

Debjani Bhattacharyya
Drexel University

Speculation and Profiteering: What is Economic about the Economy?

In response to a sudden burst of land “profiteering” in colonial Calcutta in 1918, the municipal commissioner W. H. Phelps expressed concern that the laws of the economy were not being rendered subservient to the laws of the colonial state. Investigating the complex relations between the colonial state and the economy, this paper argues that the debates surrounding housing speculation in Calcutta from 1918-1923 provide a novel terrain to investigate the relation between risk, credit structures and the production of a “legitimate” border between market and non-market practices in the colony. For instance, in an address to the Bengal Legislative Council, Phelps expressed a particular concern with how money meant to add to the colonial coffers was being channeled away into the private credit networks of vernacular capitalists, as they became key players in the housing market. As this paper will show, this crisis of property speculation was not unique to Calcutta, for both Rangoon and Bombay were also faced with heightened instances of land profiteering at this time.

By analyzing the debates surrounding the housing crisis and the measures taken by the 1919 Rent Committee and 1923 Housing Committee to abet the rise in rent and channel the profits back to the municipality, this paper will demonstrate 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, profiteering emerged as 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 as profiteering and therefore not within the proper purview of the economic realm. In this manner I 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.