

Research Report: “Risky Credit: The Commercial World of Bay of Bengal”
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Generous funding from the Institute of New Economic Thinking (INET) through the History Project facilitated summer archival work in Kolkata, India, where I looked at the colonial municipal repository at the Town Hall Archive and the maritime papers at the Calcutta Port Trust Archive from June 23 to July 18, 2014.

In the Town Hall archives of Kolkata I focused on locating municipal discussions, minutes of meetings and rulings pertaining to “irregular” market practices from 1911-1925. This period of the inter-war years was marked by two events on the micro and the macro-level. First, this was a decade when “economic criminality” began to emerge as a tangible problem within the colony at the macro level, and within the level of municipal administration it manifested itself as regularizing the market economy in “essential” products, culminating in the major Calcutta Municipal Bill of 1925. I collected materials pertaining to urban land and rent profiteering, a largely unexplored aspect of colonial economy in British India. I will be presenting the findings of this research at the upcoming workshop entitled “Institutions, Credit and the State” in October 17-18, 2014. In the paper for the upcoming workshop (currently under preparation), I am exploring the how the newly emergent theories about the market were being interpreted by the colonial bureaucrats. I am attempting to narrate the tensions within imperial logic of governance where, for a brief period, economic laws were being seen as oppositional to the sovereign laws of the colonial judiciary.

Specifically, my research in the Town Hall archives included studying the monthly minutes, minutes of special meetings by the members of the Calcutta Municipal Commissions, rate-payers and business spokespersons leading up to the Calcutta Municipal Bill from 1914 to 1925, the *Resolution Regarding the Causes of Excessive Land Values and High Rents in Calcutta*, April 1920 and *Report of the Calcutta Housing and Communication Committee*, 1923. The major thrust of these debates centered on the importance of market regularization, development of superior financial knowledge among the “natives” in establishing liberal and developmental governance in the twentieth-century colony. Through this research I show how speculation emerged in the localized municipal and the larger parliamentary debates around the turn of the twentieth century as a legitimate economic activity that “perfected the market” through routinization of contingency and risk. Contrary to the “economic” activity of speculation, “native” profiteering emerged as supposedly irrational, involving risky credit relations outside the transparent structures of market exchange. This occurred because speculatable land as an increasingly financialized entity was abstracted and presented as a site of legal and economic contradiction. I argue that the colonial concern was not with controlling speculation in the housing market, as much as with delegitimizing certain transactions in the housing market. Profiteering emerged as one such delegitimized activity therefore not within the proper purview of the economic realm. In this manner I hope to show how, during the early decades of the twentieth century, speculation in colonial South Asia emerged as a supplement to the “market” as an institution, precisely at a time when larger debates were raging about how to define what is economic within the economy.

Apart from gathering material of property speculation during the turn of the century, I also gathered material on “privateering” and “smuggling” in the deltaic trade networks of Bay of Bengal from the maritime archives housed at the Kolkata Port Trust Museum. The collection of this archive begins from 1860. The material I collected unsettles the distinctions between entrepreneurs, privateers, and smugglers and raises questions about how networks of credit, loan and wage operated in riverine trade network the fed mercantile currents of the Bay of Bengal during the nineteenth century. Among the many forms of formal and informal market practices that defined the vibrant riverine trade, one such example was that of an activity known as “bleeding rice.” The activity of “bleeding rice” and the debates around policing it sheds light on a whole set of market practices and economic thinking in the public discourse. It helps me lay the groundwork for exploring the diffusion of economic ideas into popular discourses by tracking the formation of such ideas in litigation, petitions and private letters exchanged between the European merchants and their colonial counterparts.

“Bleeding rice” was a method through which the boatmen who ferried cargo to the docks of Calcutta supplemented their meager wages on the boats, primarily owned by European trading houses. The actual method involved cutting out a couple of gunny bags full of rice while they were plying the rivers, or any other essential grains and tea and letting in “bleed” into the bottom of the boat. After unloading the remaining gunny bags from the boat to be transported to the warehouse, the boatmen would trade with the “bled” good with other boatmen. The records reveal that this trade was often in barter form, where the crew of a particular boat would trade their sugar for rice. The merchants whose goods were being “bled” were often the boat owners, but did not own any crew. The crew that ferried their boats and bled their goods were hired by these merchants or trading houses on either daily or monthly wages often on a seasonal cycle.

“Bleeding rice” often brought the colonial river police and customs officials in clash with European traders, the Anglo-Indian members of the Bengal Chambers of Commerce and native boatmen operating out of the river Hooghly in colonial Bengal. While the merchants were aware of this activity, they remained uninterested in curbing the practice of “bleeding rice,” and surprisingly did not calculate their losses. However, the colonial administration, in its attempts to discipline vernacular market practices, attempted to control the spread of rice bleeding. From 1878 onwards Customs Officers, River Police attempted to regularize trade along the riverbanks and cargo boats by licensing boats and registering *majhees* [boatmen]. This early experiment with licensing was not always successful. The most formidable opposition to these colonial interventions in riverine trade surprisingly came from the British and European merchants rather than the native quarters. By exploring the petitions from major trading warehouses and companies such as Andrew Yule, Ralli Brothers, Schoene Kilburn, Rushton Brothers, Simpson and Co., Nicachi and Co., Shaw Finlayson & Co., and Fraser & Co. on issues ranging from the indifference of the Custom’s House officials, harassment of the police and the “superciliousness” of the peon whose duty was to paint the registration number on the boat I ask what economic and pecuniary considerations impelled the British merchants to align themselves with their native boatmen against the British officials? Who was gaining from the practices of the shadow trade carried on in and along the river? Why was the colonial government interested in pitting themselves against the merchants in their

attempt to control privateering in the rivers through licensing and permits? My plan is to explore these questions in an article length publication in a peer-reviewed journal.