

KARL MARX AND THE DRAIN THEORY

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THE THESIS that the wealth of British India was being systematically drained out through a process of unilateral transfer of purchasing power via the regularly persistent export surplus is generally associated, in the minds of students of economic history, with the name of Dadabhai Naoroji (1825-1917). Borrowing the theme from an old lineage of 18th-century British liberals, he used it as a conceptual tool to explain the lack or retardation of economic growth in a colonial country like India. It is the skilful use of elaborate statistics that distinguished him and his successor Romesh Dutt (1848-1909) amongst the 19th-century drain theorists.

But the fact that Karl Marx (1818-83) also had, quite independently of the contemporary Indian nationalist thinking, contributed to the same theory is not widely taken note of. His concept of "an annual drain of wealth" from colonies into the U.K. through a transfer mechanism built into the former's public finance-cum-trade system anticipates the Naoroji-Dutt version of the theory. "To begin with I would invite you to share my sense of surprise that in the eighties of the last century", writes B. N. Ganguli, "of all persons it was Karl Marx who stated the essence of Dadabhai's formulation though in a more exaggerated manner."¹ There is a slight chronological inexactitude in the above comment. Marx's concept of the economic drain on India goes in fact as far back as the fifties of the last century—two decades before Naoroji's relevant papers (1873) were published. It took shape when he was writing a series of articles on the British rule in India for the *New York Daily Tribune* (NYDT, henceforth), during the years 1853-58.

The Naoroji-Dutt version of the drain theory was motivated by the rising nationalistic thinking of the day. The Marxian concept, on the other hand, was a by-product of his view of capitalism as a

¹ GANGULI, B.N., *Dadabhai Naoroji and the Drain Theory*, Bombay, 1965, p. 42.