

CONTRIBUTIONS TO NEPALESE STUDIES  
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*The State and Economic Surplus: Production, Trade and Resource Mobilization in Early 19th Century Nepal*. 1984. Mahesh C. Regmi. 240 pages. Nath Publishing House, Varanasi. Price Rs. 125.

I

Mahesh C. Regmi's *The State and Economic Surplus: Production, Trade and Resource Mobilization in Early 19th Century Nepal* (henceforth *State and Surplus*) tries to elaborate on the economic role of the Nepali state during the early 19th century, i.e. around the period of the East India Company-Nepal War. Because *State and Surplus* shies away from a synoptic interpretation because the book is so rich in information, it is difficult to summarize the book faithfully. At the risk of losing out on the implications of the wealth of information--and with the help of the retrospective last chapter--the different strands of the book may be brought together as follows. The Gorkhali state because achieved unification "under the leadership of a political elite which used its political authority as a means to attain economic power" (p.9), and its early expansionist/militarist practice--used to meet both internal and external exigencies (p.7)--gave birth to a "command economy superimposed on the customary economy of their predecessors" (p. 212). Since the "ownership of the natural resources (mainly agricultural land, forest and mines) was an essential attribute of the sovereign authority of the state" (pp. 17-18), the state was the prime mover of the material forces of the society and, as such, of social organization as well--within the limitations imposed by history, geography and British India. Limited private ownership was also a reality because "the Gorkhali rulers did not achieve political unification solely through military conquest...political compromises with various communal groups and rulers of various principalities were (often) considered more expedient" (p. 18). *Kipat* and *rajya* systems of ownership and control may be regarded as the prime examples of such a compromise. Furthermore, "in order to sustain their monopoly of political power through which they exploited the national resources for their own benefit, the rulers of Nepal, whether Shah, Thapa or Rana, had perforce to share such benefits with the aristocracy and the bureaucracy." (p. 19). The *birtā*, *jāgir* and *guthī* systems of ownership and control provide ample evidences of such a sharing. The policy of the state was essentially extractive and thus inimical to the interests of the producers and traders (pp. 9-10). The state rarely, if ever, made efforts to increase production or to improve the conditions of the producer. As such, the early 19th century was "singularly unproductive from the viewpoint of policies and programs aimed at the nation's economic integration" (p.x). The economy remained stagnant and segmented.

There were three major categories of assets owned wholly or partially by the state: agricultural land, forest and mines. The state sector in production and trade was large operated directly by the state of through (private) individuals. Forest was operated directly by the state while agricultural land and mines were dually operated: "Whereas the natural resources used as means of production were owned by the state, the actual function of production was in the hands of (private) individuals

who undertook the costs and risks and hence may be described as independent producers" (p. 21). The state extracted surplus from both of these sectors. However, while surplus was also extracted by para-state bodies and persons, *State and Surplus* delimits itself to direct exaction only--which, in turn, is defined as the procurement of money or commodities directly by the state to meet its needs. Furthermore, while surplus ("taxes", p. 24) may be extracted on the basis of production or consumption, *State and Surplus* focusses only on the former variant.

How did the state extract surplus? The first strategy, of course, was the operation of the state sector. The second strategy was to extract surplus from private production and trade by what Regmi calls *transfer* and *exchange*. Regmi defines transfer as a one-way transaction under which, in this case, the state raised surplus through taxation and levy of personal obligation on the part of the subjects (pp. 25-26). Taxation on agricultural land, handicrafts, manufactures, and minerals and on commerce brought in considerable amounts of surplus. *Jhara* and *rakam*, obligatory unpaid labour services used in munition factories and stores, transportation of mail, construction of forts, bridges, irrigation canals, reclamation of waste land, capture of wild elephants, fuel-wood, charcoal and fuel supplies (pp. 163-64) were the other forms of exaction of surplus by the state through the mechanism of transfer.

Finally, surplus was exacted through the mechanism of exchange--which Regmi defines as a transaction between the state and the producers and traders--in three major ways, i.e, procurement of commodities, principally military supplies, on less-than-market prices or altogether monopolistic terms, revenue monopolies (e.g. land tax) and state trading in specific, lucrative markets. Both transfer and exchange surpluses were raised through a variety of administrative means, including the use of government officials and revenue contractors (*ijaradars*).

## II

As Regmi himself notes (p. vii), the thematic background to the present work can be traced back to his researches for his previous books (i.e., *Land Tenure and Taxation in Nepal*, *A Study in Nepali Economic History*, *Landownership in Nepal*, *Readings in Nepali Economic History*, and *Thatched Huts and Stucco Palaces; Peasants and Landlords in 19th Century Nepal*). However, while readers who are not acquainted with these books--and those by Stiller (*The Rise of the House of Gorkha* and *The Silent Cry*)--shall learn a great deal on the economic history of 19th century Nepal through a perusal of this book, to old-time readers of Regmi, *State and Surplus* appears as a minor extension of Regmi's own earlier efforts except for the fact the state here receives a more detailed treatment and becomes the main actor, the grammatical subject. Less than illuminating conceptualization, frequent disclaimers and attainment which falls considerably short of promise provide a distinct sense of an anti-climax--not the least because it comes from the master of the "land question" in Nepal.

Regmi starts out by claiming that the job of the historian is to link up the present with the past (p. xii). A failure to establish this

link, Regmi notes, will result not only in a "collective amnesia" but presumably also in a potentially misguided course of national and subnational, i.e., familial, personal, journey. *State and Surplus*, nonetheless, not only fails to establish the linkage but is also non-committal on what is it in the present that is being linked with the past. In other words, Regmi's problematic remains unclear throughout the book. Is Regmi's "present" related to Nepal's economic development or economic growth? Or, is it development in general? Or, maybe the role of the state in economic growth/development? Because Regmi's "present" remains unanchored, unconcretized, the exposition of the past remains unfocussed and fails to cover new grounds. That is, because Regmi shirks to categorize and describe the political economy of presentday Nepal (an old predilection of Regmi's) his accounts (of the history of the uncategorized) political economy tend to be encyclopaedic rather than precise. This is the central problem of *State and Surplus*. Most other weaknesses follow from it.

Regmi's long-standing concern with the state, the subject also of *State and Surplus*, while innovative in Nepali historiography, has become theoretically near-sterile. He appears to award an almost total autonomy to the state, e.g., "state landlordism", "state and surplus". Now this has been a live issue in the international Marxist literature ever since the mid-1960s, and powerful arguments have been put forward to support the notion of the "relative autonomy of the state" in industrial, primarily developed capitalist, economies. Regardless of its validity in such societies, its "applicability" for an underdeveloped state like Nepal is something which needs to be explored. In any case, it should not be looked upon as a general, universal rule. Regmi's strategy, on the other hand, becomes theoretically rather sterile because it tends to hypostatize (i.e., give unwarranted independence to) the state. An alternative strategy would be to look at the Nepali state as a crucible of a) internal class interests and b) regional and global capitalist and other interests. The state *per se* may thus be a less deserving unit of study than the class composition of it, including, possibly, the "state class". This may also hold the key to an understanding of the history of Nepal's underdevelopment in the past as also of the developmental policies being pursued by the Nepali state at present.

The above two weaknesses, in turn, go to explain Regmi's use of ahistorical frames and concepts. Regmi startles us, for example, with the statement that

Individuals engaged in the function of production and in the exchange of commodities so produced generate an economic surplus, a part of which is extracted by the state. The concept of economic surplus is derived from the nature of economic activities in general (p. 22, emphasis supplied).

Surplus, nonetheless, is not a universal historical category, nor is the uses to which it is put similar among tribute-paying, feudal and capitalist modes, on the one hand, and the core capitalist and peripheral

world areas, on the other. So also with Regmi's use of the concepts of "command economy", "customary economy," "agrarian bureaucracy", etc. What is "customary economy" but an undefined, yet unquestionably precapitalist, form? Nor is this merely a matter of terminology. To posit a "customary economy" not only imposes an unwarranted homogeneity on variant precapitalist forms (e.g. *birta* and *kipat* forms of landholding) but also tends to hide the essential process of the transition of Nepal from precapitalist forms to a highly peripheral capitalist form. The concept of "command economy" is also problematic--not the least because it is primarily a category reserved by some Western economists to refer to contemporary socialist, mainly Soviet, political economy. It is confusing and potentially misleading, therefore, for Regmi to use the same term to describe the political economy of Nepal in the early years of the 19th century. "Agrarian bureaucracy", again, not only evokes the image of imperial China but also denotes a highly centralized and efficient central state apparatus--features which were not characteristic of the early 19th century Nepal.

The theoretical utility of the fundamental distinction Regmi maintains between surplus exaction by the state through "exchange" and "transfer" also remains unclear. A categorization is useful to the extent that it allows the researcher to arrive at certain conclusions with regard to the research problematic. The categories of exchange and transfer, however, are not utilized as such in *State and Surplus*. Would Nepal's economic development have been served better by a state which relied more on exchange and less on transfer or *vice versa*? Because *State and Surplus* does not address itself to such questions, its fundamental categorization remains *ad hoc* and thus lacking in theoretical/historical depth. Regmi's categorization of state vs. private production--a potentially crucial distinction for a study of this theme--is similarly confusing (pp. 21-24).

Old-time readers of Regmi are also occasionally perplexed by his use of disclaimers and apparent equivocations at critical junctures. The following two are symptomatic:

"...the author has no desire to judge the rulers of early 19th century Nepal by their own standards nor, indeed, does he want to make any judgments. He is only looking at specific economic policies followed by them from the standpoint of the modern interest in economic development. That is to say, the author is looking at history with his own perceptions as a 20th-century scholar (p. ix).

"The desirability of territorial expansion through military means as the primary goal of the state is an issue that an economic historian is not competent to discuss. But the fact that war, or preparations for war lead to an unproductive use of economic resources is self-evident. An economic historian's task is to establish causative links rather than to pass judgments

on matters of extra-economic significance. We can, therefore, only point out that such a use of economic surplus drains off resources from economic activities connected with production and trade and is inimical to the process of economic growth. (p. 215).

How can one not judge and still provide account of the early 19th century on the basis of experience gained after the passing of the period? If an economic historian is professionally required to shut his mouth on the "desirability of territorial expansion through military means", what kind of a researcher is professionally equipped to write on such an area? Furthermore, how is "desirability of territorial expansion" of extra-economic significance? Indeed, it has been argued elsewhere by Regmi himself as well as by others that the Gorkhali military campaign for the expansion of the territory, particularly in the Tarai, was justified primarily on economic grounds. The 1814-16 War with the East India Company further underlined the economic basis of the territorial campaign. Finally, even if we let Regmi have a "value-free" economic history, he would probably have to agree that most warfares have contributed to economic growth.

Regmi, then, has met only a modest success with *State and Surplus*. The linking of the present with the past has been neglected. Categorizations have generally been *ad hoc*. The state has been given a life of its own, independent of the class composition of those who uphold it--and not merely 'the rulers, the aristocracy and the bureaucracy', but also those who lived a less exalted life but nevertheless contributed to the maintenance and change of the Nepali state.

Finally, it may be useful here to point out a few errors in *State and Surplus*. The schematic diagram on p. 26--the programmatic blueprint of the book--contains two of these. Tax was levied on production and trade and not on personal obligations. Similarly, it appears redundant to discuss state trading as a method of surplus exaction through the mechanism of exchange once the dichotomy of private/state production and trade has already been hypothesized independently of "exchange" and "transfer". Lastly, Regmi has a disconcerting habit of writing down "high man-land ratio" when in fact he means "high land/man ratio" or "low man/land ratio" (p. 103). This error is repeated a number of times in *State and Surplus* and is also found in *A Study in Nepali Economic History*.

### III

*State and Surplus*, nonetheless, does bear the distinctive Regmi trademarks. It is fairly well-organized, beautifully detailed and rich with primary reference materials. The disjunction between the hills and the tarai, Indo-Nepal trade, manufacturing in Nepal and the impingement of the state on communities and households are well brought out. For Nepal-wallahs unexposed to Regmi, of course, the book should be a novel and fruitful experience.