest, namely the role of the state in a private ownership economy in general, and the pattern of industrialisation in a mixed system in particular, while preparing a monograph for the International Labour Organization (Bagchi 1987b). At the core of the monograph is an analytical approach that is deployed to explore the role of public intervention in industrial restructuring delving deep into the experiences of three important countries from the developing world—India, China, and South Korea. He ends the monograph with this profound observation:

It seems very likely in fact that India will continue to pursue policies which are a combination of working of the free market, policies effectively promoting economies of scale, protecting some sectors of domestic economic activity and encouraging the induction of foreign capital and technology. There will probably be less emphasis on the generation of employment within industry and more emphasis on the promotion of investment in economically viable projects and sectors by private enterprise. Whether the package of policies pursued by the government and the actual developments in the economy generate enough confidence among the private investors to induce them to significantly step up investment in the Indian economy, only time can tell. (Bagchi 1987b: 162)

More than three and a half decades have passed since then; the trajectory of the Indian economic policies has more or less vindicated Bagchi's prognosis.

### Colonial Rule as Structural Adjustment

In the 17th century, the economy of the Indian subcontinent was not far behind that of Britain. But between 1757 and 1947, the ratio between British and Indian per capita income increased almost tenfold (Maddison 1971). How does one explain the puzzle? Many economic historians have tried to explain this reversal of fortune, and understandably have come up with multiple hypotheses. Bagchi believed that to understand the trajectory of industrialisation in independent India, we need to delve deep into its past.

A number of articles on the Indian economy under colonial rule, written over more than two decades, were later presented together in Bagchi (2010) with a long introduction. The introduction to the collection is important for at least two reasons: it gave him the opportunity to relook at the articles from a distance, and second, in the intervening period, more light has been thrown on the debate by other scholars with a renewed

interest in the "Empire." Unlike the earlier nationalist discourse in India that was focused almost exclusively on the "drain," the more recent literature has argued, going beyond assessing the impact on the colonised countries, how the colonies were an integral part of the expansion of capital in the colonising countries of Europe. Bagchi consistently pursued this line of thinking, debunking others in the process.

There has been a wide variety of perspectives on colonialism. In a certain interpretation of Marx's writings on colonialism, we find the attribution to Marx the prognosis that colonialism would produce the "mirror image" of capitalism in the colony dismantling the pre-capitalist social formations and, therefore, in this sense, would play a historically progressive role. Bagchi debunks the position outright. The historiography surrounding the position that India had clearly benefited from British rule reappeared in the 1960s with the publication of an influential paper by Morris (1963).

Many of the chapters in the *Cambridge Economic History of India (CEHI)* Volume 2, published in 1983, followed a similar line of argument, even though Tapan Raychaudhuri (1968), one of the editors of *CEHI-2*, earlier expressed strong disagreement with Morris's position. On the contrary, for Bagchi, global capitalist development was never a progressive journey towards prosperity for all. He invoked David Harvey's distinction between territorial and capitalist logics of power and argued that the two were inextricably intertwined. For Spain and Portugal since the late 15th century, for instance, it was not only the drive for territorial expansion but also the search for bullion as well, which was needed for trade with Asia. Bagchi argued that Indian colonial history was not to be viewed in isolation—it was an integral part of global history in the age of imperialism. He would invoke Harvey's concept of "accumulation by dispossession" to characterise a kind of "primitive accumulation" process, under which, "while the peasants of pioneering capitalist countries suffered greatly, the non-white colonies of Europe suffered demographic and economic disasters extending from the early sixteenth to the middle of the twentieth century" (Bagchi 2010: xvi).

Bagchi tried to establish the rise of capitalist imperialism as an inevitable outcome of competition among capitalists and the states backing them with arms. Those who claim to have drawn their idea of "colonialism as a progressive force" from Marx conveniently ignore Chapters 31 through 33 of the first volume of Marx's *Capital*.<sup>2</sup> However, while it could be shown that the process of maintaining the current account surplus in India was integral to the need for financing the large outward remittances, its multiplier effect in terms of depressed incomes and employment in the colony could not be established in a methodologically convincing way. Therefore, the earlier nationalist literature, even though it hinted at this larger negative multiplier effect on people's income and non-agricultural employment, had to fall back on the transfer that was comparatively easier to gauge, that is, the home charges (Banerji 1984). Lack of adequate data did not deter Bagchi from forcefully putting forward the highly plausible theoretical argument.

“Structural adjustment” entered the vocabulary of Indian economic analyses only in the 1990s. By using the idea to characterise colonial India, Bagchi has turned our attention to the structural features of imperialistic expansion of capital that go far beyond the “drain” of financial resources from the colonies. In the same vein, he further demonstrated in another article in *EPW* that the idea of “unequal interdependence” could be found in both Lenin and Rosa Luxemburg. At least for the period leading up to World War I, one could argue that the non-White colonies generated exportable surplus, and the surplus was invested in the metropolitan countries as well as the White settlements such as the US, Canada and Australia (Bagchi 1972a).

A major theme that runs through some of the essays in this collection is deindustrialisation in India during the reign of the East India Company, which was instrumental in producing structural changes in the organisation of textile production, especially in Bengal. The suffering of weavers as a consequence is now common knowledge. The proponents of the demand–supply-based arguments would argue that Bengal textiles were no longer in demand in Europe from the beginning of the 19th century. It is now beyond doubt that the production process was subject to severe pressure and that the weaver was transformed from a price worker to a wage worker, whose legal status was subject to serious modification. Some scholars tried to show that Bengal or Gangetic Bihar might have been exceptional in experiencing deindustrialisation over the 19th century, and that the interior regions, not so closely connected with export trade, did not suffer it. Bagchi argues that this argument does not bear up to closer scrutiny. In every case of British occupation of a province or region in India, the proportion engaged in secondary industry declined. This was not just due to the abolition of restrictions on the entry of foreign goods, but also the decline in local demand for products of secondary industry.

The next milestone in Bagchi’s (1982) intellectual oeuvre was *The Political Economy of Underdevelopment*. Development studies got its first textbook, which is unapologetically Marxist. The book was widely used as an essential reading for undergraduate and postgraduate courses in development. Even though the aim was to understand contemporary underdevelopment, he traced it back to capitalist colonialism, as he consistently upheld the idea that history must be taken to be of central importance in explaining the present. He began with colonialism and used three chapters to trace the forms of direct colonial exploitation using the case studies on Asia and Latin America. These chapters systematically link economic retardation to colonial exploitation and stress the importance of historical structuration of the economy as well as the pattern of class relations.

While discussing the motivation behind writing this book, Bagchi (1982: vii) states, “the immediate stimulus for writing on problems of underdevelopment was provided by the revolt of young students all over the world in the late 1960s.” Having acknowledged the centrality of class analysis, he made a serious effort throughout the book to identify the relevant classes in both rural and urban sectors and tried to draw implications of different configurations of class interests. In the process, he drew on Lenin and Mao and made extensive use of their schema.

Bagchi’s point was that capitalist colonialism utilised modes of non-market coercion such as direct control of the state apparatus, racialism, slavery or bonded labour, monopolies as well as instruments of market competition. He wrote: “This perspective and persistent questioning by my students and many political activists prompted me to write my next book, centred on an analysis of underdevelopment” (Arestis and Sawyer 2000: 25). It was a part of the *Cambridge Economic Handbook Series*. The historical roots of underdevelopment in the third world—lying as they do in the colonial era and in the impact of Western capitalism upon Asia, Latin America and Africa—are uncovered in the book with remarkable analytical depth. Byres (1984: 75) observed in his review:

It is a successful exercise in political economy: a closely textured, carefully formulated argument, rich in concrete and historical analysis; at once, coherent, rigorous and sweeping in its range; abjuring empty abstraction; the product of wide reading, prolonged thought and fierce commitment.

### Other Major Contributions

Two major areas of Bagchi’s contributions deserve to be mentioned here. First, his interpretative essays on the history of political economy and the writings of a select group of lesser-known contributors to political economy, which he published sparingly over the decades (Bagchi 1995, 2014a). While his research in economic history and writings on political economy draw ideas from both Marx and Keynes, he has also written extensively on different streams of thought in political economy. These articles may be seen as belonging to the history of political economy. We quote here the opening lines of his article “Contextual Political Economy, Not Whig Economics” published in the *Cambridge Journal of Economics*:

In currently available mainstream histories of economic thought, the context of the emergence of political economy as a discipline has been generally swept out of sight, and the latest doctrines of economics are taken as the benchmarks against which to judge the advances or mistakes of earlier writers on political economy or “economics,” a nomenclature popularised since the late nineteenth century. (Bagchi 2014a: 545)

In this article, he defended the idea of “contextual” political economy against what he called “Whig economics.” It was triggered by Samuelson (1987), in which he provocatively defended a reading of the history of economic thought, which would be viewed as a narrative of successes or failures judged by the latest canons of mainstream (neoclassical) economics. This is what Samuelson called the “Whig history of economic science,” which, according to Bagchi, goes counter to the views of Marx, Schumpeter, Keynes and many others. Interestingly, Schumpeter identified the essential “techniques” to be deployed by a “scientific” economist as history, statistics, theory, and economic sociology. Bagchi presents an in-depth discussion of two neglected Italian pioneers of political economy—Giovanni Botero and Antonio Serra—who wrote in the 17th century.

For Bagchi, the historical context matters, no matter which doctrine we look at. The theory of comparative advantage, for example, “was based on a complete misreading of facts,” yet remained as a “perennial weapon in the ideological canon of

imperial apologists from Ricardo's day to the current period" (Bagchi 2014a: 554). In the example of England specialising in the production of textiles and Portugal in wines, the history of this specialisation was omitted. As Bagchi reminds us, the contraction of production of manufactures in Portugal happened after the imposition of the preferential import of English goods into Portugal under the treaty signed by England with Portugal in 1703 (the Methuen Treaty). And in the same period, English protectionism was growing. Bagchi cites a good number of concrete historical occurrences to argue that reading political economy of yesteryears would be meaningless if we ignored these histories.

The other major contribution he made before he entered the next phase of his intellectual journey (that is, conceptualising and writing a global history from the perspective of human development) was the two-volume *The Evolution of the State Bank of India* (Bagchi 1987b, 1997). For several years spanning over the 1980s and 1990s, Bagchi immersed himself in the huge project on writing the history of the State Bank of India (SBI), the culmination of which is the two volumes. The project, commissioned by the SBI, received assistance from a team of 36 members of the staff of SBI and two research assistants in London! The two volumes are considered to be a valuable reference resource with tremendously detailed research notes to be further explored by scholars to make their own interpretations. One wished Bagchi would find time to write a more accessible history of the SBI for the benefit of the students and others generally interested in the important history of the bank.

### Human Development at Centre Stage

After this phase of his intellectual journey, Bagchi entered the next, which is conceptualising and writing a global history from the perspective of human development, the culmination of which is another milestone—*Perilous Passage: Mankind and the Global Ascendancy of Capital* (Bagchi 2005). The book is an ambitious project on global history in which he critically analyses the processes leading to the rise of the West since the 16th century to its current status as the most prosperous and powerful group of nations in the world.

Throughout the course of his academic writings, Bagchi imploringly condemned and distinguished himself from "the mercenary army of economists arranged themselves as phalanxes at the service of the globalising rich" (Bagchi 2000: 4408), even more so in the last two and a half decades of his life, when he focused primarily on the issues of freedom and human development. *Perilous Passage* etched a narrative of global history that demystified the "European miracle," demonstrating how the advent of European capitalism adversely affected human development in other parts of the world. The 12-page long review of Amartya Sen's book *Development as Freedom*, published in *EPW* in 2000, an article on the capability approach and the political economy of human development, which he wrote for the compendium of essays in honour of Amartya Sen (Bagchi 2009), and the article on Rabindranath Tagore and the human condition (Bagchi 2014b), all place human development as the lynchpin of the progress of the world. Seamlessly gliding from the ideas of Marx and Engels to those of Smith, Mill, Keynes,

Arendt and Tagore, Bagchi drew from works in philosophy, political theory, economic history and political economy to construct his freedom-centric version of global history.

*Perilous Passage* cites some major works of Eurocentric historiography, which proclaimed that laggard countries in other parts of the globe only need to learn from and emulate the European miracle. To wit, mobility of factors of production was to be ensured, competition and profit maximisation were to be encouraged, and private property rights, the major mode of control over assets, were to be protected by a sound legal system. The state's role would be limited to that of an umpire who sets and resets rules to resolve disputes. These conditions, once fulfilled, would automatically lead to human development for all. Bagchi (2005: 32) rejected "this false and fetishised view of human history" that was content to assume that an unregulated market would take care of most aspects of human well-being. He used intense empirical material from different national contexts over a vast expanse of time spanning from the 16th century to recent times to show how capitalist power, backed by the state-of-the-art technology of war, can relentlessly manipulate the market, transcending geographical boundaries. Nonetheless, this "armed ascendancy of capital" did not prove to be advantageous to the Europeans themselves in terms of human development outcomes till about 1875. The European ruling classes were the ones who benefited at the expense of the miseries of large groups of people in Africa, Asia, the Americas and Europe itself.

Bagchi's estimates of surplus extraction from India and Burma by Britain between the 1870s and the eve of World War I ranged between £21.4 million—£28.9 million and £52.9 million—£65.3 million, which accounted for most of British foreign investment all over the world. He argued that capital market models based on assumptions of free competition can only be set up in "fantasy rather than real history" (Bagchi 2005: 242), since the colonial government directly intervened to restrict free factor markets for the extraction of surplus from dependent colonies. Indeed, the condemnation received by the rapacious advent of colonial capitalism seems scant compared to the valorisation of the rise of the modern West in contemporary works of economic history.

Bagchi (2005: 32) debunks the unsubstantiated claim of mainstream European historiography, "the naturalised common sense of the educated White man," that Europe was better placed than China or India in terms of economic and human development indicators even in the 17th century. In his wry, inimitable style, Bagchi critiques such a piece of writing by the European historian David S Landes:

Like the mythical devotee of Krishna, who succeeded in circumnavigating the earth by simply going around the living god, Landes has completed his *pradakshina* of world history by going around Weber and stopping to do his obeisance. (Bagchi 2005: 31)

He then compares Landes' contentment with the "narrative of the eternal damnation of the non-Europeans" with the grief feigned by Lewis Carroll's walrus over the destiny of the oysters he himself plans to consume.

In *Perilous Passage*, Bagchi painstakingly builds a parallel narrative of the global history of human development, dethroning economic growth or capital accumulation as all-encompassing

indicators of progress of nations. The section on capitalist competition and human development in Europe comprises detailed tables on population, birth rates, death rates and inter-continental emigration from various countries in Europe between the 16th century and the 20th century. One is enthralled by the profoundness of his scholarship, which is reflected in his use of rich, dense secondary material to place the issues of health, longevity, nutrition, literacy, schooling, and child labour on the centre stage of his narrative. Human development, nevertheless, always received its due importance in Bagchi's (1982) analysis, dating back to his seminal volume, *The Political Economy of Underdevelopment*, where he devoted an entire chapter to understanding population growth and the quality of life in the third world.

Written with extraordinary range and depth, *Perilous Passage* has changed the ways in which we think about world history and development. The uniqueness of the perspective that he has taken in this book lies in its emphasis on the consequences for people both within and outside the region. He thus broadens our understanding of the nature and history of capitalism and challenges the fetishism of commodities that limits the perspective of most economic historians. He characterises the emergence and operation of capitalism as a system driven by wars over resources and markets rather than one that genuinely operates on the principle of free markets. It comprehensively counters the view that developed countries provide the less developed an image of their own future. The crucial role played by the conquest and devastation of the so-called periphery has been brought in squarely. In the development studies literature, Bagchi's book can be considered as a must-read along with such other texts as Chang's (2002) *Kicking Away the Ladder*.

### Engagement with Amartya Sen

In 1999, Sen published his book *Development as Freedom*, which lucidly encapsulated what might be called his world view or "vision" in Schumpeterian terms (Sen 1999). This was how Bagchi, Sen's lifelong friend and critic, described the book, which, according to him, elaborated how "all the complex themes Sen has done so much to illuminate cohere" (Bagchi 2000: 4408). To him, this would enable one to understand how Sen's world view matched with and differed from those of Rousseau, Mill, Marx, Keynes, Tagore, Gandhi, Fanon, Kabir or Ambedkar. Instead of making all the comparisons in his review, Bagchi attempts to construct a bridge connecting Marxism and Sen's liberalism—a task which many would grapple with in the later years (Gangas 2014, 2020; Mukhopadhyay 2019, 2024). Sen's vision is to enlarge the possibility of freedom for every human being to attain the "functionings" (beings or doings) that she has reason to value. This, to Bagchi (2000: 4408), is what, "as Marx would have said, makes a (wo)man a 'species being,' distinguished from other animals." One can understand that Bagchi agrees with Sen on placing freedom as the chosen end of human life, as opposed to "growth fetishists, utility mongers, commodity fetishists, utilitarians or blind worshippers of the market, or believers in the omnipotence and omniscience of the state" (Bagchi 2000: 4408).

However, he has fundamental disagreements with Sen. Bagchi notes Sen's emphasis on the limitation of the market, particularly for the provisioning of healthcare, basic education, and social and economic security, where the state needs to step in. However, the state is an institution which also has the unique power to coerce and even inflict violence on its citizens. The role of the state in mobilising resources for public provisioning may be limited by a lack of political will stemming from ideological stances or sheer poverty. Bagchi argues that Sen is hardly interested in questions asking what gives the state its moral authority in the actions it undertakes. Additionally, Sen overlooks the first of the "two foci of inequality" ingrained in actually existing capitalism: namely the firm and the family (Bagchi 2000: 4412). Sen ascribes extreme importance to freedom of transaction in the labour market, illustrating how urban workers in the northern US were better off in terms of freedom to choose their employment, compared to African American slaves who had greater incomes and higher life expectancies. He even distinguishes Marx from the pre-capitalist anti-market scholars, citing how Marx approved of freedom of employment in capitalism. Nevertheless, as Bagchi highlights, capitalism has continued to reproduce unfreedom and coercion, even in postcolonial societies, where endemic unemployment, together with pre-existing structural constraints, have bridled instead of freeing the wage worker.

Bagchi also puts forth a critique of Sen's emphasis on procedural democracy as the main political process for ensuring the expansion of human freedoms. Bagchi invokes the distinction between substantive democracy and political or electoral democracy and shows that historically, one cannot establish a one-to-one correspondence between the two. Capitalism, despite the presence of electoral democracy, may restrict opportunities for certain groups of people, even over generations. Bagchi points out the conflict between Sen's theorisation of freedom as process and his espousal of freedom as the capability to choose the life one has reason to value. Politically, this conflict manifests in the tension between substantive and procedural democracy. Sen does not answer how his "micro-solutions" can be made sustainable in national and international contexts and leaves his critics unconvinced and sympathisers realising the need "to do considerably more work to figure out how to obtain the appealing results envisaged by Sen" in macro-contexts (Bagchi 2000: 4413).

Bagchi ends his review article trying to strengthen the power of Sen's normative analysis by invoking Marx's idea of alienation, meaning estrangement from the product and the process of production and from other human beings and nature. He translates the Marxian notion of alienation to Sen's vocabulary as "a systematic failure to attain the functionings a human being requires to be fully human"<sup>3</sup> and observes that "[t]he only way to resolve the tension between the perspective of Sen the moral philosopher and Sen the economist would be to envisage a human society that has seen the end of alienation" (Bagchi 2000: 4418). Yet he knows that Sen would not like to be grouped together with utopian thinkers. He points out that even if Sen's purpose is to delineate the need for substantial

improvements in basic human functionings, his framework lacks the clarity regarding which aspects of the modern-day capitalist order he takes as given and which he intends to challenge.

Bagchi (2009) traces a path through which the capability approach may be combined with what he calls “critical political economy.”<sup>4</sup> Critical political economy may be enriched by drawing from the understanding of divergent needs, goals and commitment of individuals and groups in the capability approach. The latter may in turn learn from critical political economy to trace out the evolving trajectory of differing experience, commitment, objectives and actual choice. The political struggles around these changes may shape the process of democracy and have direct repercussions on the frontier of human development and capabilities. Thus, Bagchi’s critique of Sen’s thrust on procedural democracy as the primary political process for fostering human development might be resolved by a meaningful dialogue between the capability approach and critical political economy.

## NOTES

- 1 He paid his tribute to Dobb and Robinson, long after they passed away, by dedicating his collection of essays published in 2010 (Bagchi 2010).
- 2 A number of authoritative statements can be cited here from the *Capital*, which portray the colonial system as a brute force abetting capitalist imperialism. Here is one:  
The different moments of primitive accumulation can be assigned in particular to Spain, Portugal, Holland, France and England, in more or less chronological order. These different moments are systematically combined at the end of the 17th century in England; the combination embraces the colonies, the national debt, the modern tax system, and the system of protection. These methods depend in part on brute force, for instance, the colonial system. But they all employ the power of the state, the concentrated and organised force of society, to hasten, as in a hothouse, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition (Marx 1976: 915–16).
- 3 Later research has critiqued this definition on the grounds that it hinges on a conception of human nature and has alternatively defined alienation in the vocabulary of the capability approach as “obstruction of responsible agency to attain the capabilities that one values” (Mukhopadhyay 2024).
- 4 Bagchi (2009: 32) uses the epithet “critical political economy” to define the genre of work that critiques all human institutions, including “the state, the nation, the family, the community and the international political order,” without presupposing that capitalism is the sole possible system. This is different from “contextual political economy,” a term he reserves for the political economy that opposes an “ahistorical reading of the history of economic thought.”

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## Concluding Remarks

Amiya Kumar Bagchi fiercely debated issues that affected mankind, but never did he slide into polemics devoid of scholarly understanding of an issue. This is instructive, particularly since the borderline between a polemic and a serious piece of scholarly work is often blurred in our debates on the economy. His last major article was published in *The Economic and Labour Relations Review*, in which he discussed the continued legacy of Keynes and the post-Keynesian economists in the developing countries (Bagchi 2023). He argues that while Keynes remained a Eurocentric imperialist, his dreams for Europe in general and Britain in particular proved relevant for many developing countries today. Keynes supported public investment and state involvement in solving problems of unemployment and industrial restructuring. His analysis of the instability of stock markets and dangers of financialisation remains highly relevant in a world experiencing major stock market crashes in almost every decade since the 1970s.

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