

On Capital, Not-Capital, and Development After Kalyan Sanyal

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The late Kalyan Sanyal's masterwork, *Rethinking Capitalist Development*, offers a profound meditation on the essence of contemporary capitalism in India. This review essay summarises the book's most novel qualities and then subjects Sanyal's arguments to a formal critique. It concludes that *Rethinking Capitalist Development* offers a provocative theory of postcolonial capitalism, one that advances the debate by forcing us to sharpen our conception of what Sanyal calls the "capital – not-capital" complex, a term he uses to characterise the entire complex of capitalist and non-capitalist production activities which coexist in contemporary political economy. While Sanyal's text remains generative to think with, its limitations – particularly concerning its engagements with Marx's theory of capitalism – merit critical scrutiny.

What is the relationship between capital and its others ("pre-capitalist" and "non-capitalist")? What is the relationship between capitalism and development? These are vast questions to which there are no tidy logical or empirical resolutions. Yet we cannot understand the world's present condition – particularly the violence of poverty and dispossession – without precise, thorough, and radical analyses of these questions.

Kalyan Sanyal's magnum opus, *Rethinking Capitalist Development: Primitive Accumulation, Governmentality and Post-colonial Capitalism* (2013 [2007]), is a particularly generative book with which to explore these questions. It offers an ambitious set of explanations, in lucid prose, to the puzzling persistence of need in a world of plenty and of (ostensibly) non-capitalist social relations in a capitalist world. Sanyal was a development economist (PhD 1973, University of Rochester) and Professor of Economics at the University of Calcutta until his death on 18 February 2012. *Rethinking Capitalist Development*, his final book, provides a powerful critique of his own discipline as well as the "post-development school", which has offered a popular critique of this discipline since the 1990s. For that reason alone the book deserves our attention; but it has other strengths too. Our aim here is to offer a reading that complements the growing literature on the implications of Sanyal's work (see, for instance, John and Deshpande 2008; Chatterjee 2011; Mezzadra 2011) by offering a critical assessment of *Rethinking Capitalist Development's* core insights.

We begin by recapitulating the book's five most novel qualities and important strengths.

Sanyal's Conception of Capitalism

The first essential novelty concerns Sanyal's conception of capitalism. He claims that what we typically think of as capitalism is actually comprised of both capitalist and non-capitalist elements. Sanyal's term for this differentiated unity is "the capital – non-capital complex". He first introduces this concept via his critique of Gibson-Graham (2006):

Gibson-Graham problematises the economy by unsettling the 'hegemony of capitalism'; but in her analysis, the concept of hegemony itself escapes problematisation. The flip side of this simple vision of hegemony as suppression is that when the monolith [capitalist economy] is unsettled, the 'others' that emerge automatically acquire a radical face. But if we allow hegemony to take a complex form, can we see the opposition character of those 'others' uncritically? Shouldn't we explore the possibility that they exist as an integral part of a complex hegemonic order?¹

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We signal in passing our agreement with Sanyal's critique of Gibson-Graham. He continues:

Although I find Gibson-Graham's counter-construction highly interesting, it is these questions that provoke me to attempt a different problematisation of the conflation of market and capitalism. Instead of arguing that the presence of multiple forms of production in a market economy challenges capitalism's hegemony, I want to further problematise the very concept of capitalism by asking: *Isn't it possible to see capitalism as necessarily a complex of capitalist and non-capitalist production residing in the commodity space? In other words, can't we see capitalist development as [a] process that necessarily produces, brings into existence, non-capitalist economic processes ...?* (pp 6-7, italics as in original).²

Sanyal sharpens the distinction between his position and Gibson-Graham's a few lines later:

Gibson-Graham wants to shrink and emaciate capitalism to rehabilitate economic difference; I, on the other hand, seek to produce a vision of capitalism that is malleable and protean, [and] see *economic difference as an integral part of that capitalism* and explore how capital successfully lives in that world of difference (p 7, our italics).

This argument is a version of a more general theoretical trend in recent Marxist literature, one that seeks to specify an "inside"/"outside" cleavage within capitalism. The varied conceptions of such an "outside" are polymorphous: it is, among others, "communism", "socialism", the "gift economy", the "moral economy", "History 2s", "worker-owned enterprises", the "commons", and, latterly, the "need economy". The concern everywhere is to identify the nature of the "outsideness" vis-à-vis capitalism: Where does difference reside? Is it to be found in the sinews of "civil society", in the agonistic workings of "democracy", in the contradictions of "economy", in the generative improvisations of "practice", in the dissident rhythms of the "everyday", in the distant reaches of uncolonised "experience", in the vital capacities of "labour", in the constituent power of the "multitude", in the paradoxical workings of "reason", in the wanton excess of "energy", in the rhizomatic interplay of "life", in "buried" and "disqualified" knowledges or, perhaps, in the creative surge of "imagination"?³

Here is how Sanyal provides a warrant for the need for a theory of capital's inside/outside: "The search for an alternative to capitalism *seems to be over*" (p 1, our italics). But subsequently, he asks: what if the ostensibly universal phenomena perceived to be capitalism – a social system anchored by the market principle and the institution of private property, with history, so it proclaims, firmly on its side – has not extinguished or absorbed pre- (and thereby non-) capitalist forms of production by primitive accumulation, as in the standard transition narrative? What if, in fact, it continuously renews (and thereby operates alongside) non-capitalist forms of production? In short, what if capitalist production generates economic heterogeneity as part and parcel of what we name "capitalism"? In taking up these questions, Sanyal's ambition is nothing shy of a theory of postcolonial capitalism.

How Capital Lives with Difference

The second novelty of Sanyal's argument comes in chapter 2, "Ship of Fools", where he argues that the way that capital lives with difference by not *being* capital, but by only ever

becoming capital. His central claim is that the Marxist tradition has fallen into the trap of thinking of capitalism in terms of Marx's Hegelian conception of *becoming* and *being*, where the hinge-point from the former to the latter is the separation of the means of production from labour. We find three crucial sub-points in his argument.

First, Sanyal argues that Marx's careful distinction between the *being* and *becoming* of capital has been lost in conventional readings of primitive accumulation, and that as a consequence the tradition has consistently erred in treating capital as "self-subsistent" (pp 48, 49, 50, 51, 58, 59, and elsewhere). Sanyal writes:

Marxist development theorists ... have missed th[e] ex-post nature of [Marx's] concept of primitive accumulation: that it is the immanent history of self-subsistent capitalist mode of production which can be grasped only after capital has fully *become*, as distinct from the actual process of transition. ... What [Marxist development theorists] fail to see is that if capitalist production, to ensure its self-reproduction, has to depend on its outside, then, as Marx emphatically puts it in *Grundrisse*, it is not self-subsistent capital but only *capital in arising*. Capitalist production is self-subsistent only when its entire requirement of wage goods and capital goods is produced within the domain of capital, as is the case in Marx's description of the capitalist mode of production in *Capital* (p 49).

Second, against Marx's account in *Capital*, according to Sanyal, primitive accumulation and the development of capitalism have not created a world in which capital is "self-subsistent" and more-or-less everyone is a member of one of the two fundamental classes. Rather, it has produced a "wasteland" of would-be proletariats who cannot actually sell their labour power as a commodity, but also lack the means of labour to become producers. In Sanyal's biting prose

Bereft of any direct access to means of labour, the dispossessed are left only with labour power, but their exclusion from the space of commodity production does not allow them to turn their labour power into a commodity. They are condemned to the world of the excluded, the redundant, the dispensable, having nothing to lose, not even the chains of wage-slavery. Primitive accumulation of capital thus produces a vast wasteland inhabited by people whose lives as producers have been subverted and destroyed by the thrust of the process of expansion of capital, but for whom the doors of the world of capital remain forever closed (p 53).⁴

Third, the direct implication of Sanyal's reasoning is that any theoretical framework that continues to posit a distinction between "pre-capitalism" and "capitalism" today is mistaken:

If there is a possible transition ..., it is from pre-capitalism to the capital – non-capital complex. *The conceptualisation of post-colonial capital in terms of this complex amounts to saying that transition in the historicist sense has already occurred and what we have is capitalism with an inherent heterogeneity*. Capitalist development in this scenario means not a structural shift from non-capital to capital, but the development of the entire capital – non-capital complex (p 40).

This then raises the question: what constitutes "the development of the entire capital – non-capital complex"? What exactly is the relationship between capital and development in Sanyal's schema? Here we arrive at the third novelty of his argument.

The Essential Economic Function of Development

Sanyal argues that the essential economic function of development today is to “reverse” the consequences of primitive accumulation by re-pairing the *would-be producers* who inhabit the wasteland with their necessary means of labour:

Development is posited as a systematic and sustained process of elimination of poverty by enabling the poor to get access to ... necessities. The goal of development is to engage the dispossessed and excluded in production activities by uniting them with the means of labour, that is, by allowing them to have access to productive resources. And it is here that a *reversal of primitive accumulation* occurs whereby resources are made to flow from the domain of capital to the wasteland to institute a need economy (p 65, our italics).

Against those Marxists who claim that development’s economic function is to extend primitive accumulation and/or deepen capitalist relations (thus facilitating the expropriation of surplus value, either immediately or in the future), Sanyal contends that, by reversing primitive accumulation, development produces and reproduces the capital – non-capital complex.

Development’s Novel Political Effects

It follows that development has distinct and novel political effects. Why must development (qua reversal of primitive accumulation) occur at all, if not to facilitate capital accumulation? Sanyal answers: because this is how the postcolonial state governs the excluded of the wasteland.⁵ To make this argument, Sanyal turns to Michel Foucault. The postcolonial state governs as it does, he claims, as an effect of a new global “governmentality”:

If by development we mean planning for accumulation, then there is no denying it is an anachronism But it hardly means that development is dead. Far from it. The accumulation-centric vision ... is fast fading away but is yielding place to an entirely new imaginary of development, one that is rooted in governmentality rather than in the project of planned primitive accumulation (p 191).

Here, Sanyal appears to say that the postcolonial state is operated by development discourse rather than being the operator of it. Hence his emphasis on this “new ... imaginary of development ... rooted in governmentality.” A bit later, Sanyal crystallises its essence:

[The] goal [of development today] is to constitute an economic space outside and alongside capital, for its castaways.... Development is alive and kicking; only instead of identifying itself with capital, it now seeks to create the conditions of existence of the latter [i.e. capital] on the basis of an *agenda of its own*. What it is engaged in is *the management of poverty*... (p 191, our italics).

The postcolonial state is therefore the congealment of a governmentality defined by poverty-management that operates by repairing the consequences of primitive accumulation. This means that the centre of development activity is, geographically speaking, the urban and peri-urban slum, and, economically speaking, the informal sector (pp 192-207).

Theorising the ‘Need Economy’

The final original and essential argument comes when Sanyal returns to Marx’s economic thought in chapter 5 to theorise “need economy”. Here Sanyal fleshes out the conceptual distinction between need and accumulation (see pp 208-15).

Sanyal begins by defining need economy as “an ensemble of economic activities undertaken for the purpose of meeting needs, as distinct from ... systematic accumulation” (p 209; restated in the terms of classical political economy: Sanyal aligns *need* with *use-value* and *accumulation* with exchange-value). For Sanyal, need economy is “a non-capitalist economic space that is integral to the post-colonial capitalist formation” (p 209). This space is defined by the fact that “producers are estranged from the means of production as a result of primitive accumulation ... [and] unable to sell their only possession, their labour power” (p 209). From these premises, Sanyal reformulates Marx’s general formula for capital from *Capital* (Chapter 4), $M C M'$, as $M C C' M' (M' - M, M)$. According to Sanyal, in the circuit of the need economy,

the producer purchases materials with his initial stock of money; he then adds value to them, sells the produced commodity, and uses the proceeds to replenish the initial stock and to purchase commodities for consumption (which is equal to the value added in the activity) (p 210).

Abstractly speaking, this statement could also describe the circuit of capital (Marx’s $M C M'$). Yet Sanyal firmly rejects the notion that Marx’s general formula for capital describes the need economy (he must do so, or else there is no essential difference between need and accumulation). How then are they distinguished? Sanyal emphasises two points.

The first concerns labour power. Sanyal posits that “commodities purchased by the informal producers, c , consist only of the means of labour, and it is transformed with c' with the producer’s own labour (or family labour) and then sold for money” (p 211). The second concerns money, which Sanyal calls “a more fundamental difference between the two circuits” (p 211). Remember that Sanyal’s reformulation of Marx’s general formula starts and ends with money, and passes through the commodity form – just like Marx’s. Yet he argues that in the need economy, “in the second round the circuit is exactly the same as in the first: $M C C' M' M C C' M'$ ” (p 212). In other words, there is no expansion; the need economy is a stable system. Why? Because in the need economy, Sanyal contends:

the purpose of production is consumption for the satisfaction of need, although production and consumption are both mediated by money. ... I call the realm of capitalist production the accumulation-economy and that of informal production the need economy. In the first, production is for accumulation, and in the second, it is for meeting need. They are two distinct economies, two systems, each with an internal *logic of its own* (p 212, our italics).

Those familiar with the agrarian change literature may recognise this bifurcation as a reiteration of the long-standing distinction between (a) production for household reproduction (aka subsistence production or traditional sector) and (b) production for market exchange (aka petty capitalist production or modern sector). Sanyal, however, insists that his need economy is not the same as subsistence production:

[A]lthough they appear similar, *the need economy is not what is commonly understood as a subsistent-economy, an economy with no surplus. While the accumulation-economy must have a surplus, need satisfaction as a goal of production does not rule out the existence of surplus in the need economy.*⁶ Because when we say that production in the need economy is for consumption, we do not only mean present consumption but future consumption as well (p 213, italics as in original).

In other words, Sanyal distinguishes his need economy from subsistence economy by the occasional production of a surplus which is set aside to satisfy future needs, including the necessary reinvestment of means of labour. In this way Sanyal can define the need economy as non-expansionary but also allowing for occasional growth (additional stock).

Critique

It is time to examine these arguments critically. We have five criticisms of Sanyal's book (which do not map exactly onto the five points outlined above). Before elaborating, let us re-emphasise our appreciation of *Rethinking Capitalist Development* and stress that the five points outlined above in no way exhaust all of the book's strengths. There are many other qualities of this book that we admire and points in the argument where we agree. Our criticism of the book reflects our respect for its strengths.

'Self-Subsistent Capital'

We have difficulty accepting Sanyal's presentation of Marx's conception of "self-subsistent capital". Here again is Sanyal's definitive statement: "[c]apitalist production is self-subsistent only when its entire requirement of wage goods and capital goods is produced within the domain of capital, as is the case in Marx's description of the capitalist mode of production in *Capital*" (p 49). There are two specific problems here.

First, Sanyal does not quote or cite any passages where Marx writes that capital or capitalism is "self-subsistent" because wage goods and capital goods are produced within "the domain of capital". Since Marx does not treat capital as a thing, but rather valorisation of value – a social relation – it would be surprising if Marx wrote of capital as "self-subsistent." We suspect that Sanyal wants to foreground Marx's argument in chapter 26 on "The Secret of Primitive Accumulation" and the Appendix of *Capital*, Vol 1 that genuinely capitalist accumulation can only take place on the basis of productive forces and social relations that themselves can only arise on the basis of capital. But Marx maintains that this desire of capital remains unfulfilled, capital is destined to exist as "becoming-being".⁷

Second, at the outset of *Capital*, Vol 1 Marx posits a society in which the capitalist mode of production is fully formed and there are only two classes (proletarian and capitalist). Naturally, Marx appreciated that this implied a reductive set of assumptions (like every economic model ever imagined) and that even London in the 1860s – the seat of capitalist modernity – was far more complex than the society he set to describe in *Capital*.⁸ Our concern is not simply to defend Marx by claiming that he knew that capital was more complex than Sanyal implies. Rather it is to remind us that, even within the restrictive frame with which Marx opens *Capital*, Marx highlights what we might describe as "outsides within capitalism", occupied by those who are neither capital nor labour: the unemployed and the colonised. So powerful are Marx's descriptions of these becoming-spaces of the excluded-within that Michael Denning (2010) as well as Frederic Jameson (2011) argue that *Capital* should be read foremost as a book about the condition of not

being employed in a capitalist world. Marx, in other words, anticipated what Sanyal calls the "wasteland".

The 'Reserve Army' and the Inhabitants of the 'Wasteland'

The distinction which Sanyal draws between his conception of the inhabitants of the wasteland/need economy and Marx's conception of the "reserve army" of unemployed is also highly questionable. We noted earlier that Sanyal distinguishes the wasteland-inhabitants from Marx's "reserve army" by claiming that while the latter is *in* capital, the wasteland is "a space *outside* capital" (p 55, our italics). Yet in *Capital*, Chapter 25, Marx explains that the "reserve army" is stuck in and out of capital. Marx's argument is therefore the same as Sanyal's, if we put Sanyal's in simple terms. When Sanyal argues that "the dispossessed are left only with labour power, but [cannot...] turn their labour power into a commodity", he echoes Marx. Similarly, Sanyal's conclusion – "They are condemned to the world of the excluded" – repeats *Capital*.⁹

Sanyal offers a variation on his argument that we find more compelling. In a slight but useful modification of his claim, he writes that the wasteland-inhabitants are excluded from capital by being confined. Sanyal comes to this position – where the inside and the outside fold together – where he writes of the "need economy" as "the post-colonial *space of confinement*" (2007, p 65, our italics). More explicitly: Sanyal quotes a US state department document about an aid recipient, Lola, who becomes a self-employed producer thanks to a micro loan, and comments: "she remains quarantined *in* a need-space *outside* the world of capital ... permanently fixed *in* the *exterior* of capital's *own* space" (p 227, our italics). Sanyal's gesture here – folding of the inside and outside of capital – deserves our praise. Yet we should also recognise that it remains insufficiently and inadequately theorised in *Rethinking Capitalist Development*. This is a point that deserves further elaboration.

Does Development Reverse Primitive Accumulation?

We do not accept Sanyal's thesis that "development reverses primitive accumulation". Certainly, development may do so in certain instances: e.g. if an independent producer in the informal market, formerly a peasant, who lost land access via primitive accumulation, obtains a micro loan to access means of labour. But to say that development does so consistently – or to adopt Sanyal's extreme position that this process *defines* development today – is for us indefensible. On the one hand, Sanyal offers no evidence in support of his thesis. This is where the analytical character of the book shows its weakness. On the other hand, there is abundant counter-evidence.

Consider the way that Marx's concept of primitive accumulation is used on the left around the world today: its widespread renaissance is due to the fearsome violence, global in scope, unleashed by capital through dam construction (witness Narmada), land grabs (Ethiopia), urban encroachment cum rural displacement (China), and highway building (the public-private partnerships in Mesoamerica), to name only a few well-known examples. For instance, the left-wing critique of the REDD+ development/conservation projects sweeping

Latin America is that, in the name of mitigating carbon, the North is subjecting the South to a new round of primitive accumulation. This is an entirely sensible claim within a Marxist framework. Without entering into the debates about these discrete cases, our point is simply that each of the projects – dams, REDD+, roads, it matters not – is a development project. Not just in name, but in fact. Capitalism qua development frequently enacts primitive accumulation today.

Theory of the ‘Need Economy’: Analytically Problematic

Sanyal’s theory of a “need economy”, while of heuristic use, is analytically problematic. To wit, while Sanyal does not preclude the possibility of surplus accumulation within the need economy, he is clear that this is incidental when it occurs and that the concrete economic activities which comprise this extra-capitalist space are “governed by a logic that is *fundamentally different* from the one that animates the world of capitalist production” (Sanyal and Bhattacharya 2009: 36, our emphasis). This “fundamentally different” logic, according to Sanyal, resembles (but is not identical to) the Chayanovian model of peasant production, where the economic unit (household or petty, family-based enterprise) “accommodates the surplus labour force by maximising income rather than profit and then distributing the average product to the family members irrespective of their contribution to income” (Sanyal and Bhattacharya 2009: 38).

According to Sanyal, this social mechanism extends to instances of economic activity where small numbers of workers are hired. In short, the need economy does not “exploit” or “extract” in the manner of an accumulation economy organised by capitalist relations of production. Sanyal goes to some pains to distinguish the surplus labour force that inhabits the need economy from “(a) wage-workers whom capital exploits, (b) the reserve army of labour which enables such exploitation to go on, and (c) non-capitalist producers tied to capital via subcontracting or outsourcing and from whom capital extracts their surplus” (Sanyal and Bhattacharya 2009).

While Sanyal’s attempt to theorise the difference of non-capitalist, petty commodity production is admirable, it must be noted that concrete details of its workings, let alone compelling evidence of its Chayanovian logic of operation, are scant in Sanyal’s writings. While one can imagine the operations, in fits and starts, of a need economy bound by the different Chayanovian logic that Sanyal evokes, as a rule he overstates the separation between activities in the need economy and the accumulation economy.¹⁰ A stark reminder, ironically, comes from a key participant in the 1960s Latin American debates on marginality and informality that Sanyal approvingly cites in chapter 2, “Ship of Fools”. Thus, according to Aníbal Quijano (2000, p 136; our italics):

[T]he representation of the Latin America of the 1960s as undergoing a transition from a traditional to a modern society was considered misleading because society was a single, albeit multilayered and heterogeneous entity steeped in relations and structure of diverse historical origin and constitution. *All these relations were socially articulated under a single power structure – that is, under the hegemony of capital.... In this historical-structuralist perspective, the continuous growth of a population without stable work or income resulted not from*

the passage from a traditional to a modern sector but from the tendencies inherent in the workings of capital. The effects of capital on the working population were felt throughout the capitalist world-system, but were drastically amplified in its peripheral regions because of conditions of ‘dependency’.

When Sanyal depicts capitalism as a complex that is different-in-itself, he appears, on the surface, to be claiming something similar to the analysis in a book like *Capital, Interrupted* (Gidwani 2008a). However, the latter’s difference lies in the claim that the law of value, which structures capitalist social relations, is a normative logic that is parasitic on other (often effaced) normative logics (including non-capitalist ones); apropos these other normative logics, the law of value historically becomes a structure-in-dominance.¹¹ In short, where Sanyal goes to pains to isolate a “need economy” that functions by a survival or “safety-first” principle that is orthogonal to the “accumulation economy”, our argument would, both, undo the existence of this essential difference and point out, furthermore, that Sanyal is strangely silent on the other normative logics (of gender, caste, race, region, and religion, to name some) that traverse, enable, and interrupt the capitalist and non-capitalist forms of production he foregrounds.

Sanyal pointedly rejects both traditional Marxist and liberal mainstream narratives of transition. The traditional Marxist story of underdevelopment portrays capital “as antithetical to difference” (p 254), or non-capital and, by extension, primitive accumulation as the retrospective history of capital. Neither is true, says Sanyal, because capitalist production generates and cohabits with non-capitalist production as well as sets up this renewing site of non-capital as the prospective space for future rounds of primitive accumulation. As for the liberal transition-to-capitalism narrative, it depoliticises poverty as a residual of capital rather than “the outcome of the arising of capital”: as such, it is both tendentious and prejudicial to the cause of social transformation.

To sum up, Sanyal opposes the transition narrative on three distinct grounds: (a) it is empirically wrong; (b) it relies on a universal conception of history that is imperial, ideological, and implausible; and (c) it is mired in a political impasse, either in thrall to a development ideology that views it as a set of “politically-neutral practices...to improve the condition of the population groups” (p 255) who inhabit the wasteland of non-capital via expert interventions; or wedded to an inflexible Marxist imaginary of class antagonism and vanguardist change.

Clearly the latter two explanations are the salient ones for Sanyal’s undertaking. In fact, in the conclusion to his book, Sanyal explains why it is important for him to break with an “essentialist deployment of the concept of class” (p 260). An anti-capitalist class politics that pivots on the assumption of class antagonism between worker and capitalist owner may be appropriate for enterprises in the “accumulation economy” (“the interior of capital” as he terms it), but they may be “totally counterproductive in the need economy”, where “the distinction between capital and labour is, in most cases, blurred” (p 260). The implication?

Seen thus, the existence of direct producers belonging to three distinct parts of the economy – the need economy that exists outside the domain of capital, the informalised production activities that are implicated in the circuit of capital and the formal capitalist labour process – is grounded in production for the satisfaction of need, and they are all subjected to capital's dominance although the nature and form [of] dominance is different in each case. The perspective of need can thus provide a common ground for both the “excluded” and the “included” in their battle against capital (p 261).

Sanyal does not account for his refusal to truck in either Marxist dialectics or the law of value in theorising postcolonial capitalism. Rather, Sanyal seeks to maintain that non-capital is a space of difference that is organised by an alternative logic of production, one that capital is perfectly happy to co-exist with (and, of course, encroach upon, when its expansionary logic demands). Yet Sanyal's refusal to engage Marx's value theory is the real puzzle of *Rethinking Capitalist Development*: by so doing Sanyal would have had to confront how production within the “need economy” can remain outside the penumbra of value. As diverse Marxists have elaborated (cf Diane Elson, Jason Read, Vivek Chibber, and ourselves),

Marx's argument is that the emergence of abstract labour is specific to capitalism because capitalism creates a social mechanism that takes the dispersed, disparate labouring activities of producers, and forces them into the common metric...of labour time. Competition pushes producers to expend no more time on making a product than is socially necessary (Chibber 2013, p 140).

To say that the “need economy” is inured from this imperative seems implausible, even misguided, in the absence of further analysis spelling out the mechanisms whereby respite from the heavy invisible hand of competition is secured.¹² (For example, one could picture scenarios where, facilitated by ethnic, caste, or extended family infrastructures of control over aspects of a product's commodity chain, the zeal for profit maximisation might foreseeably yield, within limits, to a logic of revenue optimisation that accommodates more workers than efficiency warrants.)

Why is it misguided? Let us return to what Sanyal correctly identifies as the two principal elements that must be shown to be distinct between accumulation and need economy: labour and money. First, consider his discussion of labour-power. Sanyal's insistence that “we must sharply contrast the need economy that results from development governmentality...with informalisation within capitalist production...” (2013 [2007], p 240) is a curiously rigid formulation that overlooks how those with labour-power to sell sometimes succeed in selling it within the accumulation economy, and sometimes not. In our reckoning, the modal condition of work within postcolonial capitalism is not absolute expulsion of vulnerable populations from capital's “reserve army” but rather, the spatio-temporal flux in and, hence, tenuousness of, capital's embrace. The routes through which workers are thrown out and drawn back into this embrace, the stratagems by which they are held never farther than an arm's reach, are multifarious. In our view, a more tenable way of conceptualising the fault lines than the sharp contrast that Sanyal draws between the “excluded” and the “casualised” – or the need economy as

opposed to informalisation within the accumulation economy – is to attend to the spatio-temporal rhythms of work, both daily, short term, and long term, as workers, balancing aspirations with constraints, circulate through different systems of work as well as between work and non-work.¹³

Consider now money (M). The money which flows from M to c to M in Sanyal's formula for need economy is the same M which flows from M to c to M in Marx's formula. As Marx emphasises, it is this fact – money as alpha and omega of the circuit – that defines capital. The peso and rupee notes that circulate in the informal markets found in the slums of Mexico City and Calcutta recirculate through the formal economy – and banks. There is nothing separating the money of need and accumulation. And that is a crucial point since money is the solvent that forces need to become accumulation. The reverse is also true: accumulation, posited as future, is need. Hence when Sanyal writes that “when we say that production in the need economy is for consumption, we do not only mean present consumption but future consumption as well” (p 213), he absolutely undermines the need-accumulation distinction. Suppose we ask a rich person why he/she accumulates money, he/she will answer, quite rightly, “I may need it in the future for consumption”. Then by Sanyal's own definition, bourgeois production is need economy!

The Politics of Development

Our final criticism concerns Sanyal's analysis of the politics of development. We begin by noting that for a study of capitalism and development, his analysis of the relationship between these two concepts is uneven and ahistorical. He does not delve into the complex histories that bring capitalism and development into relationship such that capitalism qua development becomes the modal form. Sanyal occasionally treats capital and development as synonyms, but then criticises the identification of development with capital (p 141): “When the development discourse conflates development and capitalist accumulation, the narrative of development coincides with the narrative of capital's arising, although the assumed political neutrality of the space of development depoliticised the arising of capital.” And yet Sanyal seems to believe that the identification of capital with development is relatively recent (20th century) and provisional; by contrast we locate the identification of capital with development in the 19th century, forged in the crucible of European colonialism. The conditions for the articulation of capitalist social relations with the metaphysics of development are left under-examined.

This has important implications for Sanyal's theory, including his periodisation of development as “governmentality”. Let us briefly review how Sanyal theorises the reinvention of development in the (chronological) postcolonial era. His conjoining of development to capitalist production assumes a range of attires, initially Keynesian in thrust and later Foucauldian. In the moment of “simple hegemony” (when the truth of capitalist domination and the transition narrative is taken for granted) development is tasked with supplying the physical and human infrastructure for capitalist production.

Subsequently, in the 1970s, in the first moment of “complex hegemony” (when the growing incidence of poverty in the third world raises doubts about the smoothness of capitalist transition, that is to say, the rate of absorption of the victims of primitive accumulation into the formal capitalist sector) development is tasked with reversing the effects of primitive accumulation. It is a moment when “poverty-alleviation” becomes visible on the international agenda. Finally, as Sanyal highlights, this is the moment when the “informal sector” emerges as an object of analysis in the writings of economic anthropologists and (a handful of) development economists. The “informal sector” is perceived as a temporary phenomenon, a holding space for various categories of Marx’s “relative surplus labour”: in short, still interior to and in the ken of capitalist production. It contains a population-in-waiting, awaiting absorption into the formal capitalist sector.

The radical break, in Sanyal’s recounting, occurs around the turn of the millennium, when the “informal sector” returns as a new object: no longer as temporary housing space for the poor, but as a permanent fixture of capitalism. Abjuring the term “informal sector” in favour of the more exact descriptor “need economy”, Sanyal writes that it is “the space of the dispossessed, those who are excluded from the space of capital, a wasteland created by capitalist development” (p 193); the “inhabitants of the wasteland are victims of primitive accumulation” (p 194); “the space of the dispossessed is not an empty economic space, its inhabitants engage

in a variety of economic activities for their survival, activities that constitute a sub-economy” (p 194); “the point to be stressed is that this sub-economy is the result of exclusion” (p 194).¹⁴ Schematically

primitive accumulation (in rural areas and urban fringes) → migration to towns and cities → lack of jobs in the urban, formal capitalist sector → emergence of a sub-economy that is the result of exclusion → this sub-economy, now understood as a permanent aspect of capitalism, is reinvented as the ‘informal sector’ → the ‘informal sector’ (and its prominent subset, the ‘need economy’) becomes the target of neoliberal governmentality.

We are suggesting that the limitations in this sequence of arguments becomes so frayed that the resulting analysis of the politics of postcolonial states and development governmentality is unconvincing. The claim that a “new governmentality” exists is weak. Indeed the basis for this claim is hardly elaborated, and as Gidwani (among others) has shown for the Indian case, the “imaginary of development”, however defined, is rooted in the colonial experience. As for Sanyal’s claim that the “accumulation-centric vision [of development] ... is fast fading away”, how do we explain the persistence of development-as-accumulation talk among elites in India? How do we explain the fierce competition about distinct class fractions to wield state power as a means of fomenting successful capitalist accumulation strategies? The problem here is even more apparent if we look beyond India’s borders. Isn’t what is taking place in China today precisely “the project of planned primitive

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accumulation” tethered to an “accumulation-centric vision” – in other words, isn’t China’s present experience the perfect counter-point to Sanyal’s claim? If so, given China’s centrality to global capitalism, that alone would seem sufficient to call his argument about a new global governmentality, unhitched from accumulation, into question.¹⁵

In Conclusion

We are left, then, with a complex ledger, marked by many strengths and weaknesses: an indication of a profound book which, even when it fails, provokes new thought. To

put our assessment in reductive terms, we conclude that *Rethinking Capitalist Development* offers a provocative theory of postcolonial capitalism, one that advances the debate by forcing us to sharpen our conception of the capital – not-capital complex. But the book does not offer a Marxist postcolonial theory of capitalism. Notwithstanding recent writings on “postcolonial capitalism”, the field remains very much open. Herein lies our urgent task: to deepen the engagement between Marxist political economy and postcolonial studies that speaks forthrightly to questions of freedom and justice.

NOTES

- 1 Sanyal’s criticism applies, *mutatis mutandis*, to the whole post-development school. For his critique of Escobar, see pp 85–93.
- 2 This is only one of many instances where Sanyal, in an effort to problematise either capital or development, elides the difference between the two. We do not doubt that he was aware of this problem. His critique of Escobar is precisely that Escobar (1995) elides capitalism and development (p 86).
- 3 What motivates this quest for an “outside”? To be sure, it is the desire for an alternative to capitalism, one rooted in justice and freedom. Or rather, this quest reflects one expression of this desire; but not all such expressions seek an outside. Here is the rub: if everything is bathed in capital’s particular illumination or lies in a relationship of structural causality to it, then where shall we find transformative alternatives to it, whether these are an “after-capitalism”, “besides capitalism”, “against capitalism” or “within capitalism”?
- 4 Those who have read *Capital* might see this as an elaboration of Marx’s conception of the “reserve army of unemployed” created by the development of capitalism and the rising organic composition of capital (see *Capital*, Chapter 23). Yet Sanyal distinguishes the wasteland-inhabitants from Marx’s “reserve army” by claiming that while the latter is *in* capital, the wasteland is “a space *outside* capital” (p 55, our italics). We take up this claim below.
- 5 Partly because of Sanyal’s shift in Chapter 2, subsequently elaborated in Chapter 4, to a Foucaultian register from an initially Gramscian one, this argument is made less clearly and effectively than the others (at least in our estimation). Hence our restatement of it is less confident.
- 6 We note in passing that there are multiple ways of defining a subsistence economy, and the existence (or non-existence) of surplus is not the only factor.
- 7 While Hegel does employ the term “self-subsistent” to refer to “being” in *Science of Logic* (1969 [1812]), Marx to the best of our knowledge never does. In the Appendix to *Capital*, Volume 1, Marx does discuss capital’s striving to transform the formal subsumption of labour into a real subsumption of labour (see pp 1019–34), a process that could be read as capital’s desire to become “self-subsistent”. But as Marx demonstrates elsewhere, in the *Grundrisse* and *Capital*, it remains just that: a desire constantly thwarted, among other factors, by the agonistic relationship of labour and capital (Gidwani 2008b explores this point).
- 8 The status of Marx’s presuppositions about the capitalist society he analyses in *Capital* form the basis for long and complex debates in Marxist theory. Unfortunately Sanyal does not engage with this literature.
- 9 Elsewhere, in the *Economic and Philosophic Manuscripts of 1844* (1988), Marx emphatically says of displaced workers: “The surplus would have to die” (p 24).
- 10 Thus, Chatterjee (2011) has ventured that the binary “corporate capital” and “non-corporate capital” may provide a more adequate diagnosis of the contemporary Indian economy.
- 11 Of course, such a relation need not rule out the possibility of a need economy that is contingently and episodically (not structurally) inured to the logic of accumulation. We thank Ajay Skaria for this caveat.
- 12 Chibber raises this point to revive a universalism that postcolonial qua subaltern studies has challenged (we do not endorse his project but this is not the place for a critique). By contrast, Sanyal wants to politicise difference and render capitalism as a particular object. While Chibber wants to expel difference (or at least domesticate it), Sanyal does not go far enough in theorising the nature of the difference.
- 13 This would also have greater fidelity to Chayanov’s (1986 [1966]) conceptualisation of labour dynamics within a peasant household as varying over the course of its lifecycle.
- 14 Resemblances notwithstanding, Sanyal’s argument is not a “functional dualism” of the Kautskyian variety. For Kautsky, the puzzle he sought to explain was the persistence of family farms as a pre-capitalist form within capitalism. By contrast, Sanyal’s invocation of an income as opposed to profit maximisation logic as the organising principle of the “need economy” is a variant of A V Chayanov and his inheritors, including Clifford Geertz (“agricultural involution”) and James C Scott (“safety-first” ethic). See Sanyal’s methodical refutation of the “capital’s need” argument (pp 20–26), and also his equally superb parsing of the various “tales told by Marxists” of capitalist underdevelopment (pp 8–20). Finally, Sanyal convincingly argues that the “passive revolution” thesis of a “blocked dialectic”, like the foregoing Marxist accounts of underdevelopment, remains a transition narrative anchored in the modernisation binary of “pre-capital” and “capital” rather than the postcolonial analytic of “non-capital” and “capital”.
- 15 To be clear, we find Sanyal’s discussion of “primitive accumulation” enormously generative for thinking about the nature of ongoing political-economic transformations in countries like India. His acute observation that the “space of non-capital is...constantly under the threat of subversion by an encroaching capitalist space” (p 65) is exemplary in this regard. Sanyal falters only when he claims that “development” today is primarily or exclusively about the management of poverty, rather than acknowledge that “[d]evelopment...is capitalism; yet it also exceeds capitalism and names a surplus necessary to the correction of mere capitalism” (Wainwright 2008: 12).

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