

## **GANDHIAN ECONOMIC PHILOSOPHY**

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### **ABSTRACT**

Gandhi, the great Mahatma of India, was a man of vision. It was his vision that led Indian freedom struggle to success and secured freedom from British clutches. His political and reformist mind set liberated India then but now time has changed and so did the problems. Now the world is facing problems such as depression, war poverty, unemployment etc., all of them pertain to be coming from the capitalist mind set of people around the globe. Now again, it is Gandhi who comes to rescue with his economic thoughts which are efficiently dedicated to eliminate all type of differences amongst people. Gandhi was not an economist but his views on small scale and cottage industries, swadeshi, sustainable development, trusteeship etc. can be taken together as Gandhian economic thought. His various speeches and articles in magazine, like Harijan, depicts how Gandhi was always skeptical about western economics and its exploitative ideas. We will try to develop Gandhian economy in this paper and will try to understand the reformist potential Gandhi's Economics possess. This paper will try to bring in light how Gandhian economic philosophy is the key to a better society altogether, which would be less greedy and more humane.

**Keyword:** Gandhi, Economics, Swadeshi, Small scale Industries, Village economy, trusteeship, Sustainable.

### **Introduction**

The economy of India is developing mixed economy. It is the world's sixth largest economy by nominal GDP and third largest by Purchasing Power Parity. According to an Oxfam study, the top 1% of country's richest getting richer by 39% as against just 3% increase in wealth for the bottom half of the population. Also 13.6 crore Indians, who make up the poorest 10% of the country is under debt since 15 years. This ever increasing disparity between the rich and poor of

our nation indicates that it is high time for our policy makers to revisit the economic policies so that everyone is on equitable, if not, equal platter.

The aim of this article is to look at an alternative, 'the Gandhian economic thought' and its implication if applied in the present day scenario. Gandhi's ideas on economic structure of a society have not been put into a schematic form by Gandhi himself. They can be put into an array when we analyze his ideas and speeches on related topics. More than words, the actions of Gandhi are certainly more helpful in developing and interpreting Gandhi's economic thought.

Gandhi's idea on Swadeshi Mechanisation, Industrialisation, Trusteeship, Villagism, Product Distribution, etc. can be very crucial in decreasing, if not eliminating the income gap between the rich and the poor. Like all other views of Gandhi, his thoughts on economics were also influenced by the two guiding principles of 'truth' and 'non-violence'. Gandhi believed that work is not just an economic activity, it is necessary for spiritual growth. His emphasis on morally correct goals formed a crucial part of his thoughts. He believed that there is enough resources in the world to satisfy everyone's need but there is not enough resources to satisfy even a single person's greed. Gandhi always believed that a nation should always build a sovereign economy based on its own culture and conditions.

The westernised and capitalistic ideas are being heavily implanted in our economy. But these ideas hardly present a solution to the socio-economic problems of our society. So the relevance of Gandhian thought is self-evident. Many economists offer to have a conjunctive approach which shall include of both the western ideas and Gandhian thought but I would strongly recommend if a distinct choice is made because there is absolutely no point of synthesis between the two ideas. Some people have criticized Gandhian thoughts as non-progressive and dogmatic but we shall bear in our mind the fact that 'Gandhian economic thought' was a 'socio-economic' model which talk more about welfare than about GDP(metaphorically). Another question we shall ask is What do we mean by 'progressive'? The question has to be answered.

### **Literature Review**

The present day blindfolded advent on the path of capitalism, exploitation of the poor by the rich, submergence of village economies etc. has posed a moral obligation on economists all around The world to ponder upon the present economic system. The discussion over this heated issue has further been intensified in recent times where in pursuit of monetary sufficiency, people are forgetting about moral values and having depression is more likely than having sympathetic attitude. Gandhian economics comes up as the answer.

In his book, 'The economic Philosophy of Mahatma Gandhi' , Dr. Shanti S. Gupta has highlighted the major problems that world is facing and how Gandhian economics tend to be a

promising solution. He has highlighted how money and markets are not in a stable condition and how it leads to the problem of distribution of the resources. He has also taken into account the socio-political setup which Gandhi has provided as alternative.

Best works on Gandhian economy has been done by Pani, N.(2002), Bhumali, A. (2014), Nachane, M.(2007) and Iyengar, S.(2005) among others.

Dr.Usha Arun Chaturvedi, in her article, 'Gandhi- A unique Practical Economist' says, ' Gandhi knew that the major part of human life is busy in economic activities. In that case economic activities can never be without ethics and non violence. Thus he absorbed ethics and non violence in economics'.

The role of ethics in Gandhi's economics and the accusation of being impracticable has made Gandhian economics as one of the controversial yet significant topic to write on.

### **Objectives**

Gandhi's ideas have a marked influence in every sphere of Indian context. So the ideas of Gandhi on economic structure also left a great deal of impact on Indian masses and policy makers. It is true that there is no organised writing that can be called Gandhi's economic thought or theory. But his speeches and general philosophy of life reflected upon audience some ideas which can be collectively evolved and label them as 'Gandhi's Economic thoughts' to some extent.

This paper tries to develop an economic structure of the society based on principles which Gandhi enshrined in his speeches, actions and general philosophy of life. This article tries to develop an Economic theory on Gandhian principles and also study practicality of such a theory. The Author has tried to compress the vast and varied teachings of Gandhi on the subject of economics into a comprehensive and integrated manner into something which could be labelled as 'Gandhian Economic Thoughts'.

There are large numbers of people who are sceptic about Gandhi's theory of being impracticable. This apprehension is result of narrow understanding of the concept. Gandhi's theories about all the aspects, including economics, have been largely derived from his actions. So the question about impracticable nature of Gandhian economic sounds irrelevant. This paper aims to provide practical aspects of Gandhian economics and also understand the consequences of adopting the same.

### **Gandhi's Idea of Sustainable Development**

The limited resources that nature provides us shall be used judiciously and sustainable. If we

consume them at the ongoing reckless pace, we will be consuming our future in one way. Gandhi prescribed the usage of natural resources in a limited sense and not beyond nature's sustainable capacity. Gandhi criticized consumerism and wanted people to use khadi and cottage industry.

Gandhi's economic thoughts and his inclination towards rural economy was shaped by John Ruskin's novel 'Unto this Last'. He learnt from the book that a conjunction of ethics and economics is something that is required by any society for its optimal working. He gave the concepts of sarvodaya, bread labor, swadeshi, trusteeship and non possession based on his reading of this book and his own concepts of truth and non violence.

### **Swadeshi and Bread Labour**

In one of his speeches Gandhi mentioned that, "to live above the means lifting a poor country is to live on stolen food". He also quote Gita when he said, 'one who eats without labour eats stolen food'. Both the statements imply that Gandhi believe that each man should work to satisfy his needs but there must not be accumulation or overconsumption of resources. In other words, Gandhi emphasized that eat man must earn his bread by his own labour. He said that each man whether rich or poor shall do some bodily labour to earn his livelihood.

Gandhi emphasized on the concept of 'Swadeshi' as well. He advised everyone to consume products that are locally produced or produced in one's own Nation.

### **Trusteeship and Non Possession**

Gandhi believe that if we are trying to take more than what we need then we are no less than a thief. Being possessive about material objects will make a person greedy and it will degrade the socio-economic and moral structure of the society. This was his notion of non possession.

Although he believed in non possession, Gandhi proposed that every man should be paid according to his labour. This may lead to the point that some people could possess wealth and can be called rich but according to Gandhian theory, the rich should use only that part of wealth which he needs to meet his requirements. The rest of the amount should be held by the rich in 'trust' of the society and shall be used for its welfare. He wanted to avoid bloody revolutions, so the method he used for persuasion of rich, if they try to use resources for they greed, was of non cooperation. If the trustees failed to be 'trustful' the poor section of society shall not co-operate with them. He also recommended enactment of some economic laws which could imply the doctrine of trusteeship in the society.

Gandhi in his doctrine of trusteeship denies capitalist views of private ownership and believed that all the resources belong to society as a whole.

### **Emphasis on Rural Economy**

After reading 'Unto this last', Gandhi's ideas about suburban and rural life changed a lot. Regarding rural economy he recommended the structure where, "Production was simultaneous with conception and distribution and the vicious cycle of money economy was absent.

Production was for immediate use and not for distant markets". He levied heavy emphasis on achieving benefits for every member of the society. His idea of development of a nation heavily relied on the development of villages. His village economy comprised not only of agriculture but also of other occupations like beekeeping, animal husbandry, small handlooms etc. He also said that there should be a charkha in every house and everyone shall contribute.

Gandhi felt that economy of India should be reconstructed from The Grass root level i.e. the village level. He demanded that there must be appropriate decentralization and villages shall be given rights to have a bit of control over their economic structure. He felt that once the exploitation of farmers stop, India will advance towards becoming self reliant and the concept of swadeshi can be fully realized.

### **Gandhian Economics- Practicable or Utopian**

There is no dearth of people who label Gandhian teachings as impracticable. Most generalised conclusion given by the critiques usually suggests that Gandhian teaching may only be practiced by industrially backward countries. Other criticisms include, 'Gandhian plus violence is communism', etc. These questions must be answered to make Gandhian thoughts as 'economic model' and not just an 'economic theory'.

People criticize Gandhian theory as impracticable but one can clearly point out that these criticisms are also merely theories. One cannot say that water is warm or cold, if he has not touched it. Similarly, without adopting the Gandhian Economic thoughts, one cannot and should not discard it as impracticable. Even Marxism was considered Utopian before being successfully practised in USSR. But who will call it an Utopian now?

In order to categorise Gandhian Economic thought as practicable or not, we either need to practice or understand the principles to the core and analyse whether they serve present needs or not. His views on Village Industry, Khadi. Small scale Industry, Swadeshi, Sustainable development etc. become much more relevant today because of ruthless exploitation of natural resources that has become a widespread phenomenon. So to Gandhian economic thoughts as Utopian we are neglecting practicality that is underlying these core principles. To call Gandhi's economic state, 'A Utopian' or 'Impracticable' without even trying to adopt it is completely irrational. Moreover, many Gandhian principles on socialism has already been enshrined in the

constitution of India. So, to call it as impracticable is nothing less than an ‘intellectual misconception’.

### **Gandhian Economics- The Key to Peace**

From the earliest of times, human civilization tried to find the answer to the question, ‘What can be done to improve human standard of life?’. Western economist and philosophers were first to bring an answer. From Adam Smith propounding ‘Free Market Theory’ to Socialism of the west, various solutions sprang up on the scene. The nations who followed them began to prosper. When everyone believed that the way to ultimate prosperity has been found, there came a halt. The capitalistic mind turned greedy and became one of the reasons for 1<sup>st</sup> and 2<sup>nd</sup> World War. People began to realise that, Capitalism and Socialism cannot be the solution as they just differ on ownership and distribution of means of production. So they turned towards east for the solution and Gandhi, who lived in west as well as east, was the right man to provide a solution.

After the two wars, the same question was on the face of it, ‘Whether the living standards improve, are we happier than before?’. The answer was not in affirmation. Gandhi, the Mahatma of India, believed that the unrest and turmoil that is prevalent because people have focused more on matter and material comforts while neglecting human values. Gandhi believed that the distinction between happiness and pleasure shall be clearly laid out and understood. He feels that the greed has led to ‘ever increasing human wants’ which are being fulfilled by extensive exploitation of resources and ‘use of complicated machinery’. Such thrust towards materialism will also lead to ‘uneven distribution’ of factors of production. Gandhi considered these as biggest problems in development and opposed western views perpetuating it.

### **Gandhi vs West**

#### **Ever Increasing Wants**

According to Gandhi, the root cause of all economic problems is a man's greed. People feel that their happiness is directly related to the number and variety of goods they consume, as this is what Western economics have taught them. Gandhi, on the other hand, believes that consumption shall be done undoubtedly for happiness but one has to understand the demarcation between happiness and pleasure. He wanted people to understand that happiness is not proportional to number of commodities we consume. Ruskin, who's thoughts highly influenced Gandhi, feels that if we could provide our body with essential things and help others in getting them then only we can be happy. According to Gandhi, happiness is a state of mind and is nowhere related to richness of a person. This can be seen in today's life when we see a very rich person stressed out. Such a person cannot be called happy in anyway whether it is physical or mental.

Gandhi believed that material progress is not same as moral progress. He felt that moral progress is the real progress and material progress (Economic Progress) cannot be a measure of it. In one of his speech in an event organized by economic society of Muir central college, Gandhi said

“..... Rome suffered a moral fall when it hurt and a high material affluence. So did Egypt and so perhaps most countries of which we have any historical record. The descendants and kinsmen of the royal and divine Krishna to feel when they were rolling in riches.”

Gandhi not only regarded that moral progress is not same as material progress but also felt that material mind set of citizens has negative influence over a country's progress.

### **Machine Era**

In western Nations, mechanization was thought as a necessity because they did not have sufficient labour to match their ample resources. Western economists justify mechanization and industrialisation as the 'need of the hour'. Gandhi criticized that even in the west mechanization has slowly been decaying the economic harmony and has resulted in a bag full of problems such as displacement, unemployment etc. In this context, Gandhi seems to have similar views as of Karl Marx as he felt that rapid mechanization could lead to international conflicts and even to wars. He felt that mechanization has led to exploitation of one country by another. He felt that if such mindset prevails, it would be disastrous as he said

“God forbid that India should ever take to industrialism after the manner of the west. The economic imperialism of a single tiny kingdom (England) is today keeping the world in chains if the entire nation of 300 million took two similar economic exploitation it would strip the world there like locusts.”(Harijan, 1939)

More than production, Gandhi was afraid of uneven distribution of resources. He felt that the present system would handover major resources and powers to only a handful of technicians, managers, and businessmen. Economists across the globe agree that more even distribution of purchasing power means more satisfaction and happiness. Mechanization has led to centralisation which means there is a possibility of slumps and booms (trade cycles). Gandhi was of the view that centralised production, and hence mechanization, has led to disturbed equilibrium of supply and demand. This roundabout system of distribution causes series of depressions and booms which are not healthy for an economy as a whole.

### **Methods of Distribution**

Gandhi differed from Western economists on their views regarding the ways in which the produce shall be distributed among the people. The Western economists argue that any 'factor of

production', may it be a human, cannot get more than his 'Marginal productivity' as wage. Gandhi disagrees and poses the question that, Is the marginal productivity of a labourer so low that he cannot fulfill his basic needs? And Is the marginal productivity of a capitalist so high that he can have all the amenities of life? If yes, then why is there such a discrepancy? Can it be corrected? If yes, then justice shall be served. Gandhi felt that it is the starving condition, initiated by the rich capitalist class, which annihilated the working capacities of relatively poor class. Gandhi wanted that the poor shall be provided with some basic amenities and then only their productivity shall be measured. Gandhi was critical of constant exploitation of poor by the government and the rich. He felt that the people who really produce food, milk etc. are the people deprived of it.

Gandhi, like Keynes, appear to argue that if such a theory is accepted and factors are paid according to their marginal productivity then it would lead to an even distribution of wealth. Such an uneven distribution, besides creating social problems, will lead to reduced propensity to invest and propensity to consume. Consequently an economy will face adverse levels of income and employment. Gandhi felt such faulty concepts perpetuated by West have been the root cause of present social, political and economic unrest. Gandhi thus came out with ideas of his own which an economy should constitute.

### **Relevance of Gandhian Economic Thoughts for Today's India**

Gandhian economic thought keeps rural and village economy as the centerpiece of the entire setup. The one sided development of capitalists in a 'laissez-fair' Economy has grown the distance between the rich and the poor. Only entrepreneurs, capitalists, and businessmen are getting the bigger share of the pie. So in the present day scenario where the rich are getting richer and the poor are getting poorer, it is the Gandhian economy which comes to rescue. The socio-economic equity guaranteed by the constitution to every citizen can be served, even in today's unfavorable conditions, if we follow Gandhian principles. For ex:- the development of small scale industries and cottage industries would bind the villages too mainstream economy. It is quite evident that most part of India lives in villages and if we want to 'Make in India' a reality, we need to begin with swadeshi. Development of small scale industries could solve the mammoth problem of unemployment that Indian economy is facing. If people accept Gandhian principles, they will tend to be contented with their possessions and be compassionate towards the needs of their fellow countrymen which in turn is the biggest strength of any Nation. Gandhian socialist principles are not only relevant in Indian context but also for other countries. Countries which are trying to follow socialistic principles in policy making include Denmark, Finland, Netherlands, Canada and Norway whereas countries pursuing capitalism in recent times include Germany, China, United States of America, Japan and India. Let us have a look at the happiness index of all these countries.

Source: World Happiness report 2018, Published by United Nations



S.No.	Country's Name	Ranking	Score
1	Finland	1	7.632
2	Norway	2	7.594
3	Denmark	3	7.555
4	Netherlands	6	7.441
5	Germany	15	6.965
6	USA	18	6.886

From the above table it is clear that the countries which are developing on the socialist lines are happier than those developing on capitalist ideology. Obviously there are other factors that affect such calculation, but all such factors are mostly derived from the fact that whether a country is socialist or a capitalist. The Bar graph clearly shows that the Socialist country score way better than Capitalist country when it comes to overall happiness of its citizens. India, which is turning more towards capitalism recently, has to acknowledge the fact that long run happiness in such a diverse nation can only be attained by adopting socialist principles and we shall strive towards them.

**Conclusion**

Gandhi’s economic ideas seems to be ‘timeless concepts’ i.e. they can be implemented at any point of time without losing its relevance. Some of Gandhian economic principles have been enshrined in the Indian constitution and they have helped India to have a better socio-political structure altogether. As we have developed in this paper, Gandhian economics can be broadly constituted as an economic model and is ‘Practicable’. Against all accusation of being Utopian Gandhi’s economics stand strong.

One must bear in mind that Gandhi developed his economic ideas on empiricist lines i.e. after observation. So, the solutions that it offers are of the problems which are practical and prevalent in day to day life. So it has to be practicable. The ideas of swadeshi, small scale industries, etc. were borne out by reflection upon problems of the west. Gandhi was cautious in being critical of mechanisation as they did not regard it completely wrong but only some aspects of it. He felt that

too much mechanisation could become the initial cause of growing disparity between rich and the poor. Over and all, Gandhian economics offer a way out from depression, disturbed socio-political order, unemployment, high scale poverty, degrading moral values, etc. This economic theory shall not only be practiced by India but also by any and every nation for constant development of humanity.

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