National wealth or national poverty? the politics of economic measurement in late colonial India[1]

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In 1924 K.T. Shah and K.J. Khambata published a joint work, *Wealth and taxable capacity of India*.[2] Shah was professor of economics at the University of Bombay and Khambata a research scholar working under his supervision. The book comprised two parts: the first, by Khambata, was a computation of India's annual national wealth from 1914 to 1922. Shah offered a study of India's taxable capacity in the second part. The men were able to cooperate well enough to finish and publish the research, but the two separate introductions to the book point to some unease in their relationship. Shah described Khambata's work as dealing "almost exclusively with matters and statements of facts" and explained that, while his own writing, "has its share of the basic facts…it has also its share of opinions on some of the most vexed problems of to-day and to-morrow."[3]

Their work received some attention from economic specialists outside India, much of which was negative. Several British reviewers praised Khambata's work, but were critical of Shah, who was attacked for his methodology and for his "very strong political feeling" in what "ought to be [a] scientific work".[4] This view seems to have shaped later academic engagement with this text, which has been almost entirely ignored by scholars of Indian economics or economic history.

This chapter sets out a close reading of this more or less unknown work, specifically Shah's half of it, not to 'rescue' it as an important economic treatise, but to consider what it can tell us about 'the political imaginaries' of the early 1920s, both within British India, and at a more global level. Read in conversation with contemporary

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[2] K.T. Shah and K.J. Khambata, *Wealth and taxable capacity of India,* (Bombay: D.B. Taraporevala Sons & Co., London; P.S. King and Son, Ltd., 1924).
[3] Ibid, pp. v-vi.
[4] W.S. Thatcher, 'Review of *Wealth and Taxable Capacity of India* by K. T. Shah, K. J. Khambata and other books', *The Economic Journal,* Vol. 35, No. 140 (Dec., 1925), 629.

works that have been deemed more properly 'economic', Shah's work allows us to question politics and the political from two different, but interlinked perspectives. On the one hand this chapter seeks to understand the politics that underpinned the claim that Shah's approach to measuring national wealth was not scientific and therefore not properly economic. What was different about Shah's approach to economic measurement and those of his British and imperial contemporaries? What does this reveal about the 'scientific' nature of more properly economic approaches? And what has been the legacy of sidelining these questions, and Shah's work, in later historical analysis of this period? In addressing these questions, the chapter seeks to reconsider supposedly global histories of the economy from the vantage point of the Indian subcontinent.

On the other hand, the chapter examines how economic techniques and bodies of data enabled the production of new political topologies and subjectivities in 1920s British India. This entails a flipping of the theoretical framework to ask what global histories of the twentieth-century economy can bring to scholarly debates about politics in late colonial South Asia. Like other chapters in this book, this essay argues that a more properly historical understanding of the economy reveals important moments of shift, not simply in the relationship between the mutually constructed fields of 'economy' and 'politics' but also in the qualities that define relationships within and between these fields. From this basis, the chapter explores how emergent techniques of economic measurement produced new understandings of the component characteristics of the national economy but also of the society to which it was now seen to be connected and how this played out in the context of post-war British India.

That Shah's work, and that of other Indian economists writing in this period, have not already been read as significant, either to the history of the economy, or to the history of Indian politics is striking, especially as there have been very productive exchanges between these fields with regards to the long nineteenth century. Scholarship on the history of 'the economy', as distinct from economic history, developed in the 1990s. Deeply influenced by the approaches of Susan Buck Morss and Timothy Mitchell, these studies unpacked 'the economy' as a historically constructed entity at precisely the moment when arguments about the 'natural' state of the free-market economy were beginning to gain powerful traction.[5] This scholarship divided along two rather different understandings of the 'chronology' of the economy.[6] For one group of scholars, 'the economy' emerged around the eighteenth and nineteenth centuries, as a result of new ideas about the separation of politics, economy and culture.[7] Studies of South Asia have demonstrated the importance of imperial technologies and praxis for this process. They have shown that, far from being the recipient of practices forged in the west, India was a critical staging ground for the production of new ideas of economic and national-political space.[8]

Another group of scholars, however, have argued that the emergence of 'the economy', as we understand the term today, took place much later than this, around the early and middle parts of the twentieth century. Timothy Mitchell, with whom this argument is perhaps most closely associated, has argued that, while the term 'economy' was used widely before this period, its meaning underwent a radical transformation between the 1930s and 1950s, from one that referred to specific kinds of spaces and relationships to a term that signified a 'total process'.[9] This transformation produced a conception of the economy as an aggregative, measurable 'thing', the governance of which required specific professional and technical (scientific) expertise. The development of new socio-technocratic practices rendered the economy an object that was both discrete and marked by a capacity to grow, and

[5] Arguably Karl Polanyi was one of the first scholars to historicise the economy, *The Great Transformation* (Boston: Beacon Press, [1944] 1957) but it was the work of Susan Buck-Morss and Timothy Mitchell around the middle of the 1990s that helped to establish key aspects of the history of the economy as it is discussed today. See in particular Buck-Morss, 'Envisioning Capital: Political Economy on Display', *Critical Inquiry*, Vol. 21, No. 2 (Winter, 1995), pp. 434-467 and Mitchell 'Origins and Limits of the Modern Idea of the Economy', Advanced Study Center, University of Michigan, Working Papers Series, no. 12, 1995. https://blogs.cuit.columbia.edu/tm2421/files/2018/01/Mitchell-1995.pdf and 'Fixing the Economy', *Cultural Studies,* vol. 12, no.1, 1998, 82-101.

[6] Daniel A. Hirschmann 'Inventing the Economy or How We Learned to Stop Worrying and Love the GDP', PhD dissertation, University of Michigan, 2016. pp. 22-30.

[7] Mary Poovey, *A History of the Modern Fact: Problems of Knowledge in the Sciences of Wealth and Society* (Chicago: University of Chicago Press, 1998), Margaret Schabas, *The Natural Origins of Economics,* (Chicago: University of Chicago Press, 2005) Michel Foucault, *Security, Territory, Population: Lectures at the Collège de France 1977-1978* and *The Birth of Biopolitics: Lectures at the Collège de France, 1978-1979* (Basingstoke: Palgrave Macmillan, 2009; 2008) Manu Goswami, *Producing India : from colonial economy to national space* (Chicago: University of Chicago Press, 2004)

[8] Goswami, *Producing India,* Ritu Birla, *Stages of capital: law, culture, and market governance in late colonial India* (Durham, N.C.: Duke University Press, 2008.

[9] Timothy Mitchell, 'Fixing the economy', Cultural Studies, Volume 12, Issue 1, (1998) pp. 82-101, esp. pp. 88-89; see also J. Adam Tooze, *Statistics and the German state, 1900-1945 : the making of modern economic knowledge*, (Cambridge: Cambridge University Press, 2001).

thus regulated and enumerated, in a manner that the fields from which it was already assumed to be distinct – politics and culture – could not. The nation-state became the central reference point through which to measure and govern 'the economy', producing a new global topology of power in which it was the basic unit of global order, in stark contrast to the late-nineteenth-century world of imperial power.[10]

Mitchell's reading of the history of the 'modern economy' was developed as a means to understand the imperial(ist) genealogies of development but it is striking that non-western spaces and actors appear to be more peripheral in this account than in readings of the economy as a construct of the eighteenth or nineteenth centuries. Mitchell and others agree that the break-up of European empires and the rise of 'imperialist nationalism' were central to the emergence of the modern economy.[11] But the primary interest has been in showing how the modern economy was constructed in ways that naturalised the post-imperial order rather than in considering how these were enabled by, or impacted upon, imperial ideologies and practices, as well as those of imperialism's opponents.[12] Writing in the decade before the transformations analysed by Mitchell and others, Shah and Khambata's work provides insight into how the changes in knowledge production, technology and governance that enabled the emergence of the modern economy worked to disrupt existing imperial logics and make way for new kinds of political claims, both by the coloniser and colonised.

Viewed as a kind of hiatus between the breakup of the nineteenth century geopolitical order and the emergence of a new macroeconomic order, the decade following World War I is a fertile and under-explored moment in histories of the economy. Many of the theoretical advancements that made it possible to consider 'the economy' as a singular, measurable object were emerging in this period but had not yet taken on a fixed or standardised form. As can be seen from Shah's critics, however, some voices and approaches were already being given greater legitimacy than others. The

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[10] Mitchell, 'Fixing the Economy', Tooze, *Statistics and the German state,* Introduction.
[11] Tooze, *Statistics and the German state,* p. 20.
[12] The work that comes closest to doing this is perhaps Benjamin Zachariah's Developing India but this is framed primarily in terms of discourse analysis and does not engage with the more material, socio technocratic developments that drive Tooze and Mitchell's arguments. *Developing India: An Intellectual and Social History* (New Delhi: Oxford University Press, [2005] 2012).

hierarchies of this debate not only elevated certain voices over others, but also particular understandings of and historical approaches to economic practices.

Here scholarship on the formation of 'the economy' in nineteenth-century South Asia can bring new insights to our understanding of the emergence of a measurable economy in the twentieth century. Histories of economic measurement more generally, and national accounting in particular, have tended to reify western experiences in which the problem of measuring national wealth has been tied to the question of war and state resources. Widely celebrated as the first attempt to measure national wealth, William Petty's assessment of the wealth of England in the mid-seventeenth century was an attempt to check the viability of the British Parliament's taxation plans to fund the Anglo-Dutch wars.[13] Adam Tooze has argued that the question of German reparations provided major incentive for more accurate measurement of national wealth.[14] Economic specialists warned that 'squeezing Germany until the pips squeaked' would not provide sustainable or positive economic benefits for Britain or France. After the Ruhr crisis of 1923, the Dawes Committee reorganised the reparation schedule around Germany's 'capacity to pay'. However, the Committee did not resolve conclusively how to measure such a capacity and, given the paucity of economic data, the problem of calculating national wealth (as a basis for measuring capacity) continued to animate economists and statisticians, including Khambata and Shah, throughout the 1920s.[15] The measurement framework that emerged as the basis of Keynesian macroeconomics was developed within this context.

Studies of the production of 'the economy' in nineteenth century India reveal a different genealogy of economic measurement and national accounting. Uma Kalpagam has shown that, the pressure on the East India Company to ensure that its operations were profitable ensured that accurate accounting was a hallmark of British imperialism from the outset, though the transfer to Crown rule in 1858 brought about

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[13] Paul Studenski, *The Income of Nations: Part One History*, (New York: New York University Press, 1958).
[14] J. Adam Tooze, 'Imagining National Economies: National and International Economic Statistics." in *Imagining nations* (ed.) Geoffrey Cubitt, (Manchester: Manchester University Press, 1998) pp. 218-220.
[15] Ibid, p. 218-219.

a step change in the quantity and range of data collected.[16] An early focus on collecting detailed data about trading practices shaped approaches to governance that saw colonial society and space in highly numerical terms. The Crown's formulation of 'Home Charges' in this period, as a contribution to British public debt, added another dimension to this regime of accountancy. It rendered the 'cost' of imperialism in clear fiscal terms, as a liability to be shouldered by Indian subjects. This distinct history provided a very different basis for discussions of national wealth as compared to the west. Rather than a means to measure the state's power in wartime, attempts to account for national wealth in a colonial context became the basis for attempts to measure the material impact of British rule on India and its people.[17]

First read to the Bombay Branch of the East India Association in 1876, Dadabhai Naoroji's *Poverty of India* sparked a series of attempts by both Indian and British economic specialists to measure India's wealth.[18] These estimates have been discussed in earlier studies of Indian nationalism and in histories of 'the economy' in the long nineteenth century. However, in a division that replicates contemporary criticism of Khambata and Shah's work as 'political' and lacking the 'objectivity' required to be considered properly 'economic', none of these estimates of national wealth feature in the histories of early national accounting that have been written after the standardisation of these accounting practices, a process that reflects the positioning of economics as a state-science in the mid-twentieth century.[19]

Drawing insight from a range of economists, in India and the west, Shah and Khambata's text pushes us to rethink accepted views of both Indian economic thought and supposedly 'global' histories of national accounting. Khambata referred directly to Naoroji's work in his half of the book but Shah was also clearly inspired by his methodologies and by the strong institutional approach to economics that was

[16] Uma Kalpagam *Rule by Numbers: Governmentality in Colonial India,* (Lanham, MD: Lexington Books, 2015) pp. 145-151.
[17] Manu Goswami, 'From Swadeshi to Swaraj: Nation, Economy, Territory in Colonial South Asia, 1870 to 1907', *Comparative Studies in Society and History,* (1998), 40, no. 4, pp. 609-636.
[18] This paper was published two years later as Naoroji, *Poverty of India,* (Vincent Brooks Day: London, 1878.)
[19] Tooze, *Statistics and the German state,* introduction; Studenski, *The Income of Nations*, pp. 149-155; John W. Kendrick, 'The Historical Development of National-Income Accounts', *History of Political Economy*, 2, issue 2, (1970), pp. 304-315; Diana Coyle, *GDP: A Brief but Affectionate History*, (Princeton N.J.: Princeton University Press, 2014) pp. 7-40.

common to Naoroji but also Indian economists such as Ramesh Chunder Dutt and Mahadev Govind Ranade. Like these earlier Indian economists, Shah and Khambata were interested not simply in measuring India's wealth but in questions of how much of this wealth was accessible to Indians themselves. In Naoroji's 1876 work, and the responses that followed, this income level was arrived at by dividing the total wealth by the most recent date on population numbers. Shah and Khambata's study engaged the more recent works of Edwin Cannan, Josiah Stamp, Arthur Cecil Pigou and Irving Fisher, to ask important new questions about income *distribution* in India. In so doing, their work reflects much more than a refinement of earlier Indian economists' debates and can be read instead as a powerful reformulation of ideas of Indian poverty and, through this, of India's future political economy.

Manu Goswami has argued that the frameworks of measuring poverty used by late-nineteenth and early-twentieth-century Indian nationalists stressed the unity of Indian society in carrying the financial burden of colonial rule.[20] Their works acknowledged that income was not distributed evenly amongst Indians, but the very methodology of the per capita income approach established poverty as the marker of Indian society as a whole. Shah's emphasis on income distribution and taxable capacity, however, presented Indian society as marked by economic heterogeneity and inequality, even as it remained united by the experience of colonialism. In so doing, his work used economic measurement to bring into being a new imperial subject: that of the poor Indian individual.

Yet, to read Shah's work simply in terms of an 'Indian' debate reproduces the western/Indian divide this chapter seeks to challenge. Before qualifying as a barrister, Shah studied at the London School of Economics, the institutional home of many of the figures driving British discussions about national income and accounting in the early twentieth century. Shah had clearly read many of these works and drew on them in his own work in taxable capacity, as this chapter explores. However, while Shah may have been able to engage with these ideas and experts as an LSE student, the reception to and later historical analysis of his work show that Shah faced strong obstacles to engaging in such scholarly dialogue once he had graduated. This chapter

[20] Goswami ''From Swadeshi to Swaraj', pp. 622-623.

considers why Shah's work was not read, at the time or later by historians, as a text in dialogue with a network of scholars in the UK and beyond, at a critical moment of imperial shift. The conclusion of the chapter considers how reading Shah's work as a dialogue of this kind opens up new possibilities for understanding the history of early twentieth-century anti-imperial debate in India, and the history of economic thought more globally.

An analysis of Shah and Khambata's work must begin with a discussion of its title: *Wealth and taxable capacity*. Taxable capacity is not a term used by economists today but, understood to refer to the ability of individuals and companies to bear taxation, was the subject of much discussion in the early decades of the twentieth century and particularly in the aftermath of World War I and the staggering costs it had entailed. British economic specialists played a prominent role in this debate. Their arguments were often framed in terms of the distinctiveness of Britain's fiscal situation. But the political and economic links between Britain and other major powers, particularly the US and, after the war, Germany, as well as British economic specialists' access to international networks of economic professionals ensured that British economists' work commanded a more canonical status in global discussions about how to measure national wealth and taxable capacity than studies by economists working outside these networks, such as Shah.[21]

British discussions about taxable capacity were deeply informed by the wartime transformation of the British income tax system. Britain had adopted a system of progressive income tax as early as 1909, though only in relation to a few, large incomes. Over the course of the war, the tax threshold was lowered, from £160 to

[21] Josiah Stamp, the key authority on taxable capacity discussed below, played a major role in shaping British fiscal policy, but also in shaping international policies on taxation, as a member of the committee appointed in 1921 by the League of Nations to report on Double Taxation: Stamp's colleagues on the committee hailed from Holland (Prof. G.W.J. Bruins), Italy (Professor Senator Luigi Einaudi) and America, (Prof. Edwin Seligman) *Double taxation and tax evasion: report and resolutions submitted by the technical experts to the Financial Committee of the League of Nations*, (Geneva: League of Nations, 1925). For some examples the global responses to Stamp and his work on taxable capacity see reviews of his work by the American economists T.S. Adam and Willford I. King in *Journal of the American Statistical Association*, Vol. 18, No. 140 (Dec., 1922), pp. 543-545 and *The American Economic Review*, Vol. 12, No. 3 (Sep., 1922), pp. 531-533 respectively.

£130, and the progressive components of the tax increased so that while 1,200,000 people had been assessed for income tax before the war broke out, by 1918-19 this figure had risen to 5,747,000, in a total population of around 40,000,000 people. Of these taxpayers, over two million received a full tax rebate, but the effect of these changes was to make income tax a far more general tax than had been the case previously so that the income taxpayer became a central feature of discussions about the relationship between the state and post-war society.[22]

Taxation, of income and other forms of wealth, had helped to sustain the British war effort but certainly not to cover it. By 1918-19 the British national debt had risen to £7,481 million, a dramatic increase from £706 million in 1913-14.[23] Much of this came from foreign loans, particularly from the US, but also included money borrowed from British citizens through instruments such as war bonds and securities. The interest on this internal debt rose from £16.7 million in 1913-1914 (or 9.6% of budget receipts) to £308.7 million (22.4% of receipts) in 1920-1921.[24] There was considerable fear that this could spark social conflict within British society as the government sought to balance the interests of those who held the national debt against those of the taxpayer and producer. How far the government could use taxation to pay for the war-debt without harming either national production or general levels of social welfare became a central topic of debate both inside and outside government.[25]

By the early 1920s, Sir Josiah Stamp had put forward what came to be known as the personal or aggregate income method for measuring national wealth and taxable capacity. A civil servant in the British Inland Revenue, Stamp was also a talented economics student working at the London School of Economics around the same time that Shah attended. Stamp received his thesis from the LSE in 1916 which was published as *British Incomes and Property*.[26] He maintained close connections with

[22] Martin Daunton, 'How to pay for the war: state, society and taxation in Britain, 1917-1924' *English Historical Review,* (Sept. 1996), CXI, (443), p. 889; Daunton, *Just taxes,* especially pp. 103-141.
[23] Stephen Broadbery and Peter Howlett, 'The United Kingdom during World War I' in Stephen Broadbery and Mark Harrison (eds.) *The economics of World War I,* (Cambridge, 2005) p. 219
[24] Daunton, 'How to pay for the war', p. 883.
[25] Ibid, pp. 882-919 and *Just Taxes*, pp. 103-141.
[26] Josiah Stamp, *British incomes and property: the application of official statistics to economic problems*, (London: P.S. King and son, 1916).

economic staff at the LSE, publishing a prominent study on national income with Arthur Lyon Bowley, professor of statistics, in 1927.[27]

Stamp's approach was set out most clearly in his 1922 publication *Wealth and taxable capacity*. Writing with the non-specialist in mind, Stamp invited readers to imagine national income as a 'heap' of all the goods and services produced by the national community in a year, piled on top of the capital goods saved from previous years:

> Will you suppose that all the services and goods that are produced by us as a community in a year are all piled in the centre of this room in a great miscellaneous heap. Every one of you, in the work that you do, is putting that work there. It includes the boots and the clothes that are made, the loaves that are baked, the sheep that are reared…everything that can be given by us whereby we have a claim upon the work of our fellow-man who are contributing to the heap, including the services of those who have helped to make the heap larger than it would or could be if we started afresh without the assistance of piled-up capital goods saved from the heaps of former years. Let it be supposed that we have no such thing as money, but that for each contribution we have made to the heap there is give to us a "labour or services ticket" with a claim to draw something out of the heap in return… Now the total of tickets giving titles to the heap will exactly equal the mass in the heap, and when we have all drawn out what we want of other people's products and handed in our tickets, the heap will have vanished.[28]

Stamp's intention in using this metaphor was to turn the seemingly dry, theoretical idea of national income into something that was "living and real…not…a mass of figures."[29] In so doing, he linked the concept of 'national income' to a concept of 'national community', or at least a national community of service providers, as Stamp sidestepped the problem of mass unemployment that Britain was experiencing at the

[27] A. L. Bowley and Josiah Stamp, *The National Income,* 1924, (Clarendon Press, Oxford, 1927)/
[28] Josiah Stamp, *Wealth and taxable capacity: the Newmarch lectures for 1920-1 on current statistical problems in wealth and industry,* (London, 1922), pp. 42-44.
[29] Ibid p. 42.

time. Stamp's 'heap' presented national income as something that was materially tangible, but also something that existed through relationships and dependencies with those living and working around them.

From national income, Stamp argued, one could begin to consider the problem of taxable capacity. At its most basic level, he explained, taxable capacity could be found by taking the difference between the total quantity of production and the total quantity of consumption by a given community.[30] Yet, Stamp insisted, taxable capacity was not an absolute or fixed figure, that could be deduced through fiscal arithmetic alone. Taxation was a "moving and dynamic problem", which involved thinking about emotions and sentiments as well as resources.[31]

High tax levels produced greater revenue in the short term, Stamp argued, but "We have to ask not only how little we can leave [the taxpayer] with, but also how much reduction will he stand before he slackens in work and abstinence? How long will he come up smiling to be taxed in this way?...Thus it is little use thinking of the consumption level only – we have to keep our eye on the production side too, and watch the effects of our action there."[32] While it was reasonable to ask richer members of society to pay more tax than those who were less well off, Stamp argued, it was important not to burden these taxpayers to the extent that they lost interest in providing the services that made them rich precisely because these services were what made up the shared national heap.[33]

This argument was also intended to address popular calls for Germany to be taxed as heavily as possible under the terms of the reparation agreement made at the Paris Peace Conferences of 1919. It was not only British taxpayers who were psychologically affected by high levels of taxation, Stamp argued. To use taxation to strip Germans of all but the means for a very basic level of subsistence would quickly impact on levels of production and national income, and through that on revenue collection in the longer term. Thus, taxation rested on a number of different, ever

[30] Ibid, pp. 112-113.
[31] Ibid, p. 115.
[32] Ibid, p. 115.
[33] Ibid, pp. 116-117.

shifting factors, including "what the taxation is to be used for…the spirit and national psychology of the people taxed, which may be influenced by patriotism or sentiment…[and]…the distribution of wealth."[34] For Stamp, therefore, the primary aim of modern government was to cultivate and sustain a cyclical flow of resources between the national community and the 'heap'. Such a government stood outside both the community and the 'heap' but monitored both carefully, using taxation to move and control the flow of goods and services around the system to allow it to function and grow as sustainably as possible.

Stamp's *Wealth* focused on the questions of taxable capacity facing post-war Britain but, as his discussion of German society shows, he clearly saw his methodology as one that could be applied to other national economies. Yet, as George Findlay Shirras explained in his *Science of public finance,* published two years after Stamp's *Wealth,* not all economies produced the type of data required for this method.[35] A prominent statistician and administrator within the Indian colonial administration, Findlay Shirras argued that Stamp's approach was eminently suitable to the case of Britain and other similarly 'advanced' economies, but he set out a second approach for measuring national wealth and taxable capacity, which he called the 'inventory' or 'production method', to be applied to economies that did not possess the abundance of financial statistics that underpinned Stamp's analysis.

Findlay Shirras's intervention in debates about taxable capacity drew from his professional expertise and experience within the imperial administration, rather than from academic training and connections. Born in Aberdeen, in 1885, Findlay Shirras entered the Indian educational service as professor of economics at Dacca College in April 1909, two years after graduating from the University of Aberdeen. He was made director of statistics to the Government of India in 1914 before taking up a seat in the Bombay legislative council in 1921. From this position, he proffered that the Indian economy was the archetype for the production method of national wealth assessment, on the basis that agriculture, the main industry in India, was not covered under the

[34] Ibid, p. 118.
[35] George Findlay Shirras, *The science of public finance* (London: MacMillan and Co., 1924). This book was a huge success for Shirras who revised the book for two further editions, printed between 1925 and 1936.

Indian income tax system.[36] In India, income tax was applied to non-agricultural incomes only, and therefore covered only a small and, in Findlay Shirras's argument, unrepresentative, section of the Indian economy.

Findlay Shirras sought to establish the taxable capacity of India by calculating annual levels of agricultural income. He did this by tabulating the main crops and source of agricultural produce cultivated in India and setting these against the size of the area devoted to each of these as well as the total amount of each good produced. These figures were then multiplied by the average wholesale price of each commodity, worked out on a province-by-province basis. The total sum of India's non-agricultural income, based on income tax returns, was then added to this figure, which was finally divided by the total population to give a rate of per capita income.[37]

From here, Findlay Shirras sought to deduce India's taxable capacity. Like Stamp, he stressed the relative nature of social expectations relating to consumption and living standards.

> The standard of comfort is an elastic term, and taxable capacity will vary with different standards of comfort. In India the standard is low…We take then the standard of living as it is and not what it ought to be.[38]

Findlay Shirras based his figures for Indian living standards not on his own data but on J.C. Jack's 1916 *Economic life of a Bengal District,* which gave Rs.240 per year as the minimum budget needed to feed an 'average' family of five people for a year, or Rs.48 per head. Adjusting this for post-war price inflation Findlay Shirras suggested that in 1922 this would translate into Rs.90 per head. On top of this Findlay Shirras added contingency of 10% to cover seeds, manure and replacement of family capital.

These figures were then compared with annual government tax revenue, though Findlay Shirras excluded expenditure on the internal debt on the basis that these

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[36] Ibid, pp. 135-149. See also Findlay Shirras's 'Taxable capacity and the burden of taxation and public debt' Journal of the Royal Statistical Society, Vol. 88, No. 4 (Jul., 1925), pp. 521-522.
[37] Findlay Shirras, *The science of public finance*, pp. 138-141.
[38] Ibid, p. 147.

transactions did not entail taking money out of the country. He concluded that the total tax burden shouldered by the Indian people was considerably lower than that of their British counterpart. According to his figures, in 1920-21 public authorities absorbed "30 per cent of what might have been taken, i.e. total taxable capacity….as against 82 per cent in the United Kingdom." He pointed out that this comparison should be considered in relation to the very different level of living in the two countries, so that "ultimately Great Britain can stand much higher taxation. That explains why 82 per cent taken from total taxable capacity did not lead to the same hardships as the same percentage might do in a country with a lower standard of living."[39]

While Findlay Shirras followed Stamp's view that taxable capacity was dictated by national conditions, he spent little time dwelling on the particular components of those conditions that Stamp had set out in his study, namely "the spirit and national psychology…which may be influenced by patriotism" as well as the distribution of wealth amongst the people taxed.[40] Indeed, the people played a considerably smaller role in Findlay Shirras's 'inventory' method than they did in Stamp's 'aggregate income' approach. Stamp's argument began with the figure of the income taxpayer and the 'heap' of national income produced by this person. His discussion of the role of services and community showed not only how individuals put into the heap but also what they could take out of it. In other words, the community was at the source of his workings and the 'heap' was imagined as their property. In Findlay Shirras's approach, the people only appeared at the final stage of the process and then as highly abstracted individuals, not the more complex, psychologically defined figures set out by Stamp. In contrast to Stamp's emphasis on psychological conditions, Findlay Shirras's calculations read like an account book, focusing on the things produced in India, rather than the people who were doing the producing.

Findlay Shirras's intervention in discussions about taxable capacity, and its measurement in India, was not purely academic. The financial and political cost of India's involvement in World War I had raised questions about revenue, and taxable

[39] Ibid, p. 148.
[40] Stamp, *Wealth and taxable capacity,* p. 118.

capacity, that were distinct to British India. Widely seen as a 'reward' for Indian support in the war effort, the 1919 Government of India Act to introduce a new system of devolved government in the colony. The Act is seen as marking the beginning of representative government in India as it ushered in an expansion of the Indian electorate and the state itself.[41] Through the formation of provincial legislatures, Indian representatives were given new powers over certain 'transferred' subjects while the colonial administration dominated over the main edifice of government.

Dyarchy involved the division of political powers between the central and provincial governments, but it also brought with it a new division of fiscal responsibilities.[42] Provincial governments became responsible for public works, education, industry and agriculture – the so-called 'nation-building' activities – while the central government retained control over law, finance, revenue and home affairs. To help pay for the new services they were expected to provide, provinces were given control over land revenue, liquor excise, irrigation receipts, revenue from the forestry department, general and judicial stamps and registration fees. The central government controlled other forms of revenue including customs and income tax. But this was not an entirely straightforward division. Because land tax constituted the administration's largest single source of revenue it was feared that this division of income would leave the central government in deficit. Provincial governments were required to make regular contributions to the centre to reimburse this revenue loss.[43] Dyarchy thus made the accurate monitoring of provincial and national incomes, including the capacity of each layer of government to raise adequate levels of taxation, central to the project of representative government in India. It promised new kinds of service provision to the Indian populace, while putting a heavy financial burden on the wings of government expected to provide it.

[41] James Chiriyankandath, 'Democracy' under the Raj: Elections and separate representation in British India', *The Journal of Commonwealth & Comparative Politics*, Volume 30, Issue 1, 1992, pp. 39-63.
[42] P.J Thomas, *The Growth of Federal Finance in India: Being a Survey of India's Public Finances from 1833 to 1939*, (Madras: Oxford University Press, 1939), pp. 303-357.
[43] Neil Charlesworth, 'The Problem of Government Finance in British India: Taxation, Borrowing and the Allocation of Resources in the Inter-war Period', *Modern Asian Studies* 19, no. 2: (1985), p. 535.

Stephen Legg has shown how the triangulation of democracy, autocracy and bureaucracy underpinning the 1919 Act transformed the structures and institutions of the colonial state but also understandings of what constituted responsible government.[44] The Act's imperial authors had envisaged responsible government in terms of *responsibility for* particular subjects. This seems to have been the way in which Findlay Shirras understood dyarchy. At several points during the early 1920s, he stressed the importance of raising revenue to pay for the new 'nation-building' tasks of government, particularly education.[45] While Indian taxpayers may not be able to shoulder tax burdens of 82% of their income, they could, he felt, pay more than the 30% he had calculated.

But, as Legg has shown, this was not the only way to interpret the meaning of responsible government as it was set out in the 1919 Act. For many Indian commentators, the 1919 Act established government in terms of *responsibility to* the people of India.[46] Shah was a prominent advocate of this latter point of view. In the same year as publishing *Wealth and taxable capacity*, Shah published a commentary on the 1919 Act with G.J. Bahadurji which made precisely this argument.[47]

In his own work on taxable capacity, K.T. Shah made no direct reference to Findlay Shirras's *Science* but he was certainly familiar with its author, who, like him, lived and worked in Bombay City.[48] The thinkers and works that fill his short bibliography suggest that Shah was drawing on his LSE training and the university networks he had developed through this, rather than speaking to provincial government officials. And yet, intentionally or otherwise, Shah's study was a wholesale assault not only on Findlay Shirras's methodological approach to measuring taxable capacity, but also on the assumptions that underpinned his understandings of the Indian economy, and, through this, Indian society. An interest in 'nation-building' underpinned the discussion of taxable capacity in Shah's work as much as in Findlay Shirras's, but his

[44] Stephen Legg, 'Dyarchy: Democracy, Autocracy and the Scalar Sovereignty of Interwar India', *Comparative Studies of South Asia, Africa, and the Middle East,* volume 36, number 1, May 2016, 44-65.
[45] Findlay Shirras, *The science of public finance*, vii; see also Findlay Shirras, *The war and Indian trade* (1919).
[46] Legg, 'Dyarchy', p. 45.
[47] Ibid, pp. 44-45, 59-61.
[48] Shah cites several government papers on Indian finance and Bombay worker household budgets written by Findlay Shirras.

understanding of the term was very different. Indeed, one of the basic conjectures in Shah's work was that the colonial state's taxation policy was not building the nation but harming it. He agreed that taxation was important for good government, but only if it served the interests of the national populace.

Findlay Shirras had included services in this calculation of national income, and thus in the amount of wealth from which to judge taxable capacity, but Shah and Khambata did not. While acknowledging the long and heated debate amongst economic thinkers about whether services were productive, Shah and Khambata's justification of this omission was firmly in keeping with the broader traditions of Indian national economic thought which also discounted the contribution of services to national wealth.[49] Shah explained that "the only reliable and acceptable estimate of the national wealth can be had only in regard to material commodities." But more than this, Shah argued that "a number of services are really worthless, or even injurious to the community".[50] This argument was presented in general terms, but his position as a colonial subject undoubtedly informed his discussion of the difficulties of expressing in tangible terms the monetary value produced by "the lawyer…the merchant…the Soldier… the Civil Servant, …the Statesman (or politician) and the Teacher", professions whose senior ranks were still dominated by British men in this period.[51] This list of "worthless" and "injurious" professions carries strong echoes of Gandhi's argument in *Hind Swaraj* though Shah made no direct reference to this work and many of his own views, particularly about economics, did not follow those of the Mahatma.

Even excluding services, Khambata's study of national wealth, which made up the first part of the book, identified a general increase in the country's wealth over recent decades. Khambata estimated that the real annual wealth of India had increased by about 10 per cent from the pre-war years.[52] But while he was generally optimistic about the progress of national income under British rule, Khambata expressed

[49] see Naoroji *Poverty and un-British rule*, especially pp. 170-173.
[50] Shah and Khambata, *Wealth and taxable capacity*, p. vii.
[51] Ibid.
[52] Ibid, p. 196. Khambata calculated that the total net income of the country rose from Rs.1106 crores to Rs.2364 by 1921-22, but this latter figure had to be adjusted around changing price levels. When this was accounted for it became Rs.1182 crores, pp. 196-200.

considerable concern in the closing section of his text about the way in which this income was distributed amongst India's population. Khambata estimated the gross annual income per capita of the Indian population to be Rs.74.[53] He pointed out that this was a highly abstract measurement as babies as well as grown adults were included together in the country's population figures. Furthermore, these figures reflected "the gross income of the people, from which charges [taxes and other levies] must be deducted in order to arrive at the total income available for enjoyment to the people of this country."[54] Once this was done, Khambata argued, "the measurement of the Wealth of India, [became]the measurement, rather of the poverty of India's millions."[55]

Shah's discussion of India's taxable capacity proceeded from this point. The first part of his study sought to establish precisely those 'taxes and other levies' that were deducted from Khambata's calculation of the gross income of the Indian people. Tabulating duties and charges other than official taxes – which Shah took to include postal, railway and irrigation charges, payments and interests on foreign capital invested in India, payments for shipping and banking services, and of course, Home Charges – he concluded that the Indian populace was left with a little less than Rs.1900 crores from which to pay national taxes – central, provincial and local – as well as any domestic production costs.[56] Shah included in this latter category raw materials, transport but also a diet adequate to feed a labouring individual.

In his work on taxable capacity Findlay Shirras had argued that the basic level of subsistence was a nationally relative concept. Shah agreed that "The food required by an individual varies not only according to his or her age, height, weight, and constitution in general, but also according to the climate under which the person is living and the work he is doing."[57] But he was interested in establishing a more concrete measure of minimum human need. Drawing on works by Benjamin Seebohm Rowntree, Bernard McFadden and Frederick William Pavy he sought to

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[53] Ibid, p. 201. This was somewhat lower than the figures of Rs.107 and Rs.116, given by Shirras for the years 1921 and 1922 respectively. Shirras, *The science of public finance*, p. 141.
[54] Shah & Khambata, *Wealth and taxable capacity*, p.200.
[55] Ibid, p. 203.
[56] Ibid, p. 237-238.
[57] Ibid, p. 214

determine a level of human sustenance below which a person could not function in even the most basic way. Following Naoroji, Shah analysed contemporary information about the dietary intake of different sections of Indian society including jail inmates, Indian army officers, lascars and those under the Bombay Famine Relief system.[58] He deduced that "the cost of nourishing a human being on the same scale as a prisoner, that is the lowest scale of comfort consistent with keeping body and soul together" was, in current price terms, approximately Rs.90 per annum, considerably in excess of the Rs. 74 per capita income calculated by Khambata.[59] Including taxes and deductions of around Rs.18 per capita per annum, Shah concluded that "the average Indian income is so small that it is quite insufficient to meet even all the primary wants of man of food, clothing and shelter. Assuming that the last is relatively unimportant under Indian conditions…the average Indian income is just enough either to feed 2 men in every three of the population (or give all of them 2 in place of every three meals they need) on condition that they all consent to go naked, live out of doors all year round, have no amusement or recreation, and want nothing else but food, and that, the lowest, coarsest, the least nutritious!"[60]

Such an argument highlighted the difference between basic need and any sense of quality of life. Shah's tone and mode of analysis was very different to that of Stamp, but his discussion evoked the Indian population in terms that were closer to his income taxpaying community than to the more abstract understanding of population in per capita terms set out by Findlay Shirras. Whereas Stamp called on his audience to imagine themselves as a community, the individuals that Shah described were not people with whom his well-educated, English speaking readers would easily identify. Yet, Shah's key point was that these people *were* like his readers in terms of their physical needs. Of course the force of Shah's argument lay in the fact that, while poor

[58] Ibid, pp. 243-250. On the history of the Famine Code and its place on interwar debates about food policy see Sunil S. Amrith, 'Food and Welfare in India, c. 1900-1950', *Comparative Studies in Society and History* 50, no. 4, (2008) pp. 1012-1015 and David Arnold, 'The 'Discovery' of Malnutrition and Diet in Colonial India0, *The Indian Economic & Social History Review*, 1994, vol. 31, issue 1, (1994), pp. 1-26.
[59] Shah and Khambata, *Wealth and taxable capacity* p. 252. There are strong parallels between this emotive language and that used by Naoroji in *Poverty and un-British rule in India,* pp. 289-90.
[60] Ibid, p. 253. It is worth contrasting Shah's discussion here with that of another Indian national economists, Radhakamal Mukerjee in his 1916 work *The Foundations of Indian Economics,* (London: Longmans, Green and Co.) Mukerjee compiled information from a range of household budget surveys to discuss Indian poverty but was resolute that this question must be managed on the basis of familial assessment, and not individual. See pp. 56-59 and pp. 15-46 of this work.

Indians had the same kind of bodies as his wealthier readers, they were not able to maintain them. The condition of poor and lower caste Indians' bodies had long been the site on which upper class and upper caste Indians had staked their nation-building projects, as well as providing moral justification for British rule in India.[61] At other points in his work, Shah seemed to present a more pejorative view of poor Indians as physically weak and degraded that echoed this kind of rhetoric.[62] But in using data about dietary consumption to invoke the Indian populace as a collection of embodied individuals he rejected a view of poverty as something connect to the inherent physical condition of the poor. All Indians had the physical capacity to be healthy, the problem lay in their ability to access enough food. In other words, Indian poverty arose from the improper distribution of the national 'heap' to members of the national 'community'.

From here Shah turned to the question of India's tax burden. Shah highlighted the impact of dyarchy on taxation levels, breaking down his analysis into a discussion of taxation and expenditure by the various tiers of Indian government: central, provincial, municipal and the local boards. While Khambata's analysis had focused only on British India, Shah included tributes to the colonial government from rulers of Native States in his calculation of the tax burden. This followed arguments he had made elsewhere that the political and economic present, as well as the future, of these States was intimately bound up with that of British India, and fuelled British critics' claims that Shah's work was more political than economic in approach.[63] From this he proposed that the total tax burden on the people of India could be rounded up to

[61] See for example Nandini Gooptu, *The politics of the urban poor in early twentieth-century India*, (Cambridge: Cambridge University Press, 2001), pp. 10-18; Anshu Malhotra, 'The body as metaphor for the nation: caste, masculinity and femininity in the Satyartha Prakash of Swami Dayananda Saraswati' in Avil A. Powell and Siobhan Lambert-Hurley, *Rhetoric and Reality: Gender and the Colonial Experience in South Asia* (2006); on the importance of bodily practices and purity for Gandhian anti-colonialism see Joseph S. Alter, 'Gandhi's body : sex, diet, and the politics of nationalism', (Philadelphia : University of Pennsylvania Press, 2000).
[62] Shah and Khambata, *Wealth and taxable capacity* See pp. x-xii.
[63] Ibid, p. 258. See Shah's *Governance of India, being a commentary on the 'Government of India' Acts 1915 and 1916, with additional chapters on the Indian Local Government, Indian Army, Indian Finance and the Native States of India,* (Ramchandra Govind & Son: Bombay, 1917), pp. 304-318; this argument was repeated more or less verbatim in a revised copy of this commentary, published with Bahadurji in 1924, the same year as *Wealth and taxable capacity,* Shah and Bahadurji, *Governance of India. A commentary,* pp. 369-384. It suggests that Shah was already imaging a post-colonial federal future for the Indian subcontinent. The review of Shah's work carried in the *Journal of the Royal Statistical Society,* a British organisation, was particularly scathing of the inclusion of the Native States in these calculations. *Journal of the Royal Statistical Society,* Vol. 89, No. 2 (Mar., 1926), pp. 346-347.

Rs.400 crores per annum, or Rs.12.5 per capita per annum.[64] However, Shah explained, the full significance of the tax burden became clear only when one ascertained the proportion of each taxpayers' *personal* wealth spent on tax.

Shah used the final section of his work to focus on the social distribution of this tax burden. Here, Shah drew heavily on Indian income-tax data, in spite of the limited financial and social reach of the tax-system. The wartime reforms of the British income-tax system had triggered some changes in India also. Influenced by British tax legislation, the Government of India moved Indian income-tax from a fixed rate to a progressive tax system in 1916, prompting a threefold ride in revenue collection.[65] Yet the number of Indians affected by income-tax remained very small. The 1924 Economic Enquiry Committee reported the total number of Indian tax payers for the 1922-23 fiscal year was 238, 212.[66] The 1921 Census put the total population of India at almost 319 million people, meaning that around 0.07% of the population paid income tax.[67] Importantly, income tax covered only non-agricultural income, leaving agriculture, India's primary economic sector outside its purview. It was for these reasons that Findlay Shirras had argued the personal aggregate approach to taxable capacity could not be applied to India.

Shah made income tax data central to his methodology but used this information to think about the distribution of wealth across Indian society. Recognising the limited reach of the tax data, Shah began with the information he did have. He calculated the total amount of income tax collected annually and divided this between the total number of taxpayers. He thought it reasonable to assume that if there were about 250,000 people who were officially registered to pay income tax, there were probably three times that number who should be paying the tax but had managed to evade it.[68]

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[64] Shah and Khambata, *Wealth and taxable capacity,* p. 261.
[65] Income tax revenue rose from Rs. 3 crores to Rs.9.5 crores rupees in 4 years. For more on these changes see Newbigin, *The Hindu family and the emergence of modern citizenship: law, citizenship and community,* (Cambridge: Cambridge University Press, 2013) pp. 58-92.
[66] 'Report of the Indian Economic Enquiry Committee', (1925) Vol. I, 28. V.K.R.V. Rao estimated that, a decade after this, in 1931-2, 913,582 individuals – as opposed to 'legal person' (a term that included companies, firms and Hindu Undivided Families, paid income tax – about 0.25% of the population of India according to 1931 census figures. V.K.R.V. Rao, *The national income of British India, 1931-1932,* (London: Macmillan, 1940) pp. 125-129.
[67] The total figure for population was: 318,942,480. Census Commissioner, 'Census of India, 1921', (1922) Vol. 1, Part II – Tables, 2-3
[68] Shah and Khambata, *Wealth and taxable capacity*, 298.

He concluded that a million people in India enjoyed a total income of around Rs. 375 crores or an annual average income of Rs. 3,750. If each of these individuals supported four dependents from this income, "we have a per capita income in this class of Rs.937.5 per annum."[69]

This covered only non-agricultural income. Using census data and land records, Shah estimated that agriculturalists generated around Rs.175 crores per year. Across all the Indian provinces, Shah identified a little more than 12 million (12,358,550) rent receivers, the group, he argued, which enjoyed this income. Thus Rs.550 crores (the total of the income collected through agricultural taxes and income tax *plus* Shah's estimate of undeclared income) supported roughly 17.5 million people (the 1 million income taxpayers (actual and potential), their 4 million dependents and the 12 million + rent receivers) on an income of roughly Rs.325 per capita.[70]

But what about the remainder of the population? The vast bulk of Indians drew their livelihood from agriculture. Shah analysed the distribution of the remaining proportion of national income on this basis, subtracting Rs.550 crores from Khambata's estimated total annual income of Rs.2,364 crores, as well as another Rs.175 crores, which, he argued, reflected the wealth of landlords and rent receivers. This left around Rs.1,325 crores which, Shah argued, must be distributed amongst ordinary cultivators of whom 19.31 crores had been recorded under the 1921 Census. This gave a per capita income of for this group of Rs.68.6 per annum.

Shah did not stop here. Within this lower earning group, he argued, "It would… be absurd to assume that this whole amount is distributed equally and equitably among the total population."[71] Using detailed data from income tax records and combining this with speculation about the relative size of different social classes, Shah argued that the distribution of wealth across Indian society could be broken down in the following way:

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[69] Ibid. To put this into perspective, under the second schedule of the 1919 Government of India Act members of the executive council of the governor of Bengal, Madras, Bombay and the United Provinces were allocated an annual salary of up to Rs. 64,000 (with members of the council of the governor of Assam permitted to draw up to Rs. 42,000 a year). The maximum salary of the Governor-General of India was Rs. 256,000. *Government of India Act, 1919*, ch. 101.
[70] Shah and Khambata, *Wealth and taxable capacity*, p. 302.
[71] Ibid, p. 304.

6,000 individuals with an average income per head of Rs. 100,000 per annum absorb [Rs.]60,00,00,000 among them, and support 30,000 persons.

270,000 individuals escaping or exempted from the Income Tax, but having an income liable to that tax, with an average income of Rs. 5,000 per head per annum, absorb among them [Rs.]135,00,00,000 and support 1,350,000.

2,500,000 individuals with an average annual income of Rs. 1,000 absorb among them Rs.250,00,00,000 and support 1,25,00,000 persons.

35,000,000 individuals with an average income of Rs.200 per annum absorb among them Rs. 700,00,00,000 and support 10,00,00,000 persons.

The remainder have an average income of about Rs.50 per annum and absorb among them 825 crores.[72]

"The result of this calculation" Shah continued "is that more than a third of the wealth of the country is enjoyed by about one per cent. of the population, or allowing for…dependents, about 5 per cent. at most; that slightly more than another third, about 35 per cent. of the annual wealth produced in the country, is absorbed by another third of the population allowing for the dependents, while 60 per cent. of the people of British India enjoy among them about 30 per cent of the total wealth produced in the country."[73]

Framing taxable capacity in this manner, Shah did not simply contest Findlay Shirras's data but transformed the nature of this capacity to produce a fundamentally different understanding of the Indian economy and, through this, Indian economic society. Findlay Shirras had argued that paucity of data meant that Indian taxable capacity should be measured using the 'production inventory method'. Yet the inventory method itself was premised on, and thus its findings served to reproduce, a

[72] Ibid, p. 307.
[73] Ibid.

particular understanding of India as a repository (of goods and labour) from which the colonial state was entitled to draw its wealth.

Shah's understanding of the Indian economy as something that related to Indian people led him to see and thus measure taxable capacity quite differently. It was this understanding of the economy that prompted him to ask questions about the distribution of India's wealth, not only between India and Britain as earlier Indian economists had discussed, but amongst Indian people themselves. In this sense, Shah's work connects much more closely to the questions and approaches developed by Stamp in relation to the British context, than with Findlay Shirras's work on India. At the same time, Shah's work did not reproduce the 'aggregate income approach' advocated by Findlay Shirras and Josiah Stamp in the British context – the lack of income tax data in India made this impossible. Rather, Shah forced a reversal of the statistics gathering process, using the limited information he possessed about the small number of Indian income taxpayers to give statistical substance to another figure – that of the little or no-income earning subject who, Shah argued, made up the majority of the Indian populace.

This act of bringing the poor Indian to statistical life was a clear assault on the political legitimacy of the colonial state in general but particularly in the moment of its transition to dyarchy. For Shah, British rule left the vast majority of the Indian people in a material condition in which they were unable to take proper responsibility for their own nourishment and physical well-being, let alone for their own government. Read alongside his critique of the 1919 Government of India Act, Shah's work on taxable capacity appears as an urgent call for a government that is far more responsible to – and simply capable of seeing – the people of India.

But Shah's study also marked a powerful departure from the more established lines of Indian economic nationalist thought. Shah's analysis made the redistribution of resources and economic uplift of the poor, defined in terms of household income levels, an imperative for a self-governing India. While the taxpayer was the focus of new ideas of national-economy emerging in Europe, for Shah, it was the non-tax paying poor that were the focal point of an emancipated Indian national-economy.

Within the broader cannon of Indian economic thought, his work on taxable capacity seems to offer an opportunity to imagine Indian society as a united but internally heterogeneous collective, to see the poor not in generalised abstraction, but as discernible individuals with distinct wants and needs.

For Shah, at least, early 1920s debates about the question of taxable capacity represented a moment of possibility to transcend the boundaries of a range of purportedly separate political fields. The problem of post-war taxation was extensive enough to allow for a more imperial, or even global conversation about measuring national wealth and income distribution; the possibility to use scholarship about British finances to critique imperial possibility; the possibility to use economic praxis to generate data that could reveal what had been made invisible by both imperial and nationalist economists: the material inequality of Indian society itself. How far were these possibilities ever realised? The contemporary reception of this work, and the fact that it has been so resoundingly forgotten, suggests that many people were not willing to accept Shah's ways of seeing Indian economy and society. Yet it is precisely the way in which this work helps us to destabilise the accepted norms of economic and political debate in this period, and beyond, that makes it historically significant.

In 1939, Shah was selected by Subhas Chandra Bose and Jawaharlal Nehru to serve as secretary for the Indian National Congress's National Planning Committee. This body and the series of reports it produced are widely seen as laying the roots for the Indian experiment in economic planning, even as these debates came, in the mid-1940s, to be dominated by rather different political voices, most noticeably the representatives of Indian capital. The shared language of economic planning in this period was arguably more reflective of a desire to obscure deep rooted fractures in the Indian political landscape rather than the outcome of any real consensus amongst Indian leaders.[74] There has been significant scholarly interest in showing how and why Indian opponents of socialism came to support economic planning.[75] However, Shah's 1924

[74] Zachariah, *Developing India,* pp. 213-263
[75] B.R. Tomlinson, *The Economy of Modern India, 1860-1970*, (Cambridge: Cambridge University Press.
1993), Zachariah, *Developing India*.

work gives new insight to our understanding of the 'other side' of this debate, revealing how economic planning could be seen not just as a mechanism through which to raise India to the economic status of other polities, particularly the USSR, but as one that was linked to and informed by a richer and more varied genealogy of debates about how to address economic inequalities and effect more radical social change.

At the same time, Shah's work pushes us to unpack and reconsider the stability of contemporary scholarship on the history of twentieth century economics. Shah's work reminds us that the development of modern national accounting involved settling not only questions of methodology, about the means by which to formulate those accounts, but also questions about what constituted the nation that was to be measured in this process. In this sense, Shah's British critics were right: his text was political, but so too was their refusal to engage with his methodology as economic practice. Alain Desrosières and Theodore Porter have shown that for economics to 'hold' and be useful in the world, it must speak to and work in tandem with the world views and 'truths' of other social and political power structures.[76] Shah's work was dismissed as un-scientific because it disrupted the 'account' of Indian society and its economy that underpinned British understandings of the 'truth' of British colonialism and India's place in the world.

Shah and Khambatta's work does not contest existing histories of modern national accounting, as a set of practices that arose from western debate. Rather, it helps us to see the political parameters of that debate and how economic theory and practices could work to uphold and naturalise the early twentieth-century political order. It pushes us to develop more global histories of national accounting and economic practices that reveal, rather than reproduce, the politics of economic knowledge production.

[76] Alain Desrosières, *The politics of large numbers: a history of statistical reasoning,* trans. Camille Nash, (Cambridge, Mass: Harvard University Press, 1998), esp. pp. 1-13. Theodore M. Porter, *Trust in numbers,* (Princeton and London: Princeton University Press, 1995).