

The Corporation that Changed the World: How the East India Company Shaped the Modern Multinational By Nick Robins, Orient Longman, 2006, pp viii-218, Rs 295

Nick Robins in an extremely gripping account has brought out the story of what he terms as the *world's first multinational corporation*. The most striking feature of the book is probably its engaging narrative – a style which suggests that of a racy corporate novel of modern times with all the necessary ingredients including deceit, corruption, trickery, exploitation, and hair raising turn of events steered by 'heroes' and 'villains'. This makes for an easy read even for those readers who are naturally inclined to give any book with a hint of history a pass, simply because it is of the 'bygone' and hence naturally 'boring'. Robins's training as a historian is evident in the meticulous eye for details and referencing, enormous amounts of material has been sieved to produce this piece and yet the closely referenced text has not at all cramped the flow of the account. And here the author's expertise as a journalist must have played an important part.

The central argument of the book is that corporations have become the most important driving force in today's globalised world and yet very little attempt has been made to understand the role of corporations in shaping the economy. To quote Robins 'It remains an oddity that although companies are among the most powerful institutions of the modern age, our histories still focus on the action of states and individuals, on politics and culture, rather than on corporations, their executives and their impacts (p 18).' Robins argues that a careful analysis of the genesis of organisations and their historical role in shaping the society would provide valuable insights regarding the nature of corporations in the contemporary world. In the first part of the book the author explores the history of one of the most important corporations of the world – the East India Company, over three centuries. The English East India Company was founded in 1600 to provide England, a minor player till then, a greater share in the sea-borne luxury trade from Asia. Established by a Royal charter, the company evolved into a monopoly power over all trade in the East. The turning point came in 1757, when one of the most devious executives of the company, Robert Clive, was able to defeat the 50,000 strong army of the Nawab of Bengal through the company's private army of only 3000 (of which only one third were British) aided by massive dosages of bribery and deceit. Robins brings forth in tantalising detail the role of the three main plotters on the Bengal's side who participated in this colossal treachery – Jagat Seth (literally the banker to the world) who had unrivalled financial clout all over the North India, Amirchand, a leading 'merchant prince' of Bengal who controlled most of the trade in opium and saltpetre and of course Mir Zafar, the leading soldier in the Nawab's army and also the erstwhile paymaster general of Siraj-ud-Daula.

This unprecedented event of a company taking over the political control of a region may also be viewed as an extremely profitable business deal for the corporation. The East India Company, according to informed estimates, made a gain of 2.5 million pound sterling and around 234,000 pound sterling accrued in Clive's private coffers; this translates to equivalent of 232 million pound sterling and 22 million pound sterling respectively by 2002 estimates. Obviously the share prices of the company skyrocketed due to this unexpected windfall – not due to the core business of the company but because of its venture in a completely separate domain.

Another point which the author brings forth with convincing data is the effect of the East India Company on the Indian social, economic and political situation. In the year 1600 India's share in the world GDP was around 22.2 %, which went up to 24.4 % in 1700, but in hundred years of company rule it plummeted to 12.25 % in 1870. The immediate effect of the company's takeover of Bengal was the rise of share prices due to the systemic drain of wealth from Bengal via exorbitant '*diwani*' taxation, while the province witnessed one of the most dreadful famines in history which wiped out over a third of the population in 1770. Not surprisingly perhaps, instead of reducing the quantum of tax, the company actually increased it even further. The company continued in its trail of monopoly exploitation of the Asian trade through manipulations of the foreign actors with a liberal usage of its formidable military strength as well as stage-managing the clout of its elite shareholders and their voice in the English parliament.

A significant issue which the author investigates at some length is the reaction to the unprecedented 'success' of the East India Company in its mother state England. There has been a lot of criticism of the company in England from some of the most influential people of the times including poets, politicians, philosophers, pamphleteers, economists and others. Probably the most influential of this group was Adam Smith, whose magnum opus '*An Enquiry into the Nature and Causes of the Wealth of Nations*' was written during the period of the 'company's aggression and overseas speculations' and hence Smith has written extensively on the East India Company in his treatise. The general line of criticisms was against the monopolistic power of corporations which resulted in immense misery in the colonies as well as unfair influence in the home countries.

In the second part of the book Robins argues that the modern corporations sans some very specific temporal contextual aspect have retained the basic features of the 'first corporation'. He identifies three primary design flaws which unite the Company and the corporations of the 21st century, and they are 'the drive for monopoly control, the speculative temptations of executives and investors, and the absence of automatic remedy for corporate abuse (p35).' Unfortunately Robins does not dwell at any length on the analysis of modern corporations and seems to rely on an assumption that the readers would be familiar with their exploits given the contemporary nature of the information. He concludes by suggesting measures from history to plug the aforesaid 'design flaws' of the corporations, through restricting their size (Adam Smith) as well as establishing a judicial framework which enables the mighty corporations to be held to account (Edward Burke).

In spite of the admirable effort, the book has some significant shortcomings which need to be pointed out, more as suggestions to future such efforts rather than as improvements in the present piece. The author tells the story of the East India Company without giving any account of the broader global context in which it came up and evolved. After a 'dark period' of over thousand years, Europe started to resurface in the 11th century with the crusades. Since then for over three centuries several regions of Europe occupied the centre stage in commerce, and collectively, completely redefined the global economy. Starting with the city states of Italy, and then Spain and Portugal and then Holland and then France and England, the mercantile

voyages of Europe had ravaged the Americas, plundered Africa and established colonies in North America, all before the formation of East India Company. This was possible because of the breaking down of the dominant feudal order and emergence of nation states with firm political borders and strong centralised power structures in Europe. A new era was being ushered in led by the formation of a new class – the commercial class, which eventually became not only the most important economic force but also the most influential political force too. Thus the East India Company instead of being ‘the company which changed the world’ should be more appropriately termed as an *institution which represented the ethos of a changing world*.

The second serious limitation of the book is the un-fractured presentation of the 400 year history of evolution of corporations. It has to be borne in mind that though East India Company started in 1600 A.D., large corporations came to be the dominant force in global economy only in the late 19th century. Further, in spite of the ‘success’ of the East India Company, it was not in Britain that corporations emerged in numbers, but actually across the Atlantic in the United States of America. Perrow (2002)¹ in an extremely convincing analysis brings out the factors responsible for the emergence and growth of large corporations in the US. And of course, once they became successful the trend spread to other part of the world too. What one wants to emphasise is the role of the masses of common people both in the colonies as well as the metropolitan centre who have unceasingly resisted against the exploitative powers of the corporations. The English Revolution, the French Revolution and the American Revolution are important landmarks of a continuous struggle by the common people to democratise the society through judicial and extra judicial measures. Large corporations including multinationals were definitely institutions of a new world order which emerged as an alternative to the decadent feudal order. And yet, ignoring the various other historical efforts which have been explored as alternatives to the monopoly corporations would seriously undermine any such attempt in contemporary times.

To conclude, Nick Robins makes an important contribution to understanding the nature of the corporation through a historical exploration of one of the mightiest corporations of all time. This effort needs to be supplemented by other such efforts to build up a public consciousness regarding the role of corporations lest it gets obliterated from the collective memory. This is very important as is illustrated by the following turn of events. Robins quotes Jawaharlal Nehru, the first prime minister of independent India against the East India Company, for the early oppression of the subcontinent ‘The corruption venality, nepotism, violence and greed of money of these early generations of British rule in India is something which passes comprehension (p 13).’ And yet six decades later the present prime minister of independent India has the following to say about British rule in India:

Today, with the balance and perspective offered by the passage of time and the benefit of hindsight, it is possible for an Indian Prime Minister to assert that India's experience with Britain had its beneficial consequences too. Our notions of the rule of law, of a Constitutional government, of a free press, of a professional civil service, of modern universities and research laboratories have

all been fashioned in the crucible where an age old civilization met the dominant Empire of the day. These are all elements which we still value and cherish. Our judiciary, our legal system, our bureaucracy and our police are all great institutions, derived from British-Indian administration and they have served the country well. Of all the legacies of the Raj, none is more important than the English language and the modern school system.

-Address by Prime Minister Dr Manmohan Singh, in acceptance of an Honorary Degree from Oxford University on 8 July, 2005.

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¹ Charles Perrow,

Organizing America: Wealth, Power, and the Origins of Corporate Capitalism.
Princeton: Princeton University Press, 2002.

Creating a World Without Poverty: Social Business and the Future of Capitalism by Muhammad Yunus, Dhaka: Subarna, 2008. Price: Tk. 525.

The concept of 'Social Business' constitutes the central problematic of Yunus' present work even when the term appears only in its sub-title. Yet, the book is not just about social business. Instead, it presents an agenda for 'creating a world without poverty' and social business is projected to be the primary means towards that lofty goal. Thus, Yunus not only develops a rich concept called social business, but also, through the unfolding of this concept, shows a path to a world without poverty.

Arguing that government alone will not be able to solve the problem of poverty and pointing out to the limitations of charity, he demonstrates how non-profit organizations too may not be able to solve the problem of poverty. He is equally emphatic about the limits of multilateral institutions and corporate social responsibility to do away with poverty. His most significant argument is that capitalism is a half-developed structure because it takes a narrow view of human beings as one-dimensional - just to maximize profit - entities. By contrast, Yunus prefers seeing human beings as excitingly multidimensional entities. Of necessity, not every business should be bound by the goal of serving the single objective of profit maximization. It is from this thesis that he draws the foundation of his concept of social business.

After making his premise clear, Yunus goes on to clarify what he means by social business and its types. Given the prevalence of some other overlapping terms like social enterprise or social entrepreneurship, he makes it conceptually clear as to what is social business and how social business is different from social entrepreneurship.

For Yunus, the concept of social business is not something that came out of blue moon. It has emerged from his deep rooted experience in microfinance with Grameen Bank and his constant endeavor in fighting poverty in Bangladesh and countries around the world. Yunus tells us

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