Gandhi’s economic thought and
globalisation: Some reflections

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Professor Sudarshan Iyengar is economist by discipline and an acclaimed educationist in Gujarat. Though a southerner, he has grown up in Gujarat, his permanent home State by now. He has served in different capacities in some of the well known educational and research institutes in Gujarat and has recently been appointed as the Vice Chancellor of Guajrat Vidyapith, the university established by Mahatma Gandhi himself during the days of freedom struggle. We are happy to publish his scholarly paper in this issue on a very important topic which will continue to attract the attention of scholars and concerned citizens.

Professor Iyengar finds two major sources where Mahatma Gandhi has shared his thinking on the subject of economics, namely the book “Hind Swaraj” written in 1909 and his speech delivered at Muir Central College of Economics Society in Allahabad in the year 1916. He has quoted several other authorities on the traditional thinking on the subject. He has presented the views of eminent Indian economists who support Gandhian thinking.

He has also dealt with the definition of globalisation and the effect it is having. He points out the pitfalls of the process and concludes that the thinking of Gandhiji on the subject of economics is more worthwhile for the wellbeing of mankind.

I wish to begin my reflections on Gandhian economic thought in the context of globalisation and changing international economic scene with reference to Hind Swaraj, a book that Gandhi wrote and published in 1909, because Gandhi’s thought on economics and subsequent development of Gandhian economic thought can be perhaps traced to Hind Swaraj, in which Gandhiji has mainly assessed the modernisation of England and Europe and has anticipated ill effects of it on the Indian society if the latter tried to follow the former blindly. After highlighting the points that emerge from Hind Swaraj with respect to economics, I plan to undertake a brief review covering comments on the status of contemporary society in India and outside. I will then look at the trends that are getting set in the new economic environment under the broad rubric of globalisation and finally analyse the relevance or otherwise of the underlying principles in the Gandhian economic thought.

Rajamohan Gandhi (1995) in his chapter titled ‘Hind Swaraj’ notes the following in the context of Gandhian economic thought.

“I for one am unable to accept the sweeping statement: The tendency of the Indian Civilisation is to elevate the moral being, that of the Western civilization is to propagate immorality. The latter is godless, the former is based on a belief in God’ (Ch. 3). The torch held by Hind Swaraj’s author does not throw an even light on the terrain under examination. Some portions remain in darkness while the shape of others is distorted or exaggerated. Yet no study of the historic encounter between the Indian and the Western civilizations can ignore Hind Swaraj; neither can any study of the workings of Gandhi’s mind (P 139)”
Gandhi wrote *Hind Swaraj* in 1909 and then on December 22, 1916, he was invited by Kapildeva Malaviya to speak to the members of the Muir Central College Economics Society Allahabad, and he delivered the talk that was titled “Does Economic Progress Clash With Real Progress?” That is perhaps the nearest he came to comment upon Economics as a discipline and what he had to say about it. And while doing so he was actually aware of his limitations in it, yet he thought that the people belonging to the discipline should perhaps think on what he had to offer, as his understanding of the subject should be also doing.

“Frankly and truly, I know little of economics, as you naturally understand it. Only the other day, sitting at an evening meal, a civilian friend deluged me with a series of questions on my crankisms. As he proceeded in his cross-examinations, I being a willing victim, he found no difficulty in discovering my gross ignorance of the matters. I appeared to him to be handling with cocksureness worthy only of a man who knows not that he knows not. To his horror and even indignation, I suppose, he found that I had not even read books on economics by such well-known authorities as Mill, Marshall, Adam Smith, and a host of other such authors. In despair, he ended by advising me to read those books before experimenting in matters economic at the expense of the public. He little knew that I was a sinner past redemption. My experiments continue at the expense of trusting friends. But there come 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, turn neither to your left nor right, but keep to the straight narrow way” (Collected Works, Gol, 2000).

The tone he has set in the *Hind Swaraj* continued in his 1916 lecture. He hardly changed it later, for he himself has said that he never had any final view on anything. His experiments and experiences gave him new insights. He had categorically mentioned that to know his position on any particular matter, one should always refer to his latest writing or utterance. On his thoughts on the civilisation and economic order that he had expressed in *Hind Swaraj*, he had declined to change even in 1939. He wrote a message for the February 1938 edition which was published in an English monthly ‘Aryan Path’, that if he were to write the Book again then he would only change the language here and there. He would change very little in the original position that he had taken in 1909. The central thesis to which he sticks to throughout was about the moral progress vis-a-vis material progress and as is clear in his 1916 Lecture, the former was the real progress also.

To the group of economists and other Professors and scholars who had gathered that evening in the College of Allahabad what did Gandhi have to offer? Let me first start with his statement about the inner voice that, according him, guides the action in the ‘right’ direction during some critical moments in life. Obviously, this peculiar position would not be acceptable to many scholar friends. Gandhiji by invoking the strength of the inner voice admitted that he was taking the position without going through the intellectual exercise of the body of knowledge which existed at that point in time. But he said that he was convinced about the position he took. He said, “by economic progress, I take it, mean material progress without limit and by real progress we mean moral progress, which again is the same thing as progress of the permanent element in us” (Collected Works Volume 15, P 274). He has then commented upon the material progress without limit.

According to him, the society that prospered materialistically experienced a moral fall. Rome suffered a moral fall after it achieved material affluence. The Yadavas ruined themselves morally when they were rolling in riches. Gandhiji thought that an ordinary measure of morality is possessed by most including the very rich, but material gain by
them did not ensure moral richness. Sharing his longstanding observation of the society and rich people in him he said, “I observed almost invariably that the greater the possession of riches, the greater was their moral turpitude. Our rich men, to say the least, did not advance the moral struggle of passive resistance, as did the poor. The rich men’s sense of self-respect was not so much injured as that of the poorest. If I were not afraid of treading on dangerous ground, I would even come nearer home and show you that possessions of riches have been a hindrance to real growth”. Gandhiji then say that Jesus Christ was the greatest economist of his time. Quoting the dialogue between the Christ, a citizen and other disciples described by St. Mark, Gandhiji emphasises in the lecture the virtue of sharing wealth in the service of the poor and have-nots. The point that he brings out is against amassing wealth. Later he has formulated *aparigrha* (non-accumulation) as one of the principles he has advocated.

Gandhiji gave illustration from Christianity may be because of the important presence of the English Professors and scholars in the gathering. He appeared aware of this because he makes this point. “I have not taken trouble of copying similar passages from the other non-Hindu scriptures and I will not insult you by quoting in support of the law stated by Jesus passages from writings and sayings of our own sages, pasages stronger even if possible than Biblical extracts have drawn your attention to ........... Jesus, Mahomed, Buddha, Nanak, Kabir, Chaitanya, Shankara, Dayanand, Ramkrishna were men who exercised an immense influence over and moulded the character of thousands of men ... And they were all men who deliberately embraced poverty as their lot” (Collected Works 2000, Volume 15 P 276).

Gandhiji then talks about the craze for materialistic progress and argues pursuing materialistic goals is fall from ideal. He says, “that you cannot serve God and Mammon is an economic truth of the highest value” (Collected Works 2000, Volume P 277). He recommends building of truly spiritual nation (not by boasting about the glorious past) and sought the kingdom of God that would be real economics.

It can be readily seen that his reservation was to limitless material prosperity in the society. Gandhiji in *Hind Swaraj* explains the implications of fall in the moral standards in the society following material prosperity. England was at the most prosperous nation in the world when the *Hind Swaraj* was penned. First World War was still five years away. America was already emerging as the land of great wealth. In his December1916 Lecture he takes note of America emerging as the role model for material progress. Gandhiji's reflections on the modern civilization were largely based on the conditions in England. In fact, chapter five is titled as ‘Condition of England’, where Gandhiji criticises the Parliament as an institution governing society. The central concern of Ganghiji was the politicians in British Parliament were only after capturing and retaining political power and rule and they were by and large not worried about the welfare of the people. He has criticised the print media for not being serious and sincere in assessing people and events and act as an objective guide to help in assessing their leaders. Towards the end of the chapter he ascribes the condition of England to the modern civilisation when he says, “It is not due to any particular fault of the English people, but the condition is due to modern civilisation. It is a civilisation only in name. Under it the nations of Europe are becoming degraded and ruined day by day” (Parel 1997, P 33).

The next chapter in *Hind Swaraj* is on civilisation. Gandhiji in the chapter says that people thought that living in better built houses, wearing variety of clothing, wearing shoes were all parts of the civilised society. Instead of spears people carried revolvers containing five or more chambers. Ploughing land with steam engines and making wealth were called a sign of civilisation. Flying from one place to the other place was considered height of civilisation. He visualises the future in the following manner. “As
What Gandhiji saw in England during his stay made deep impressions and reflected in the following way in the *Hind Swaraj*. “Civilisation seeks to increase bodily comforts, and it fails miserably even in doing so. The Civilisation is irreligion, and it has taken such a hold on the people in England that those who are in it appear to be half mad. They lack real physical strength and courage. They keep up their energy by intoxication. They can hardly be happy in solitude. Women, who should be queens of households, wander in the streets, or they slave away in factories. For the sake of a pittance, half a million women in England alone are labouring under trying circumstances in factories or similar institutions” (Parel 1997, P 37).

Bodily comfort and rush to acquire bodily comfort is what Gandhiji has criticised most. In his December 1916 Lecture he introduces the concept of voluntary poverty. The saints and reformers he mentions were during their times living examples of voluntary poverty in order to achieve high moral standards. It is clear from the *Hind Swaraj* and the Lecture that material prosperity did not ensure high moral standards instead, run towards material prosperity brought the moral standards down and led to decay of the society.

**Are the societies decaying?**

Did Gandhi change his thinking on economic issues and his vision on ‘modern’ civilisation? As I have stated earlier, he did not at least until 1938 when the *Hind Swaraj’s* new edition was brought out. What has been the assessment of some others about the changing world? Jayprakash Narayan writing a Forward to J. D. Sethi’s book says, “I do not deny that there has been considerable progress in the past thirty years in the economic fields and that remains our very valuable asset. But along with that our problems and liabilities have become far more serious and menacing. The polity and its institutions have been seriously eroded. Some institutions have been destroyed just to satisfy the lust of power of one or a few individuals ....... The moral fibre of our society has been shred to pieces” (Sethi 1978, P VIII)

Sethi himself while writing a Foreword seven years later in 1985 comments on the Indian society (Diwan and Lurz, 1985). He says that the new economic problem was that of insatiability created by contrived wants, artificially boosted consumption through credit, and instalment planning and structural inflation. Continuous expansion of production produced new environmental problems which have created scarcity and threats of new kinds. Real scarcity has been contrived scarcity and, as Harry Jonson has remarked, “the successful definition of the economy depends on reiterating the contrivance” (as quoted by Sethi in Diwan and Lutz 1985 P XV). Gandhiji would have termed this as the falling morals due to greed.

Diwan and Lutz have following to say on the American society that has undoubtedly attained immense economic prosperity compared to all other nations in the world. The context is of discussion on benevolence and malevolence in welfare economics. They note, “In the rich countries the quality of life is deteriorating even if the standard of living has phenomenally improved. The value of family life and other social values are
breaking down. A substantial number of children have never lived with both their parents. The single parent household is a process of becoming the majority of the households in United States. Kidnapping and various forms of child abuse are now a national phenomenon. The adult life is marred by anxiety and job street. Work for a large majority of workers is both stressful and meaningless. There is growing scarcity of joy or pride in the work done. Old age is full of loneliness. Life has, no doubt, been prolonged, but the lifestyle in many places has become more like a nightmare. ...... Crime has become so commonplace that police often cannot even care about burglaries, even rape, being busy as they are with murders and other serious injuries” (Diwan and Lutz, 1985 PP 3-4).

There has been some complication in making the assessment of economic development especially after 1970. Rapid economic growth has created immense pressure on the natural resources base such as land, forest, water and air. Overexploitation and pollution are two menaces in the context of the use of both renewable and non-renewable natural resources. Changing social fabric and moral standards in the society as a result of rapid economic change has been relegated to back stage. A new movement, namely the environment movement has emerged and it is fairly powerful. Morality and values have been brought to the discussion via the irreversible damages being caused to the nature. The conventional development models have supposedly led to disaster and destruction. ‘Sustainable Development’ is the concern of groups spearheading the environmental movement. There is a lot of literature reflecting the views and analysis based on environmental concerns. In this paper its review is not attempted. But, it is revealed to note that the scholars, activists and practitioners basing their work on Gandhian thought have clearly sided with the environmental movement in the world in general and the country in particular. There have been some serious arguments relating to the present crisis with the Gandhian path, and it is argued that had the society followed the Gandhian path the possibility of achieving sustainable development was high.

Globalisation : the new trend

By now thousands of papers and hundreds of books have been written on the topic. One can be sure that there are many definitions trying to explain globalisation. Many see it as a primary economic phenomenon, involving the increasing interaction, or integration, of national economic systems through the growth in international trade, investment and capital flows. However, one can also point to a rapid increase in cross-border social, cultural and technological exchange as part of the phenomenon of globalisation.

The sociologist, Anthony Giddens, defines globalisation as a decoupling of space and time, emphasising that with instantaneous communications, knowledge and culture can be shared around the world simultaneously. A Dutch academic Ruud Lubbers defines it as a process in which geographic distance becomes a factor of diminishing importance in the establishment and maintenance of cross-border economic, political and socio-cultural relations. Left critics of globalisation define the word quite differently, presenting it as worldwide drive towards a globalised economic system dominated by supranational corporate trade and banking institutions that are not accountable to democratic processes or national governments. Yet another view suggests that globalisation is an undeniable capitalist process. It has taken off as a concept in the wake of the collapse of the Soviet Union and of socialism as a viable alternate form of economic organisation.

On when did globalisation start there is no agreed starting point, but considering the following helps understanding of globalisation. The first great expansion of European capitalism took place in the 16th century, following the first circumnavigation of the
earth in 1519 to 1521, although this is the explanation in the Western history. India carried out international trade even before the Christian era began, that too was a kind of globalisation. There was a big expansion in world trade and investment in the late nineteenth century. The First World War and the both of anti-free trade protectionism that led to the Great Depression in 1930 brought this to a halt. Some see this period as an interruption to the process of globalisation commenced in the late 19th century.

Looking from another perspective, a sense that the world was united was generated by the establishment of the International Date Line and World Time zones, together with the near global adoption of the Gregorian calendar between 1875 and 1925. During that period, international standards were also agreed for telegraphy and signalling. The end of the Second World War brought another great expansion of capitalism with the development of multinational companies interested in producing and selling in the domestic markets of nations around the world. The emancipation of colonies created a new world order. Air travel and the development of international communication enhanced the progress of international business. The fall of the Berlin Wall and the collapse of the Soviet Union ended the cold war between the forces of capitalism and socialism with capitalism triumphant. The development of the internet made possible the organisation of business on a global scale with greater facility than ever before.

The chief concerns that are being addressed are five as listed by Wharton school sociologist Guillen (2000).

Is it really happening?
Does it produce convergence?
Does it undermine the authority of the nation state?
Is globality different from modernity?
Is a global culture in the making?

The believers and especially practitioners in Gandhian thought and philosophy by and large have taken anti-globalisation stand. In their understanding, globalisation is bad and anti-Gandhian. Globalisation means onslaught of foreign capital and technology destroying the inland systems of production, exploitation of workers in the poor countries and most importantly, cultural invasion and market expansion. Most of them think that it is really happening and will ultimately undermine the autonomy and authority of nation states. Multination National Companies (MNCs) are specially targeted for attack and it is postulated that the MNCs will ultimately undermine the authority of nation-state. The debate in literature on the cultural invasion and market expansion has brought that the main player that is definitely gaining is America. In fact, the perceived threat is that of ‘Americanisation’.

When cross-border trade in goods and services take place some cultural integration is also bound to take place. A report by the UN Educational, Scientific and Cultural Organisation (UNESCO) showed that the world trade in goods with cultural content almost tripled between 1980 and 1991 from 67 billion dollars to 200 billion dollars. These figures would have further scaled new heights. At the core of the entertainment industry - film, music and television - there is a growing dominance of US products. World Trade Organisation rules do not allow countries to block imports on cultural grounds.

It is argued that one of the consequences of globalisation will be the end of cultural diversity, and the triumph of a uni-polar culture serving the needs of transnational corporations. Hence the world drinks Coca-Cola, watches American movies and eats American junk food. English is the language of globalisation; by 2050 half the world will
be more or less proficient. What are the implication for languages as repositories of culture and identity? American culture is seen to be dominated by monetary relationships and commercial values replacing traditional social relationships and family values.

Gandhiji in his *Hind Swaraj* and subsequent writings and utterances was mainly concerned with the last two questions relating to modernity and global culture. His position on economic philosophy was more fundamental relating it with morals and ethics for earning and spending. Similarly, he did define in his own way a modern civilisation for Indians and India that had to be different from the then England and British. In the next section, therefore, I revisit the basic tenets in Gandhian economics and then comment how globalisation may be viewed in Gandhian frame.

**Gandhi’s economic thought and globalisation**

Gandhiji was keenly aware of the strong disagreement on the position that he took on economics. Following his Lecture on December 22, 1916, *The Leader* carried the story on December 25th and reported what Professor Stanley Jevons had commented. He has said that it was necessary for the economists to exist. It was not their business to lay down what the end should be. That was the business of the philosophers. Most likely Professor Jevons might not have read the *Hind Swaraj* because Gandhiji has been so unequivocal on the issue of means and ends that he would never give up his position on the necessity to link means and ends. Rajmohan Gandhi (1995) quotes Gandhiji on means and ends with respect to violence, which again is a value that was very central to the economic systems propagated by him.

Rajmohan Gandhi says that Gandhi’s case on means and ends against violence was compelling. “If I want to cross the ocean, I can do so only by means of a vessel; if I were to use a cart for the purpose, both the cart and I would be at the bottom ... The means may be likened to a seed, the end to a tree; and there is the same inviolable connection between the means and the end as there is between the seed and the tree” (P 140)

Moral value was extremely important for Mahatma Gandhi. Economics without ethics and ethical consideration was not warranted. Dasgupta (1996) in his comprehensive analysis on Gandhi’s economic thought had dealt with the subject thoroughly. According to him, Gandhi’s approach to economic issues was explicitly based on ethical considerations. Gandhi insisted that the relationship between the economics and ethics works both ways. While economic concepts were laden with ethical implications, ethics too must descend from the clouds and become ‘good economics’. Ethics, Gandhi is saying, is not simply an exercise for philosophers, a convenient handle for sharpening their wits on the logic of extreme. It must be relevant to the ordinary business of life where one’s options are limited by resource constraints. Ethics by its nature is an enterprise for worldly, a guide to the perplexed; and its answers, to be credible, need to be economically viable. ‘No person in the world has found to maintain something which is a source of constant economic loss.’ (Dasgupta 1996, P 7)

The foregoing expression also clears Gandhiji from the possible branding of him as a deontologist. It is convincingly argued and one has to accept this that Gandhiji was quintessentially a consequentialist. For him individual was the unit. That is where the ‘antyodaya’ had been born from ‘Unto This Last’. He was an individualist and not a collectivist. Gandhiji argued ‘if the individual ceases to count, what is left of society?’ Social choice, which was dictatorial or imposed, could not properly be regarded as choice at all and satyagraha in the form of non-violent non-cooperation always remained a valid option (Dasgupta, 1996).
From the foregoing analysis it should be somewhat clear the Gandhi's economic thought cannot be brought into the framework of the economics discipline as it has emerged. However, it is possible to explain the implication of Gandhi's economic thoughts on the microeconomics and macroeconomics tenets.

Let us first examine the implications for individual behaviour in the microeconomics framework. Edgeworth averred more than a century ago that the first principle of economics was that every agent was actuated only by self-interest (Diwan and Lutz, 1985). From there arises the maximisation behaviour. It is here that the ‘economic man’ was born.

This ‘economic man’ is unacceptable to Gandhiji. It is here that he parts company with the standard economics. According to Dasgupta (1996), it is Gandhiji's conviction that one's behaviour as an economics agent cannot be isolated from one's behaviour as an autonomous moral agent. In this context Gandhiji brings in *self restaint*. Then he talks about limiting wants. In his scheme wants cannot be unlimited and hence they would have to be controlled. Those who have should not be aspiring for more and more and more.

Elaborating on this M.N Raval in a short article titled “Contentment and Containment of Wants – A Suggested Interpretation”, introduces ‘Gandhi Effect’ which has its basis in ‘asceticism’ and ‘paternalism’. In Economics consumption among different income groups in society has been discussed and it has been argued that different income groups will have different consumption pattern. Veblen had pointed out in this context that there is a tendency of emulation in consumption. He brought out that there is and would be ‘vulgar display of wealth’ by the richer few of the society. This tendency was an important constraint on free choice. Dussenbury carried forward this analysis further and studied and analysed cross-sections’ variations in consumption expenditure of different income groups and termed this phenomenon as ‘demonstration effect’. Since the idea originated in Veblen’s analysis this may also be termed as ‘Veblen effect’.

The economic man and the economic society are so defined that one always feels poor no matter how rich he or she is. The core of this contradiction lies in the consumption theory and not in the production theory. Marshall, the master creator of the consumption theory, had to say, “Although it is man's wants in the earliest stages of his development that give rise to his activities yet afterwards each new step is to be regarded as the development of activities giving rise to new wants rather than of new wants giving rise to new activities” (Diwan and Lutz, 1985).

Gandhi suggested a consumption pattern and behaviour for the affording classes, which was to be moderated by ascetic and paternalistic values. Raval has termed this as ‘Gandhi Effect’. The individual preference function has to be impacted by this. In positive economics there is no scope to introduce this constraint and then maximise utility. Income is the only constraint that is accepted.

Gandhi has categorical suggestions for preferences. In a particular contest (in his case the freedom struggle) this individual preference for ‘swadeshi’ – the home-made – was extremely important. Any economics that could not incorporate this aspect was not good economics for him during the times he led the *ahimshak satyagaraha* against the British. “It is the normative concept of preference, which I shall call 'ethical preference', that lies at the heart of the Gandhian approach to economic theory” (Dasgupta 1996, P 13). The issue is that whether the Gandhian concepts of ascetics and paternalism in consumer behaviour can be incorporated in the modelling. It appears that it should be possible. Professor Kenneth Boulding (as referred by Raval 1971) has opined that it was possible. Boulding says, “Man requires both heroic and economic elements in his
institutions, in his learning process and in his decision making...... The familiar tools (in economic theory) like the Indifference Map and the Edgeworth Box can easily be explained to include benevolence or malevolence. The assumption in demand theory that “tastes are given” is a great illusion and would literally be true for the “birds” whose tastes are largely determined by their genetic structure and can thereof be treated as constant. In human society the genetic component is very small and the largest part of human preferences are learned, by means of mutation-selection process” (Raval 1971, P 118). In Paretian scheme too, welfare proposition does not admit any malevolence. Societal welfare refers to a pure state of benevolence. If it is so then Gandhi is in. Welfare economics discusses externalities negative and positive in consumption. Veblen Effect may be treated as a case of negative externality, and in a similar vein, ‘Gandhi Effect’ may be treated as positive externality. The point is to internalise it.

The paradigm shift has to be recognised. Now if we wish to understand Gandhi’s basic premise for economics we will have to start with the treatment of wants. Why did Gandhi suggest control on wants? He did so because he did understand that human wants given the freedom of choice were insatiable. The societal approach to accept this and then use the science and technology for want satisfaction was not a sustainable approach according to him. For instance, a tooth paste advertisement conveys a message that eating chocolate and ice-cream at any time and whatever in quantity is just fine because the mother should leave the worry of tooth decay to the toothpaste producer who guarantees that the product that they sell will fight the germs 24 hours and arrest the tooth decay. The advertisement simultaneously promotes chocolates, ice-cream and in short, uncontrolled eating (read consumption) and promotes own item of sale that is toothpaste, which according to them uses latest science and technology for fighting tooth decay. Such unbridled consumption clearly implies use of resources (that the neo-classical theory would promise us to believe has been optimally allocated) that are indeed scarce.

Believing and justifying the toothpaste type approach would lead to unsustainable use of natural resource base. Interestingly though, the development of ecological and environmental concerns and theorising around that in economics has already found legitimate space in global policy environment. Efforts in valuation of ecological and environmental services using novel methods of sound and not so sound estimation methods are on, and the game still remains as to how we can get the Hotelling rent rationalised and increase the probability for the application of the Hartwick rule. Ciracy Wantrup who talked about the looming ecological crisis and suggested conservation of flagship species in nature has been in a way relegated to background (For derailed discussion see Hanely et. El., 1997). The mainstream economics is still highly reluctant to enter into ‘lifestyle’ debate. Clearly, the ‘lifestyle’ is given as we saw in Boulding’s statement that “tastes are given”.

If tastes are not given and can be influenced by generating Veblenian demonstration effect on consumption then Gandhian Effect too should find place and the individual demand curve need not be downward slopping for all consumers. By influencing groups with more income (more than what is necessary to meet basics of living) we may construct a demand curve of them that become income inelastic after a certain point (for theoretical discussion refer Brahmananda, 1971). This would imply that after certain levels of consumption have been reached additional income does not give rise to any new demand including leisure. Control on demand would free certain resources that can be used to produce that requirements of those who will continue to have downward sloping demand curve. It will also help in controlling the use of resources some of which may be
overexploited. From this concept was born the refined concept of ‘trusteeship’. I do not intend to pursue the trusteeship issues in this article.

Thus, the wants control theory of Gandhi simultaneously solves the problem of consumerism and unsustainable resource use. The ecological and environmental economics disciplines try to grapple with the equilibrium analysis by internalising the ecological and environmental externalities, but Gandhian Economics by regulating individual wants and demand functions has potential to regulate and control some of the externalities.

On the Macroeconomics front too, Gandhiji was clearly promoting decertralised production systems. Village level self-sufficiency was nothing but providing maximum opportunity for production at local level. He preferred simple systems as against modern systems that were complicated. Lakdawala’s assessment on this issue about Gandhi may be seen in the following expression, “Gandhiji instinctively disliked the working of the money opinion; transactions in kind were more easily understood and more human. The only types of banks he approved were in the nature of grain banks for safe local storage. Ordinary commercial banks associated with urbanisation were a part of the mechanism of local exploitation” (Lakdawala 1971, PP 47 - 48).

Complicating the production and supply processes or deliberate attempts to make the processes of the society’s economic functions complex and then looking for smooth devices for solving the complexities that arise in economic transactions needs to be distinguished. The use of science and technology for the latter is also not only useful but desirable too even within the framework of simple living and high thinking. At the time of the writing of Hind Swaraj Gandhiji had seen the efforts all over the world and especially in England which was imperial lord of the world then, about complicating the economic activities so that the one who set in complications reaped the maximum benefit by way of profit for the firm and industry and income and employment for the population. The criticism by the advocates of simple and uncomplicated societies for human survival, who also draw their basic strength from the emphasis on spiritual growth and development of the human civilisation than the materialistic growth and development has been that the modernisation of the society with the beginning of the industrialisation has largely implied complicating the economic transactions. The main reason for this is the acceptance of the premise that human wants are insatiable. And this has been accepted as such without any serious scrutiny with morals and ethics in the society. In this context Sethi (Diwan and Lutz 1985) refers to Lionel Robbins’s celebrated definition and says that all that economics has been doing is the opposite of what Robbin’s said the discipline was to do!

Sethi continues to argue that Marxism, which was critical response to the misery in England society after the abolition of Poor Law in 1836, also ironically rested itself on the classical political economy and provided defence for it. No wonder values and even simple compassion were considered enemies of Marxism as they have been banished from classical theory in the name of efficiency, productivity, good management and reasonable return on capital, the corporate sector, with its growing monopolistic and oligopolistic and transnational character, has become the center not only of economic power but also of the draconian and violent political power. The countervailing power of the state economic sector, instead of countervailing the corporate sector, has become its ally. The alliance is however, losing its legitimacy because it has failed to tackle the major economic issues of unemployment, poverty, inflation, inequalities etc. Besides, the rise of new problems such as population-ecological imbalances, exhaustion of resources and massive diversion of resources to nuclear armament etc. – problems which were kept separate, now demand a joint solution. However, the economic complexities and crisis
have not yet produced a corresponding political consciousness for a new political order that can integrate facts, problems and values.

By rejecting market and its value systems are we saying that State is the God? No, because the God failed miserably. It perhaps was bound and many have warned about it (Shenoy the most vocal in Indian case). The Vakil-Brahmanand Wage Good theory also finally led to the same Market-State ideal combination that appeared to fail ultimately (for details refer Desai 1998). Did Gandhi think differently?

Looking back, one is amazed at the deep understanding of each of the problems by Mahatma Gandhi. He dealt with some problems more intensively than others but he never lost sight of any one of them. He denounced the concept of economic man because he refused to recognise the separation of economics from ethics. He denounced the technological determinism because it enslaved man and sanctified only those technologies that conformed to value promises. About all, he struggled against the mightiest imperial power in terms of non-violent theory and order. As he went along with these tasks, he discovered his own science of economics, although he did not analyse it in a very vigorous manner.

Once we understand these basic tenets in Gandhi’s Economic thoughts, it becomes clear that globalisation appears at a fairly late stage. In his writings that are scattered he has written to the effect that he was not against selling genuine surplus in the local economies. He was not averse to technologies and knowledge that reduced the human misery and drudgery. It did not matter whether it was local or foreign. But it is also very clear that he never was in agreement that the economics should be growing with export as the engine. By promoting that was more local that helped in the generation of dignified livelihood, the cultural onslaught from outside would by itself get minimised. In his scheme globalisation would not enter as it is poised today to influence the developing economies.

This is a very modest attempt to review the literature that has appeared on Gandhian economics as has been put together by some academics who have made serious attempts to define the Gandhian paradigms sharply and with some rigour that lacked in the hands of the Gandhians. In their hands as J.D. Sethi puts it, the Gandhian Economics still remains immature and he defines the term immature here as reflecting the numerous ill-defined paradigms.

However, it is believed that the Gandhian approach is superior because its concepts lie in their in-built dynamics and close relations with praxis implying the once on a Gandhian path, not only the system put on the path of steady growth, its moral legitimacy also does not remain in doubt any longer.

He was not interested in the scope of and method of economic science, as we economists “naturally understand it”. Rather, he worked for a whole lifetime on articulating the principles of an alternative and “more real” human economy centering on the very themes outlined in his lecture: the lack of correlation between material expansion and genuine progress, the need for an economics-cum-ethics that will enable moral growth and dignity for all, the fallacy of seeking happiness in individual acquisitive behaviour, and the need for encouraging people to seek a self-esteem and genuine meaning.
References