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Principles of Economics and Gospel of Gandhian Economics

Where and Where not the Twain Meet?

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Where and Where not the Twain Meet?*

Abstract

The Gandhian methods have the potential to offer a path towards inclusivity, permanence, welfare and egalitarianism, one that the world terribly needs. As is common knowledge, the study of Gandhian literature has been a realm dominated mostly by political scientists, historians, philosophers and academics of other disciplines, but to a lesser extent by economists. Did Gandhi work as per the generally known economic principles? Was he even aware of economic concepts such as demand, supply, market or cost? How complimentary or contradictory are Gospel of Gandhi and Principles of Economics? Will adding Gandhi's touch to economics relieve it of the criticism of getting ripped of morality, ethics and concern for environment? As can be deduced from the above, this is a story of concoction of economics and Gandhi's ideas. But to what end? The purpose is to identify Gandhi's contribution to economics from Gandhi's own works, ideas, and association with various movements with the objective of integrating 'Gandhian' ideas into the mainstream and to inspire and awaken young minds into more concrete thinking. The aim is to integrate the power of his ideas that have many implications on the ever-changing global economy. In addition, the paper aims to rightly situate Gandhi's economic ideas into modern economic discourse that have been largely dismissed or overlooked.

Keywords: Principles of Economics, Gospel of Gandhian Economics, Morality, Village Economy

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1. Introduction

Both in common parlance and in academic world, Economics has received flak and backlash. This is mainly on three grounds. First, excessive inclination towards self-interest and a general neglect of ethics and moral values. Second, its emphasis on mathematically based abstruse models which have little connection to reality. And finally, the discipline's aloofness and fading inter-disciplinarity. It is therefore essential to clarify certain common misconceptions that have resulted in these (sometimes undesirable and undeserved) criticisms.

Interestingly, Gandhism has been a realm of research for political scientist, historians, philosophers, although, to a lesser extent among economists. Did Gandhi work as per the economic principles? Was he even aware of economic concepts like demand, supply, market and cost conditions? Had he read the elementary economic text books before recommending *charkha* as an appropriate machine for India? Basically, all these questions ultimately lead to the following question: how complimentary or contradictory are Gandhian ideas and Economics? Naturally, in such a context, a question that also comes to one's mind is that, will adding Gandhi's touch to economic analysis relieve it of the blame of being ripped of values such as morality, ethics and compassion for life and concern for environment? These are some of the issues that will be explored in this study.

As can be deduced from the above paragraphs, this is a story of concoction of Economics—a discipline, and Gandhian Economics, which may still be grappling to be even recognized as a branch of economics. But all this is towards what end? The purpose is to recognize Gandhi's contributions from an economist's lens. Recognizing Gandhi's contributions is essential to lend a fresh perspective to his ideology in the light of contemporary developments. The study purports to decipher 'Gandhian' Economics from Gandhi's own ideas, statements and spearheading movements, and integrating it with the mainstream.

The objective of the study is two-fold. First, to integrate and rightly situate Gandhi into modern economic discourse which has largely ignored, if not completely dismissed, Gandhi's economic ideas. Second, to arouse interest and inspire the young minds into more concrete thinking on Gandhi, his life, thoughts and ideals, thereby, broadening the power of his ideas which have deep implications for the changing global economy.

The study is organized as follows. After providing the motivation and sources of information in Section 2 the next section outlines the coverage and scope of economics. Section 4 is devoted to understanding of Gandhian methods. Section 5 presents a comparative analysis between principles of economics and gospel of Gandhian economics. Section 6 concludes the study.

2. Motivation

The need for the study essentially stems from the dissatisfaction arising out of the disorders of the present crumbling economic system such as greed, alienation, corruption and loss of ethics and morality arising due to limitless capital accumulation and expansion and ruthless competition with little concern for common good. Accordingly, a transformation of the existing order is called for. The thrust of the new system should be based on a ‘bottom to top’ approach and democratic and inclusive principles adopting a multi-disciplinary knowledge base.

A word on the title of the study. The principles of economics are based on fundamental laws such as the marginal cost-benefit comparisons that govern the decisions of economic agents. In contrast, Gandhi’s life, thoughts and methods were based on exalted and righteous principles and values that have their origin in metaphysical and spiritual roots such as the *Bhagvad Gita*. Hence, the term gospel is used to denote Gandhi’s recommendations. The latter also explains the palpable reverence for Gandhi and the sobriquet ‘Mahatma’ or the ‘saint’.

The imagined Gandhi was endowed with extraordinary occult power: peasants believed him to be a saint who could heal diseases, reward those who would follow him and punish non-believers who would dare to defy his authority (Bandyopadhyay, 2009; 309).

Three remarks are made at this stage. First, the terms such as ‘Gandhian’ or ‘Gandhism’ irked Gandhi more than could please him.¹ Selfless social work and sacrifice was the path to be adopted if one wanted to please Gandhi. Further, Gandhi was not a qualified economist. Nor was he well versed in economic literature or empirical matters.² Gandhi’s methods are regarded as *sui generis* (Nayak, 2017). It is so because he spent time with the poor and

¹In an interview in 1945, Gandhi states, ‘But it would be too pedantic for me to object to a friend’s use of the word Gandhian’. (CWMG 80:352).

²‘Of course I cannot submit data and figures to prove what I say as I know nothing about them.’ (CWMG 78:174).

deprived. Thus, in this sense, Gandhi's economics may be regarded as incidental and erratic. But, at the same time, his economic knowledge cannot be regarded as desultory as there was a strong reason and purpose in his work, which was to serve the needy and deprived in the society. Gandhi's formulation of *Nayi Talim* and *Constructive Programme* aptly proves the point.

Second, it is a widely accepted fact that Gandhian economic thoughts are more fragmentary than bound together in a well coherent theory.³ The inability to produce a coherent piece of academic work could be explained by the fact that he did not have time and inclination for pursuing strictly academic interests. It was the independence and upliftment of poor of India that were on his mind and accordingly occupied most of his time. The collection of his ideas in one coherent whole was left incomplete by him, to be followed by researchers and academics, who have keenly undertaken this task that has resulted in proliferation of literature on Gandhian Methods. Some interesting studies that form a part of this burgeoning literature are mentioned in the study.

Third, it is imperative to point to the enormity and complexity of the subject, caused not by a virtual absence of studies on Gandhi but by the fact that there is no dearth of literature on each period and aspect of his life. Gandhian thoughts form neither a discipline, nor an 'ism' (atleast not a popular one), yet has drawn immense scholarly as well as common man's attention making it as developed as a discipline. As per a poster⁴ the major works on Gandhian thoughts are estimated to be more than 7,000. Accounting for the minor works and the innervations of Gandhian literature as a consequence of the sesquicentennial celebrations, the number is expected to go up phenomenally. In addition, it would be hard to find Indians who are not aware of Gandhi. These ideas are also echoed in the following words, 'Almost no Indian can claim that Gandhi is unavailable to him or her.'(Johnson, 2006:292).

As stated earlier, Gandhian ideas have been the interest of researchers from a variety of disciplines. 'Gandhian Economics' essentially draws from all these disciplines and in this sense multi-disciplinary. Thus, both the nature and complexity of the study demands that a non-exclusive, inter-disciplinary and an eclectic approach is adopted for collecting ideas, information and data that forms the basis of prognosis of present study. As is common knowledge among Gandhian researchers, *Collected Works of Mahatma Gandhi* (hereafter, CWMG) forms the major source of reference. Gandhi's original writings are reproduced in

³Professor C.N. Vakil aptly and succinctly puts it 'it is true that there is no definite scheme of economic thought evolved by him' (Kumarappa, 1951: Preface).

⁴This is as per information available in Gandhi Smriti, Birla House, 30 January Marg, the place where Gandhi breathed his last.

CWMG. His ideas are contained in 90 volumes which spread over 43,000 pages. To gain further perspective, the secondary sources from a variety of different disciplines such as History, Political Science, Philosophy, Sociology and Economics are referred and cited, though as expected with a tilt towards Economics. Having outlined the objectives and sources, the next section is devoted to understanding the confines of Economics.

3. Exploring Economics

3.1. Scope and Rising Popularity

Deservingly so, Economics has enjoyed being a dignified discipline in the social sciences. The scope and coverage of economics is distributed on a much wider terrain, ranging from agricultural, industrial, trade, consumption, nutrition, environment, resource, law, ethics, finance, to name just a few, to macro issues such as unemployment, inflation, interest rate, economic growth, fiscal deficit, inequality and foreign-exchange rate and more recently added to the list is behavioural economics. The strength and rigour of the discipline arises from elegant theory, well-designed models, rigorous mathematics, advanced econometrics and is equipped with continuous advancements in software techniques. Whether one understands economics or regards it as esoteric, there is unrelenting use of it in discussions and formulating public policy. Further, quantitative techniques like cost-benefit analysis and linear programming based techniques such as Data Envelopment Analysis (DEA) that heavily draw on mathematics, statistics and economics are extensively used by firms in private sector.

The desire to attain the highest indifference curve, the highest production possibility frontier, the lowest possible iso-cost curve are all suggestive of the economists effort to attain maximum utility, maximum production or minimum cost respectively. Broadly, the two dimensions of economic enquiry are classified into: positive and normative economics. The former essentially deals with the question of 'What is?'. Any economic edifice is based on certain assumptions, of which some may be unrealistic such as of perfect markets and rational individuals. Such assumptions often implicate, directly or indirectly, ignorance of aspects such as ethics, moral concerns, human greed, irrational and erratic behaviour. And, the latter, deals with 'What ought to be?'. Of course, it is needless to mention that an ideal work in economics should maintain a perfect balance between these 2 approaches in order to create a

holistic framework (Sen, 1987). Accordingly, the ethics, welfare economics and normative judgements form an essential aspect of any economic analysis.

As a matter of fact, any elementary text book on Economics, in its initial discussion elucidates the 3 Central Problems: 'What to produce?', 'How to produce?' and 'For whom to produce?' Was Gandhi aware of the 3 central problems of economics? As we will see in detail later, Gandhi was interested in all of them. To marginally put to rest the awakened curiosity of the reader at this stage, the answer to the above question is, 'Yes'. Though Gandhi was not aware of the problems in an economics text book sense of the term, he did mention each of them in his recitals and writings. He recommends what goods to be produced, for instance when he urges people of India to come forward and involve themselves in the production of *khadi*. The concern for how to produce is also closely thought of by him. His advocating spinning and other hand made crafts is suggestive of his concern on the choice of technique. The third, distribution of fruits of production between labour and capital, has never been neglected by Gandhi. More on this later, as this has been quite unceremoniously introduced here, for, the concepts of Gandhian Economics have yet not been introduced to the reader.

Economics is considered to have been originated with Adam Smith's magnum opus, *An Inquiry into the Nature and Causes of the Wealth of Nations*, more popularly referred to as *Wealth of Nations*. The teachings of Adam Smith, later called the Classical school of economic thought, emphasized on free markets and invisible hand's operation. It was later during Great Depression of the 1930s, Lord Maynard Keynes offered his solution in his treatise, *General Theory of Employment, Interest and Money*. Keynes' solution to lift the economy out of a low equilibrium trap was to stimulate demand by increasing government expenditure such as to undertake big public works. In contrast, Gandhian emphasis focuses on curtailing demand or wants from the consumers' end.⁵ In spite of the growth and expansion of the discipline of economics, a number of unsatisfied voices can be heard. It is to these that the course of arguments takes us next.

⁵More on this later in the study.

3.2 Voices against Economics

While the discipline has a number of credits attached to it, some words of harsh criticisms have been heard too. In one of the early attempts (first published in 1973), Schumacher's derogatory tone is echoed,

If it (Economics) cannot get beyond its vast abstractions, the National Income, the rate of growth, capital/output ratio, input/output analysis, labour mobility, capital accumulation; if it cannot get beyond all this and make contact with the human realities of poverty, frustration, alienation, despair, breakdown, crime, escapism, stress, congestion, ugliness and spiritual death, then let us scrap Economics and start afresh (Schumacher, 2011:57-58).

More recently, in a phenomenal work on measuring inequality, *Capital in the Twenty First Century*, Piketty criticizes economists for their undue emphasis on 'abstract mathematical problems' and that too 'without link to real world problems'. He further goes on,

To put it bluntly, the discipline of economics has yet to get over its childish passion for mathematics and for purely theoretical and often highly ideological speculation, at the expense of historical research and collaboration with other social sciences (Piketty, 2017:40-41).

In response to this, it would be useful to ferret the work of notable Indian economist and Nobel laureate, Amartya Sen, *Economics and Ethics*. He explains the cause for a general misunderstanding created against economics. According to Sen, Adam Smith, the father of modern economics, has been commonly but wrongly presented as the advocate of self-interest. In his words,

It is instructive to examine how it is that Smith's championing of 'sympathy', in addition to 'prudence' (including 'self-command'), has tended to be so lost in the writings of many economists championing the so-called 'Smithian' position on self-interest and its achievements. It is certainly true that Smith saw, as indeed anybody would, that many of our actions are, in fact, guided by self-interest, and some of them do indeed produce good results. One of the passages of Adam Smith that has been quoted again and again by the latter day Smithians is the following: 'It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. (Smith, 1776: 26-7) (Sen, 1987:23).

In a similar hue, Evensky very rightly asserts,

This may be the most famous passage in all of Smith's work. It is surely the most dangerous if it is read out of context. Smith's immediate point here is straightforward. As explained in Chapter One, self love is the spring for human action and it can serve us. What is not on this page of the WN (Wealth of Nations) is the context. In Smith's moral philosophy, the benefits of self-love are premised on the presence of the 'well-governed society.' Reading this passage on the Wealth of

the Nations without that context in mind can easily lead to significant misreading of Adam Smith (Evensky, 2005:115).

Further, and importantly, Sen aptly clarifies that in pursuing self-interest Smith never implied being non-ethical. To quote his exact words,

Smith did, in fact, make pioneering contributions in analysing the nature of mutually advantageous exchanges, and the value of division of labour, and since these contributions are perfectly consistent with human behaviour sans bonhomie and ethics, references to these parts of Smith's work have been profuse and exuberant. Other parts of Smith's writings on economics and society, dealing with observations of misery, the need for sympathy, and the role of ethical considerations in human behaviour, particularly the use of behaviour norms, have become relatively neglected as these considerations have themselves become unfashionable in economics (Sen, 1987:27-28).

It can be more appropriately said that these considerations have become unfashionable in the present social order itself. Moreover, concepts such as growth, development and welfare are all measured in monetary terms and not in terms of any of the above considerations.⁶

Again similar to Sen's view, Evensky argues that Smith's main concern is undoubtedly humanitarian as he was a moral philosopher. He was,

moral philosopher modeling a complex co-evolution of individuals within a simultaneous system of social, political and economic institutions in order to contribute to our understanding of the flow of humankind's history and its prospect (Evensky, 2005: 263-64).

Interestingly, Evensky further provides an explanation as to why ethical constraints are also derived from economics, strengthening the relation between ethics and economics.

... where does this commitment to a civic ethic come from? Buchanan's answer: There are 'economic origins of the ethical constraints'. Self interested individuals have an incentive to inculcate ethics in others because these ethics solve externality problems that are not amenable to any other solution (Evensky, 2005: 271).

However, several studies including Evensky's have hinged on the falling inter-disciplinary nature of studies that have not been an affirmative development,

Adam Smith held the chair of Moral Philosophy at Glasgow University. There are few, if any, such Chairs anymore. Moral philosophy became thoroughly departmental when, as the social sciences, its dimensions were professionally divided and at most colleges and universities departmentalized into the disciplines of sociology, political science, and economics. Today, departments are the dominant organisational structure of academic institutions. Has this division of labour led to more productivity in the social sciences? More production, Yes. More value? It has cast much light, but it has also left much in the shadows. Thoroughly departmental analysis leads to depth without dimensionality (Evensky, 2005:276).

⁶To support, 'Not that Economics had failed to concern itself with welfare. But even welfare is a term completely rooted in materialism.' (Narain, 1991:151).

The attack for not sufficiently mingling with the other disciplines, calls for greater linkages with other disciplines to make it more inter-disciplinary. However, the other disciplines have an equal share of responsibility in promoting inter-disciplinary approach.

Finally, the environmental neglect is presented as an offshoot of the man's pursuit of self-interest and relentless zeal to enhance production and economic growth with little regard to common good.⁷ The future may not be doomed as many prophesies have warned. Of course, there is this ray of hope that new reserves or even new source may be discovered, but that doesn't end the problem as environmental degradation and the dangerous possibility of mis-using resources like nuclear energy in war and conflict. It is these concerns regarding unlimited growth and expansion that have set a limit to economic growth that brings us to the issue of 'Limits to growth', which has generated a substantial volume of literature.

To recapitulate, the discussion in this section mainly hovered around three issues: self-interest and a consequent disregard for environment, abstruseness, and the falling nature of inter-disciplinarity. Amongst these, the first two somewhat expose the frailty of this discipline itself. While the third is based on how the discipline acts and interacts with the other disciplines in social sciences. In addition to the arguments in defence, it may be pointed out that there is a substantial and rising volume of work by economists in areas such as dualism, migration, over-urbanization and environmental exploitation and damage. Economists have long been concerned with a wide range of developmental issues. So, why would economists be even concerned about issues such as inequality if self-interest is solely the driving force?

So turning to the question raised in the title of the paper, *can the twain, that is Economics and Gandhi, meet?* When we merge Gandhian ideas with Economics, an attempt to acquire a much needed inter-disciplinary hue to the subject is acquired, as there is a venturing into the province of religion, ethics and morality and beyond. In addition, the missing ethics and concern for environment can also be incorporated. Next, the study goes on to explore what Gandhi thought about Economics as a discipline. Further, if one could judge, how would Gandhi fare as an economist? With such an inquest in mind, we turn to review Gandhian methods and ideas in the next section.

⁷'...we must thoroughly understand the problem and begin to see the possibility of evolving a new life style with new methods of production and new patterns of consumption; a lifestyle designed for permanence.' (Schumacher, 2011:9).

4. Principles of Economics and Gospel of Gandhian Economics: Identifying Commonality and Contrasts

Gandhi viewed economics as a simple and ‘straightforward’ subject that had been made unnecessary ‘abstruse by economists’,

...and that makes it difficult for a layman to study this very important subject’ (CWMG 33:72), ‘... The question of expensive or inexpensive is not correct. The law of demand and supply is not a human law, it is a devilish law.’ (CWMG 62:241), And economics which runs counter to morality cannot be called true economics. Our workers can develop an outlook of true economics in the villages only if they work under the inspiration of non-violence and morality (CWMG 78:174).

Clearly, the statements cited above indicate that Gandhi held a deprecatory view of Economics as practised in its existing form.

At this stage a number of questions would have naturally arisen. What constitutes Gandhian Economics? Why Gandhi emphasised on hand-based (manual) production? Does his opposition to machinery imply his being regressive? Was there any economics in his inclination and predominance for bucolic life? A reading of Gandhian literature, makes one realize that there are various points at which Gandhian thoughts are consistent with principles of economics. As we will see Gandhi gave particular consideration of what present day economists refer to appropriate ‘choice of techniques’. Further, Gandhian method gave due regard to the problem of unemployment in the country in his emphasis on hand-based production rather than machine based production even though it may concur little with exploiting the economies of scale notion. At these times, the awe-inspiring power of the leader is heightened, as one must not forget that all his economic ideas come without any preceding training in the discipline. At other times, Gandhi’s approach may seem to be at total contrast with the ideas in economics or the way economies operate in present times. It would be interesting to delineate and present these intersecting intersections and contrasts.⁸

A. *Dismalness, central problems and role of the state*

At the outset, it is interesting to present a commonality that may not be fundamentally so important, but is more related to the general perception of Economics. In popular perception, the discipline is called ‘dismal science’. Likewise, Gandhi’s attention was always drawn

⁸These are mentioned in no specific order, and especially not chronologically. The reader should not regard these to be because they are random meandering thoughts, but as the reader will see shortly, the arguments flow logically and naturally from the preceding one.

towards the discouraging elements and conditions that lent wretchedness, misery and despondency to human life. Of course, it is common knowledge that Gandhi made persistent and incessant attempts to wipe out these conditions in an attempt to improvisation of living standards. In this sense, Gandhian Economics and Principles of Economics go hand in hand in identifying and ameliorating this dismal aspect of life.

Further, as discussed at the outset and also following from discussion above, Gandhi recognized the problem of scarcity and the ensuing central problems. The markets enable the consumers and producers to carry on their transactions efficiently. But, markets are not all above reproach and there are certain cases in which markets may fail. In cases of market failure, it is the state that is expected to ensure the steady supply of goods. In addition to these instances of market failure, natural monopolies, externalities and certain infrastructure projects with long gestation lags etc., there are other cases where private participants may be reluctant to come forth and hence market may falter.

As per the economic principles, the state intervention is deemed essential for provision of such goods and services, especially when the goods are essential commodities or basic utilities. However, Gandhi who is likely to be unaware of the notion of market failure in economic parlance, was not much in the favour of State inference. Again quiet independent of the issue of market failure, Gandhi's line of treatment was moral, intrinsic and self-restraining rather than calling for forceful persuasion attempts by state. For instance, the principle of Trusteeship encourages capitalists to continue their pursuits if they are willing to share their profits with society. The principle of Trusteeship presumes the practise of morality and ethics on part of producers. Accordingly, we turn now to the realm of morality and ethics which form the essence of Gandhi's Economics.

B. Morality and ethics and righteousness

Morality, ethics, righteousness and similar exalted values form the basis of Gandhian Economics. In 1916, Gandhi stated,

For, there comes to us moments in life when about some things we need no proof from without. A little voice within us tells us, 'You are on the right track...' (CWMG 13:311).

Simply put,

You are on the right track' acts as the deciding criterion for Gandhi's economic (and other) decisions. He further states, 'By economic progress, I take it, we mean material advancement without limit and by real progress we mean moral progress (CWMG13:312).

Further, in this recital, Gandhi cites examples from several countries including Egypt, Rome, South Africa and India (wherein he provides an analogy of divine Krishna's throne) to assert that moral fall occurs as a result of material affluence,

greater the possession of riches, the greater was their moral turpitude.', 'I venture to think that the scriptures of the world are far safer and sounder treatises on laws of economics than many of the modern text-books (CWMG13:313).

Furthermore,

Let us seek first the kingdom of God and his righteousness and the irrevocable promise is that everything will be added with us. These are real economics. May you and I enforce them in our daily life (CWMG 13:316).

Gandhi understood the relation between ethics and economics. For instance, he recommended *khadi* as an ethical proposition, nevertheless, he made best efforts to make its production economically feasible and viable. Undoubtedly, ethics essentially adds to the missing moral and sentimental considerations in Economics, while economics make the ethical considerations workable.⁹ Though as argued earlier, Economics may be distancing itself from Ethics but never has precluded the other.

Two important aspects need to be emphasised here. But before that is done, it is useful to present in verbatim,

I do not endorse the proposition that supply follows demand. On the contrary, demand is often artificially created by unscrupulous vendors. And if a nation is bound, as I hold it is, like individuals to comply with a code of moral conduct, then it must consider the welfare of those whose wants it seeks to supply. It is wrong and immoral for a nation to supply for instance intoxicating liquor to those who are addicted to drink. What is true of intoxicants is true of grain or cloth, if the discontinuance of their cultivation or manufacture in the country to which foreign grains or cloth are exported results in enforced idleness or penury (CWMG 25:474).

First, supply may not always follow demand and oftentimes demand is deliberately induced among consumers to accommodate surplus production. This could be through several strategies such as offers and discounts, cash backs, attractive packaging and manipulative

⁹As Dasgupta puts it, 'Trying to carry out ethically good policies by methods involving continuing economic loss was futile.' (1996:7).

advertising.¹⁰ Clearly, as suggested above Gandhi disapproves these strategies. Similar disapprobation has been expressed by A.K. Dasgupta, who is regarded as the founder of modern economics in India.

The second point concerns with the issue of morality, as may arise in the supply of goods such as cigarettes, liquor, or other addictive drugs. For instance, he endorses only those products in which the production inputs include righteous values and emotions such as the Singer sewing machine. On similar reasoning, if production process involves unethical practices such as the use of child labour or causes unemployment for masses, then Gandhi disapproves of such production. The next citation succinctly affirms this argument.

‘I call the Lancashire trade (of cloth) immoral, because it was raised and is sustained on the ruin of millions of India’s peasants.’ (CWMG 25:474).

To sum up, Gandhi expects practice of ethics both in choosing the good to be produced (that is, what to produce?) and the production process (that is, how to produce?). But, the present system of economics, commerce and society propelled by avarice, callousness, amassing wealth and ostentatious living stands in contrast to Gandhian principles of simple and austere life, limitation of wants and minimalism. More on these ills follows.

C. Capitalism and its accompanying ills

A number of ills associated with capitalism such as greed, falling ethics, excessive materialism and consumerism, rising inequality and unchecked as well as ubiquitous corruption have raised concerns on the functioning of capitalism. In words of Streeck,

capitalism’s moral decline may have to do with its economic decline, the struggle for the last remaining profit opportunities becoming uglier by the day ... Nobody believes any more in the moral revival of capitalism (Streeck, 2017:71).

A particular mention may be made here of the rising significance and influence of finance in economies today. In their bid to extract maximum profits there is often an utter disregard to legal norms. Taking undue advantage of asymmetric information or the practice of moral hazard exposes the immoral and unethical activities at play. In addition, the unethical practices such as insider trading, money laundering, flouting capital adequacy and other norms are frequent news items. Not only the stability of financial sector and the economy is put at grave risk, but the bailouts that may follow divert the tax payers’ money from more productive investments and put to misuse too. The recent episodes in India such as the

¹⁰‘Industry practitioners find themselves paying more than ever for marketing, including not just advertising but also product design and innovation’ (Streeck, 2017:65).

financial troubles of IL&FS, may be viewed as a reminiscent of spectre of financial crisis of 2008 and the fleeing of Indian businessmen such as Vijaya Mallya and Nirav Modi seem to be manifestations of larger sinister forces at play that incite such immoral moves.

As a result, a number of voices dissatisfied with capitalism have suggested Gandhian methods as an equitable, egalitarian and sustainable alternative. The philanthropic work, corporate social responsibility, trusteeship, or the trickle down mechanism may be viewed as avenues to derive solace, but, dissatisfaction has been raised against these too. Another citation from Streeck,

Stylising owners and managers of capital as trustees of society has lost any remaining credibility, their much publicised exercises in philanthropy notwithstanding. A pervasive cynicism has become deeply ingrained in the collective common sense, which has come as a matter of course to regard capitalism as nothing but an institutionalised opportunity for the well connected super rich to become even richer (Streeck, 2017:34).

Additionally, Gandhian methods emphasise on the use and need of a product. In contrast to Gandhi's needs based approach, consumption expenditure today is driven by greed in the sense of Veblen's notion of extravagant and conspicuous consumption that he elucidates in the *Theory of the Leisure Class*. In a similar tone, Streeck enunciates the incongruity in following words,

...and more goods seem to be purchased because of their dream value, as distinguished from their use value: for example, fashionable garments, branded accessories, sporting goods, cars, wine, lottery tickets, trips to far away countries, antiques and the like. Many of these goods, which account for growing share of rich countries' domestic product, also have a high status value ... Moreover, participation in the consumption of symbolic goods and the commodification of social relations seem to have become vital for social integration (Streeck, 2017:212).

Thus, the cries of capitalism-torn agents for an alternative heard intermittently revive and strengthen our belief in Gandhism and reinvigorate the need to search for an alternative ideal society. Simply put, the ensuing *adharna* in present society has naturally created a space for Gandhian values. Turning once again to Gandhi's summon for responsible methods, in an interview to *khadi* workers, in 1934,

In reorganising your khadi production, you should not forget that the science of khadi, in some respects, works on diametrically opposite lines to that of ordinary business ... Debasing of quality, adulteration, pandering to the baser tastes of humanity, are current staple in commercialised production; they have no place in khadi, nor has the principle of highest profit and lowest wages any place in khadi (CWMG 58:353).

The statement presented above need little support by way of argument, explanation or evidence. Thus, with this understanding of Gandhi's inclination for *khadi*, the next section discusses the issue of 'choice of technique'.

D. *Choice of technique*

Nothing better epitomises Gandhi than *khadi*. For him, *khadi* was more or less like a panacea to the prevailing socio-economic problems. His argument was, and rightly so, based on the fact that India is a labour abundant nation and should not simply imitate the development model of the West. According to him, the charkha model characterized by village industries suited best to India's conditions. In Gandhi's words,

But, say the critics, the spinning wheel has not taken, it is not exciting enough, it is an occupation only for women, it means a return to the middle ages, it is a vain effort against the majestic march of scientific knowledge for which machinery stands. In my humble opinion India's need is not excitement but solid work ... The fact is that we are not giving spinning wheel enough trial (CWMG 25:475-476).

Placid and tranquil, as was his characteristic poise, he ignored the words of criticism as are contained in statement above (and these range from his approach against machinery to experiments in celibacy) and continued undeterred on his chosen path.

Gandhi's incessant promotion of charkha brings us to an important economic problem, one that deals with the issue of 'choice of Technique'. If one views Gandhi's denouncement of modern technology in light of this explanation, one would be more convinced to believe that he was not regressive in thinking but was more concerned about adoption of the right technology in India. In this context, Gandhi writes,

The economic structure of the country will be worthy of our admiration and will endure only if it is in keeping with the conditions in the country. Our wisdom and our culture will be judged from our ability to plan an economy which takes into account the conditions prevailing in the country (CWMG 31:277).

And he enunciates in 1935,

the principles of economics are not, like the principles of mathematics, for instance, immutable, and for all times and climes. ... To regain (India's) proud position (in the world) ... We have to employ all the crores of human machines that are idle, we have to make them intelligent machines, and unless cities decide to depend for the necessities of life and for most of their other needs on the villages, this can never happen (CWMG 60:255-6).

A similarly held view of Dr. Zakir Hussain, the President of India in 1967,

I don't think Gandhiji would have insisted on the spinning-wheel for all time. The point is that in the battle for industrialisation, which has certain complications, it would not be possible for us even to absorb our annual growth of population ... now given the problem Gandhiji came to the conclusion that is the compulsory idleness of these people could be made use of for some productive work by means of instruments that would not cost much, probably it would be a distinct economic help ... With regard to the educated people he insisted because he wanted them to identify themselves with the poor of the country (Watson and Tennyson, 1969:46).

To sum up, clearly the deduction that can be made from discussion above is that Gandhi well understood economic issues such as the 'Choice of Technique', unemployment and ensuring balanced regional development. The latter can be read from his interest and inclination for development of village and rural economy.

E. *Village economy*

The epicentre of Gandhi's model for India's development is the upliftment of rural and village economy, "*the salvation of India is impossible without the salvation of villages*" (CWMG 72:380). The Indian villages at the time and before independence were typical cases that depict operation of Nurkse's vicious circle of poverty, swelled with poverty, under-nutrition, unsanitary conditions, drunkenness and idleness among men, lack of education and complete absence of any support mechanism or security schemes such as pension or insurance.

An extract from a speech delivered by Gandhi in 1925 is reproduced, wherein he expresses concern over an unpaid vacation of 4 months that may put a rich man too in an unmanageable situation,

The present agricultural population of India as the Government statistics tell us is nothing less than 85 percent. The government statistics also tell us that this 85 per cent of the population of India has at least 4 months in the year absolutely idle (CWMG 28:84).

Today, the percentage of rural population is close to 65. Thus, even today, India continues to live in its villages making Gandhi's methods still relevant. It was in light of this worrisome trait of Indian economy and as a pre-emptive solution to massive unemployment that Gandhi gave charkha the centre stage, never ever neglecting other crafts and skills. For, he realized that spinning alone cannot absorb the pool of unemployed workforce. It is for this very

reason he recommended other supplementary jobs such as bullock oil-press, handmade paper, handmade *chakki* (grinding stone).¹¹

Attracted by the bucolic aspect of rural life, Gandhi wished to transform Indian villages from their state of malnutrition, squalor and disease, into ideal living grounds. Some citations to support,

You may also take up the whole subject of economic waste that goes on in our midst through preventable disease, through wrong feeding, through the criminal waste of human excreta as manure ... I have simply thrown together a few hints that should be sufficient for you to make explorations and discoveries. Economics treated in this manner can really become fascinating, interesting and instructive for the masses (CWMG 47:373-4)

We have to remove the dung-heaps, turn them to good account and make the village site a smiling garden (CWMG64:72).

They will be taught to know what they should want and how to obtain it in the shape of sanitation and hygiene, improvement of material conditions and social relations...but in indicating the ideals I have told you of the difficulties of this stupendous task (CWMG 64:72-3)

Not just this, he desired that villages become self-sufficient where working population utilised their hours productively so that they had little need for borrowing not just from moneylenders, but also from cooperatives.¹²

F. *Environment, permanence and sustainability*

A number of environmentalists have sought the Gandhian methods to be the path to attaining permanence and sustainability. Gandhi warns that humans should act as trustees of nature otherwise a depletion of natural resource as indicated in the Hardin's *Tragedy of Commons* is likely to follow. Until the rich, educated and powerful act as trustees of society and participate in community development towards works such as sanitation, pollution control and waste management, and all the tasks that have been the responsibility of the poor and deprived until now, the present social disorder would fail to dissipate. In Gandhi's words,

After all we, a handful of educated Indians, are shouldering a serious responsibility in gambling with the fortunes of the dumb millions whose trustees we claim to be... (CWMG 41:222).

¹¹‘This has to be learnt not only with the view of supplying paper to the whole country but in order to make the village self-sufficient and capable of earning a little income.’ (CWMG 78:162).

¹²‘... the money lender who is inevitable today will gradually eliminate himself. Nor are the co-operative banks needed, because when I taught Harijan the arts I want to teach them they will not need much ready money.’ (CWMG 64:72-3).

In other words, the responsibility for preserving our wealth and environment falls on society, *en masse* and not just the uneducated workers from the lowest segment of society.

The three methods Schumacher recommends for attaining permanence are encouraging agriculture, small scale technology and maintaining harmonious partnership between management and men in an organization; these are all congruous to the Gandhian methods. Schumacher writes,

It is clear that the 'rich' are in the process of stripping the world of its once-for-all endowment of relatively cheap and simple fuels. It is their continuing economic growth which produces ever more exorbitant demands, with the result that the world's cheap and simple fuels could easily become dear and scarce long before the poor countries had acquired the wealth, education, industrial sophistication, and the power of capital accumulation needed for the application of alternative fuels on any significant scale (Schumacher, 2011:15).

G. *Localization and economies of agglomeration*

One of the integral components of Gandhi's economic thoughts is his emphasis on localization of production and consumption. In a speech in 1936, he says

Limits should be fixed both as quantum of profit and the distance ... The proper thing would be to utilise rice where it is grown. My definition of swadeshi is old but it is valid. Only by following it can we evolve a new kind of economics. Even if we fail in this we shall have succeeded (CWMG, 62:241).

Clearly there are positive externalities that result from production by firms that are situated geographically close to each other, as in the case of clusters, and are encapsulated in *Economies of Agglomeration*. These economies emanate from a number of reasons such as better network effects, lower transportation cost, easy availability of trained labour and other such external economic benefits.

H. *Dignity of labour*

Gandhi was not against the idea of division of labour but was averse to the practice of degradation of labour. With the practice of caste based system in hindsight, one can understand Gandhi's abhorrence for division of labour that fails to accompany dignity of labour. In Gandhi's words,

Of course there will be division of work but it should not be like that of the railway porter showing the green signal or like the woman-worker making soles in a leather factory. Such people are incapable of doing any other work save their own. This extreme division of work is degrading (CWMG 78:163).

Apart from dignity of labour, aspects that concerned Gandhi included equality in wages and provision of suitable and hygienic work conditions. Presenting verbatim,

It has been proposed that we should insist on the village artisan getting an adequate return for his labour in connection with all articles produced or sold under the aegis of A.I.V.I.A. (All India Village Industries Association). For this purpose it will be necessary to fix a working wage standard. Such standard should be the same for either sex for equal quantity of work. It may be based on an eight-hour day with a prescribed minimum output (CWMG 61:249).

Significant to add, Koshal and Koshal on Gandhi's concept of minimum living wage and its global recognition,

... the standard wage should be a minimum wage based on the criteria of providing to the workers enough for a reasonably balanced diet. This Gandhi defined as the 'minimum living wage.' Later its concept was adopted by the International Labor Organization as one of the standards for fixing wages (1973:202).

I. *Inclusive approach*

As is a matter of common knowledge, Gandhi's emphasis was on egalitarianism and inclusive development, echoed by the concept of *sarvodaya*. In particular, he was concerned about the welfare of the weakest. In Gandhi's words, "Indeed, the test of orderliness in a country is not the number of millionaires it owns, but the absence of starvation among its masses. (CWMG 13:312)." In this vein, Narain writes,

'Daridranarayan' approach meaning God of the poor or God appearing in the hearts of the poor ... It is on this deep feeling of spirituality and divinity of man that Gandhi based his economic order. (1991:151).

Interestingly, Gandhi's concept of equality was not dividing the cake equally. Rather, it was dividing according to 'each as per their needs'. Gandhi provides an interesting analogy to prove his point, 'The elephant needs a thousand times more food than the ant, but that is not an indication of inequality' (CWMG 83:26).

J. *Salt March*

It would be interesting to elucidate certain essential elements of Gandhian economics on the basis of two popular Gandhian movements: *Salt March* and *Swadeshi Movement*. Having witnessed India's exploitation by Britishers as a result of a number of policies such as heightened taxes and distorted import duties, destruction of a number of industries in the Indian economy especially handicrafts and other village industries, constraining of domestic entrepreneurship, imposition of foreign rule and customs, discrimination, low investment in education, nutrition or health of the masses, Gandhi formulates his future course to withdraw

‘all voluntary association from the British government’ and ‘prepare for civil disobedience, including non-payment of taxes.’ (CWMG 42:385). It was on the 12th of March, 1930 when Gandhi began his historic march and urged people to delinquent payments related to salt fearlessly.

‘Victory or Death’ - with this as motto Mahatma Gandhi started on his Civil Disobedience campaign in the morning at 6.30 with a batch of 79 satyagrahis. Large crowds assembled along the route, and shouted ‘Gandhi-ki-Jai’. (The Indian Annual Register 24:30).

But, out of all things why was such a basic and low-priced item such as salt be chosen for the resistance? This issue has attracted the attention of several writers. It would be insightful to present two such views here. First, Bandyopadhyay writes,

... of all grievances, salt tax seemed to be the most crucial one for many reasons. It affected all sections of the population and had no divisive implication. It did not threaten government finances or any vested interests and therefore would not alienate any of the non-Congress political elements, nor would provoke government repression. And finally, it could be made into a highly emotive issue with great publicity value (Bandyopadhyay, 2009:317-18).

And, Johnson writes,

Gandhi chose salt as the core issue of the campaign because he realized that salt was a necessity of life for all, especially the poor who suffered most as a result of the salt tax. Many members of the Congress were nonplussed by his choice. They did not understand Gandhi’s connection with the masses (2006:31).

It is actually the very choice of salt as an issue for a march that exposes the development economist in Gandhi. As is common knowledge, the salt march was provoked in response to grave injustice caused on the poor people when Britishers did not even spare a basic necessity like salt. Viewing from the aspect of elasticity, salt is a basic consumption item and therefore its demand is extremely inelastic. In a just and progressive tax framework, the luxuries should be taxed at higher rates while necessities should be exempted from the burden of taxation. Comprehensibly, Gandhi could see the unjust economic implications of such a move on the poor and this explains Gandhi’s anger and indignation against the tax.

K. Swadeshi Movement

While the salt march is known to have had little impact on British government’s revenues, Gandhi’s call for putting a complete stop to import of foreign cloth did affect the revenue adversely (Johnson 2006:34). It is on Gandhi’s insistence on swadeshi and promotion of localized production, that one can view the congruity with the ‘infant industry argument’

(Koshal and Koshal, 1973 and Dugger, 1982), which is a temporary step taken towards the creation of self-sufficient village based economy and the elimination of forces that create dualistic structures that lead to unilateral, distorted and unbalanced development. It would also be pertinent to mention that the motive for Gandhi's drive for *swadeshi* rested in imperialism; in contrast to today's wave of anti-globalization, that may be explained by nationalism and capitalism (with its accompaniments examined above).

To recapitulate, the search for the appropriate choice of technique, the concern for unemployment and environment, the inclination for ensuring balanced regional development via the development of village industries and localisation in production and consumption and the incorporation of ethics are some of the ways in which the study finds congruity in principles of economics and Gandhian Economics. Yet, there are several aspects where the two stand at contrast. Austerity versus advertising, minimalism versus maximalism, less is better versus more is better, morality versus market mechanism, moral persuasion versus moral hazard, social service versus self-interest, voluntarily embracing poverty versus poverty eradication schemes, and dignity of labour versus division of labour are some of the contrasting shades in the two.

5. Concluding Remarks

A careful reading of Gandhian ideas is sufficient to acknowledge Gandhi's relevance in India and the rest of the world. Such a reading enables us to view the Gandhian ideas inherent in myriad dimensions including environment sustainability measures, peace and conflict resolution programmes and Corporate Social Responsibility (CSR). Gandhi's reflection can be observed in several of the current programmes and schemes of the government such as Made in India, Swacch Bharat Mission and several others. The employment of the masses was the chief concern for Gandhi, and this forms the basis for naming of the eponymous scheme Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA). Contemporary ideas such as inclusive development and corporate social responsibility are based on society's common welfare and hence may be regarded as the refurbished versions of Gandhi's reconstruction programme.

It may be easy to dismiss or ignore Gandhi's methods, ideas and beliefs. Several reasons explain for the dim view on Gandhian principles. First on the grounds that these are

unrealistic and are impractical. Thus, there is a general lack of credibility in his methods. It is hard to expect that exalted principles like truth, non-violence and humanness will be accepted at large. The Gandhian methods can only be followed by bringing an insidious change. Most often his ideals are regarded to be simply beyond human endurance. Gandhi himself was aware of the problems in adoption of his ideas, yet, he devoted his life working for these scruples. And, based on this impression, some of the other more meaningful recommendations of Gandhi are perhaps neglected. Second, influenced by western theories and models or at other times these been imposed on us by our dominant and dominating trade partners, there is little interest in Gandhian methods. The big consumer-oriented companies, marketing firms, fashion industry, insurance companies, pension funds just work on the principles opposite to Gandhian methods. Third, it is our own selfish interest that has resulted in accentuation of inequalities, poverty and unemployment. Even the natural checks, that is, the trickle-down effect has really not had much dent over inequality. Skepticism may have to be the dominant emotion when it comes to assessing the relevance and applicability of Gandhian methods in the future but these have a historical significance that any Indian should be proud of. India must demonstrate its legacy and values to the world. This was exactly what Gandhi dreamt, to show to the world India's rightful place.

In the end, it is agreed that Gandhi's ideals may be unattainable but so is the state of equilibrium in economics or perfect competition as a market structure. Yet, we study both. Therefore, would like to end the narrative with the following question, if Gandhian methods are impractical, were these not even deemed worthy of placing in the literature on poverty, unemployment or responsible management practices? The present study makes such an attempt to classify Gandhian thoughts, on an interesting line of quest, that is, congruity or the lack of it with the mainstream literature in economics.

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