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TO THE

ECONOMISTS AND ECONOMIC STATESMEN OF YOUNG BENGAL

THIS WORK IS DEDICATED

PREFACE

These studies in applied economics constitute some of my recent investigations in contemporary industry, commerce and agriculture carried on both at home and abroad,—in close contact with theorists as well as economic realities,—with a view to ascertain the proper economic policy for India. The topics have been approached from the standpoint of world-economy and international developments in economic legislation and statesmanship. The method of investigation may be seen in part in my reports published in the *Journal of the Bengal National Chamber of Commerce* (1931) under the following titles: "The Geneva Complex in World-Economy", "Contacts with Economic Italy", and "Industrial Centres and Economic Institutions in Germany".

The book is going to be published in several volumes,—each given over to diverse problems in the economics of business organization, finance and technique. The logical affiliations and chronological links between economic India and the other economic regions of the world,—which are in part aspects of the relations between what may be called the regions of the "First Industrial Revolution" and those of the "Second Industrial Revolution",—have been indicated in the form of quantitative parities or equations based on statistical coefficients (wherever international statistics can furnish fairly comparable information). Comparative industrialism or capitalism,—taking the two terms rather interchangeably in the widest sense, namely, that of "modern" economic and societal structure,—will be found thereby to be endowed with a fresh significance. The methodology and conclusions of the equations of applied economics may be seen, so far as vol. I is concerned, in the chapters on bank and railway statistics.

These equations were discussed for the first time in my *Comparative Pedagogics in relation to Public Finance and National Wealth* (134 pages, Calcutta 1929) and may be traced for their theoretical foundations to *Economic Development* (464 pages, Madras 1926) as well as to the *Futurism of Young Asia* (409 pages, Leipzig 1922). The subject has likewise been treated in somewhat definite form in my papers entitled "Indiens Entwicklung im Vergleich zu Eur-Amerika" (*Deutsche Rundschau* Berlin 1930) and "Die Entwicklung und weltwirtschaftliche Bedeutung des modernen Indien" (*Auslandliche Vorträge der Technischen Hochschule Stuttgart, Band 2, Indien*, Stuttgart 1931).

World-economy has been arresting my attention since 1918 when my study on the world's labour questions in their bearings on emigration and immigration was published as "Americanization from the viewpoint of Young Asia" in the *Journal of Race Development* (Clark University, U.S.A.). This study was followed shortly afterwards in 1919 by the publication in the *Journal of International Relations* (U.S.A.) of my investigation in foreign capital investments as underlying the economic and other concessions in China. Some of my subsequent papers on the topics of world-economy in its bearings on economic India may be listed below (without taking into consideration the chapters on commerce, economic legislation, industrialism and technical education which make up the volume entitled *Economic Development*):

1. "Die Industrialisierung Indiens" (*Verein Deutscher Ingenieure Nachrichten*, Berlin 1924).
2. "Aspetti e Problemi della moderna Economia Indiana" (*Annali di Economia*, Milan 1930).
3. "Die internationalen Handelsbeziehungen and Handelspolitik Indiens" (*Magazin der Wirtschaft*, Berlin 1931).
4. "Die weltwirtschaftliche Bedeutung der indischen Eisenbahnen im Rahmen der internationalen Eisenbahnstatistik" (*Allgemeines Statistisches Archiv*, Jena 1931).
5. "Il Movimento industriale e commerciale dell'India ed i suoi rapporti internazionali" (*Commercio*, Rome 1931).

The contents of the different chapters in vol. I as in other volumes of the present book are dated at important points so that no difficulties may arise in regard to orientations. It should be relevant to observe, besides, that this work in several volumes is ideologically associated as one complex with the two following works in Bengali, each complete in two volumes:

1. *Ekāler Dhan-daulat O Arthaśāstra* (The Wealth and Economics of Our Own Times): vol. I. The Forms of New Wealth (374 pages, 1930); vol. II. The New Foundations of Economics,
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All the three works are naturally subsequent to *Economic Development* (1926) and are indeed to be taken as in a certain sense the continuation or rather the expansion and deepening of that work along different lines, and, of course, with altogether new data.

The material for these studies in world-economy in its direct or indirect relations with economic India has arisen, as indicated at the outset, in part in the course of my recent travels and investigations in Europe from May 1929 to October 1931. My experiences during this period comprise among other things a guest-professorship at the *Technische Hochschule* (Technological University) of Munich for two semesters (1930-31) and occasional lectures at Kiel, Berlin, Innsbruck, Leipzig, Dresden, Stuttgart, and other universities in Germany as well as at the University of Geneva in Switzerland and the Universities of Milan, Padua and Rome.

To this period likewise belongs my paper entitled *I Quozienti di Natalita, di Mortalita, e di Aumento Naturale nell' India attuale nel Quadro della Demografia Comparata* presented at the International Congress on Population held at Rome in September 1931 at which I was a President of the Economic Section. The paper has been translated into English for the Eighth All-India Medical Congress held at Calcutta last March and is being published in the *Journal of the Indian Medical Association* (Calcutta).

While statistical and factual data will serve by themselves to tell their own tale in regard to the range and scope of each discussion, perhaps it should not be out of place to indicate the unifying link which connects the diverse topics with one another.

The themes are varied, so also are the regions. The object is to make a survey of the extensive field of applied economics. This survey, however, is not a purely speculative one. Its purpose is to exhibit India *vis a vis* other regions and doctor her up to the "next stage" of her economic possibilities.

References to India have indeed been sedulously eschewed from the first two papers. But they address themselves to two problems in which Indian business men and economists have of late been taking keen interest. In regard to the relations between Indian and foreign insurance companies the Indian Insurance Companies Act, 1928, hardly touches the most vital issues, and it is to those issues that attention has been called in the examination of the principles embodied in the continental legislation on the subject. The Reserve Bank of India, proposed in 1927, has not yet come into being but has been all the time in the air. It is the purpose of the second paper to attempt an analysis in as realistic a manner as possible of the fundamental considerations involved in note legislation and central banking such as stand out prominently in the experience of three pioneers in this field, namely, England, France and Germany.

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The papers on Bengali bank-capitalism and Indian railways are calculated to show, in spite of progress in modern wealth, the essentially primitive condition of the industrialization such as has been achieved up till now. The fallacy of all those economists, sociologists and political philosophers,—Indian or foreign,—who are tempted to cite and emulate the contemporary developments of the *great powers of to-day*, especially of America, England, France and Germany, while formulating schemes of economic or societal reconstruction for *India with reference to the near future*, is thus automatically exposed. Attention is, on the contrary, diverted either to the present-day conditions of the "Balkan complex", Eastern Europe and Russia, or to the old conditions of the industrial pioneers and adults such as obtained, say, some two generations ago,—in order that the proper doctoring might be attempted. These two chapters exhibit India more or less in the conditions of what may be described as the First Industrial Revolution, which for England is to be placed between 1785 and 1848 and for France and Germany between 1830 and 1870. And so it happens that rationalization, which is the most signal feature of the Second Industrial Revolution, is to be found only in traces, in its rudimentary conditions, in India. The fifth chapter leaves no doubt on this point.

In the last chapter the almost inevitable economic and financial relations obtaining to-day between the regions of the First Industrial Revolution and those of the Second Industrial Revolution are analyzed on the peg of the world crisis of 1929-32. Indian economic statesmen as well as experts of other countries are furnished with view-points such as may help them to visualize in a concrete manner the basic foundation of genuine world-economy, namely, the export of capital and "instruments of production" (*Produktionsmittel*) from the regions of the Second Industrial Revolution to those of the First in order that the purchasing power of the men and women of the latter might rise helping thereby to heighten the standard of living of the former.

The chapters that are going to be published in the subsequent volumes will likewise serve to focus attention, from the angles of co-operative credit, labour force, occupational structure, unemployment insurance etc., on the same complex of relations between the industrial adults and industrial youngsters with special reference to India. The equations of comparative industrialism are, then, likely to remain no mere mathematical curios but bid fair to be appraised as perhaps quite helpful tools in the task of world-reconstruction at the hands of experts in applied economics, both Indian and foreign. World-economy is thus being brought down from the heights

of economic theory and history to the offices and godowns of actual export-import, factory equipment, agricultural transformation, rural uplift and municipal progress on an international scale.

My sincere thanks are due to the Calcutta University for the material facilities generously accorded to me on my first return to Calcutta towards the end of 1925 after an absence of nearly twelve years spent in foreign countries. I am deeply indebted likewise to the friends who have been liberally cooperating with me in my scientific work since then, especially in connection with the monthly review, *Ārthik Unnati* (Economic Progress), and the *Baṅgiya Dhana-Vijñān Pariṣat* (Bengali Institute of Economics). To the Bengal National Chamber of Commerce whose decision in 1926 to publish an economic and statistical quarterly in English has enabled me as the editor to serve the Bengali commercial intelligence in a systematic manner with the objective facts and ideas of world-economy as well as with suggestions regarding the methods of advancing the economic welfare of the Bengali people I have equal reasons for expressing my profound gratefulness.

It remains to refer with pleasure to the scientific discussions on developments in business organization, technical progress, and economic policies with Senator Raphael-Georges Levy, banker and currency expert, as well as M. Emmanuel Vidal of the *Societe d'Economie Politique de Paris* (of which I have been a member since 1920),—Directors March of the *Statistique Generale de la France* and Pinot of *Le Comite des Forges de France*, Professors Truchy, Hauser, Gide, Bougle, Berr, Colson and Oualid (Paris), Mr. Pethick Lawrence, M.P., Professors Wallas, Tawney, Rowe, Schwartz and Laski of the London School of Economics, Director A. J. Toynbee of the Institute of International Relations (London), Professors Arthur Newton and Delisle Burns of London, Prof. Zimmern of Oxford (and Geneva), M. Comert, Mr. Cummings and their colleagues at the Information Section of the League of Nations, Prof. Milhaud of the International Labour Office, Professors Hersch and Rappard of Geneva, President Zahn of the Bavarian Bureau of Statistics, Exc. Dr. Oskar von Miller of the *Deutsches Museum* (Munich), the *Deutsche Akademie*, the *Technische Hochschule* and Professors Haushofer, Dorn, Adolf Weber, Lotz and von Zwiedineck of Munich, Dr. Goldenberger, the Bavarian minister of education, Dr. Carl Duisberg of *I. G. Farbenindustrie*, Prof. Matschoss of the *Verein Deutscher Ingenieure*, Directors Karl Lange of the *Verein Deutscher Maschinenbauanstalten*, Dr. Negbaur of the *Verein Deutscher Werkzeugmaschinenfabriken*, Dr. Hornig of the *Allianz und Stuttgarter Versicherungsgesellschaft*, Demuth of the *Industrie and*

Handelskammer (Berlin), Guttmann of the *Dresdner Bank*, Voss of the *Leipziger Messamt*, and Furtwängler of the *Allgemeiner Deutscher Gewerkschaftsbund*, President Wagemann of the *Statistisches Reichsamt* and *Institut für Konjunkturforschung*, Professors Tönnies (Kiel), Schumacher, Prion and Aereboe of Berlin, Spann (Vienna), Günther (Innsbruck), Muesmann (Dresden), Wunderlich (Stuttgart), Wehrle (Karlsruhe), Helander (Nürnberg) and von Wiese (Cologne,) the statistician Dr. Woytinsky (Berlin), Professors Graziani and Musco of Naples, Mortara (Milan), Pietra (Padua), Benini, DelVecchio, Carli and Niceforo of Rome, Director Dr. Tagliacarne of the *Consiglio Provinciale dell'Economia* (Milan), as well as Prof. Corrado Gini, President of the *Istituto Centrale di Statistica* in the Kingdom of Italy.

Finally, I avail myself of this opportunity to gratefully record the cooperation in scientific and social work constantly extended to me by Dr. Narendra Nath Law, my friend and colleague of over two decades.

Calcutta,
April 14, 1932

Benoy Kumar Sarkar

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