

# ECONOMIC THOUGHT OF GANDHI

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“I WOULD LIKE TO SAY TO THE DILIGENT READER OF MY WRITINGS AND to others who are interested in them that I am not at all concerned with appearing to be consistent. In my search after Truth I have discarded many ideas and learnt many new things. Old as I am in age, I have no feeling that I have ceased to grow inwardly or that my growth will stop at the dissolution of the flesh. What I am concerned with is my readiness to obey the call of Truth, my God, from moment to moment, and, therefore, when anybody finds any inconsistency between any two writings of mine, if he has still faith in my sanity, he would do well to choose the latter of the two on the same subject.”<sup>1</sup>

Gandhiji was not a scholar in the sense in which Karl Marx was. He did not try to present a pre-worked-out, complete and self-contained theory of his economic ideas. In that sense he was not the father of a ‘systematic body of thought.’ He himself did not very much like the term ‘Gandhism.’ He was seeking his own solutions to the concrete problems as he found them in the Indian situation,<sup>2</sup> and though many may not accept the solutions which he proposed, he must receive credit for being the first to identify some of the basic issues facing the Indian economy with its background of colonial exploitation, underdevelopment, large-scale unemployment and under-employment. He was not content with laying the burden of the blame at the door of the foreign rule. He was seeking to provide an alternative which would give the masses a chance to achieve a higher standard of living, consistent with the maintenance of individual freedom and human dignity.

Since his approach was basically self-consistent, his solutions, worked out, elaborated and modified from time to time, automatically tended to fall within the pattern of a systematic body of thought.

Gandhiji’s approach to most of the economic problems was essentially practical. Unfortunately, this is not commonly recognized. The limitations of his solutions were generally due to the limitations of the situation. The only important issue on which his approach was rather rigid and impracticable was in relation to the need for control of population. According to Gandhiji, if every man was prepared to work and if men did not hanker

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<sup>1</sup> Harijan 20.4.1933—p. 2.

<sup>2</sup> Gandhiji admitted that he had not read books on economics by well-known authorities such as Mill, Marshall, Adam Smith and host of other authors (Tendulkar Vol. I—p. 236). While interned during the second world war, he read the first volume of Capital and Works by Engels, Lenin, Stalin and Bernard Shaw (D. G. Tendulkar, Mahatma Vol. VI, 1953, p. 293).

after a progressively increasing standard of living, the population problem need not be very acute. Further, even if there was need to control the population, this check should be exercised through moral restraint and not through the use of the means of birth control. It is a pity that Gandhiji should have developed this blind spot. The struggle for population control which India is waging and will have to wage seriously for decades to come would have been greatly helped if Gandhiji had given his moral support to the use of contraceptives. Unfortunately, this was not to be and ignorance and prejudice continue to be the stumbling block in the programme of family planning. In relation to all other problems Gandhiji's approach was very much practical.

Deep insight is many a time needed to observe the obvious. Gandhiji could well see that the economic fate of Indian masses would be mainly decided in the villages. During the British rule these villages had been economically constrained and cornered. The immediate problem was to lift the villages from the depths of despair and decay. Impact of British manufactures had only destroyed the village industries without opening up alternate channels of employment. Consequently, the pressure of population on land increased and this, coupled with progressive growth of population, led to the evils of subdivision and fragmentation of land and to the consequent deterioration of the agrarian economy. We must remember that Gandhiji had to seek a solution within the limits set by the fact of the British rule. Gandhiji's real insight was in realizing that even when the British left and the development of Indian industries took place the essence of the problem would still remain very much unchanged. He was not seeking only a relief-solution to the problem of poverty created by the British rule but was attempting a basic reconstruction of the Indian economy.

We may here quote with complete approval of the comments made by Kenneth Rivett.<sup>3</sup>

“ . . . Gandhi contributed something distinctive. He had to, for no Western, not even Japanese, strategy can cope fully with the frightful poverty of the Indian village. Western radicals might see that industrialization was doing some harm in town and country; but it was enough if they could bring a measure of order into the chaos of new cities, and ensure, through co-operatives or marketing schemes or controlled rail rates, that farmers also gained from the monetary nexus. More than this is needed in India. Because of their poverty most Indians live, and for generations will live, in the villages. It is there that poverty must be chiefly fought, however much the urban sector contributes. And to a considerable extent it can be fought there.”

In the words of Colin Clark: “If I were an Indian minister, I would say: Have as much of your development in the form of cottage industry as possible: regard the factory as a necessary evil.”<sup>4</sup>

<sup>3</sup> Economic Thought of Mahatma Gandhi, 1959.

<sup>4</sup> Address to the Indian Council of World Affairs, Delhi.

Gandhiji had anticipated all this long way back. He had explained his central idea of village production and village self-sufficiency—i.e. Swadeshi—in *Young India* in 1921. He had said: “The central idea is not so much to carry on a commercial war against foreign countries as to utilize the idle hours of the nation and thus by natural processes to help it get rid of her growing pauperism.”<sup>5</sup>

Gandhiji had mainly two ‘difficulties’ in relation to the village industries. His first worry was how the products of the village industries could be qualitatively improved through the development of better and better techniques. His other problem was that apart from Khadi no other industry could be universal. The Charakha was an ideal solution in the sense that it could be plied at any time, any place by any person within any age-group. It provided, therefore, a sort of an answer to the problem of unemployment and underemployment which was also universally present in India. The Charakha had its own limitations in adding to the income of the worker. Gandhiji had no illusions on this score. But he was happy if he could place even some small income into the hands of the poverty-stricken villager. It is amazing how Indians themselves are not often aware of the depths of poverty in their own country. We develop a faculty of not seeing what we do not like to see. But, as Arthur Koestler remarked after his visit to India, “Poverty in India is fathomless. Like the unconscious of the mind the deeper you go the still deeper levels are being endlessly revealed.” As for Gandhiji, “He was a man who used to notice such things: he was a man who had an eye for such mysteries.”

Through his Khadi economics he was trying to reach some succour to these ‘lowliest of the lowly.’ His insistence on the Khadi programme arose out of the absence of any other alternative which would achieve even this limited objective.

He has stated this clearly:

“The entire foundation of the spinning wheel rests on the fact that there are Crores of semi-employed people in India. And I should admit that if there were none such, there would be no room for the spinning wheel.”<sup>6</sup>

Elsewhere he says:

“I would welcome every improvement in the cottage machine, but I know it is criminal to displace hand-labor by the introduction of power-driven spindles unless one is at the same time ready to give millions of farmers some other occupation in their homes.”<sup>7</sup>

He goes even further:

“I would favour the use of the most elaborate machinery if thereby India’s pauperism and resulting idleness could be avoided.”<sup>8</sup>

<sup>5</sup> *Young India*, 8.12.1921.

<sup>6</sup> UNESCO: *All Men are Brothers* 1959, p. 127.

<sup>7</sup> *Ibid.*, p. 126.

<sup>8</sup> *Ibid.*, p. 128.

Gandhiji's insistence on the principle of simple living and high thinking confused quite a few into supposing that he cherished poverty for poverty's sake. There is a world of difference between involuntary abject poverty and a self-chosen way of life of streamlined simplicity. The failure of the upper and even the middle-classes (including the intelligentsia whose 'modernity' consisted in advocating the immediate adoption of whatever was the most modern in mechanical invention) to reach out in sympathy to the lowest classes and to accept responsibility for their minimum well-being was another reason why Gandhiji's ideas on village industries and Khadi met with an open or latent resistance from many quarters. Most of them in India failed to give him the credit which independent foreign economists were ready to give.

According to Gandhiji, a non-violent society, the achievement of which was his final goal, cannot be compatible with the existence of a wide range of economic inequality. In keeping with his spiritual Sarvodaya approach the final goal of his policy would of course have been "from each according to his capacity to each according to his needs." Every man should give his best (of time, talents and work) to the society and the society should provide for his normal needs. He said: "My ideal is equal distribution, but so far as I can see, it is not to be realized. I therefore work for equitable distribution."<sup>9</sup>

The *Young India* on 26th November 1931 records an important conversation in which Gandhiji answered some pointed questions in relation to the position of the privileged classes. The discussion was reported by Mahadev Desai and took place in England when Gandhiji visited it to attend the Second Round Table Conference in 1931. The conversation was as follows:

- Q. How exactly do you think the Indian Princes, landlords, millowners and money-lenders and other profiteers are enriched?
- A. At the present moment by exploiting the masses.
- Q. Can these classes be enriched without the exploitation of the Indian workers and peasants?
- A. To a certain extent, yes.
- Q. Have these classes any social justification to live more comfortably than the ordinary worker and peasant who does the work which provides their wealth?
- A. No justification. My idea of society is that while we are born equal, meaning that we have a right to equal opportunity, all have not the same capacity. It is, in the nature of things, impossible. For instance, all cannot have the same height, or colour or degree of intelligence, etc.: therefore, in the nature of things, some will have ability to earn more and others less. People with talents will have more, and they will utilize their talents for this purpose. If they utilize their talents kindly, they will be performing the work of the State. Such people exist as trustees, on no other terms. I would allow a man of intellect to earn more, I would not cramp his talent. But the bulk of his greater earnings must be used for the good of the State, just as the income of all earning sons of the father goes to the common family fund.

<sup>9</sup> UNESCO: *All Men are Brothers*, 1959, p. 129.

They would have their earnings only as trustees. It may be that I would fail miserably in this. But that is what I am sailing for.

- Q. Don't you think that the peasants and workers are justified in carrying on a class war for economic and social emancipation, so that they can be free once and for all from the burden of supporting parasitic classes in society?
- A. No. I myself am carrying on a revolution on their behalf. But it is a non-violent revolution.
- Q. How, then, will you bring about the trusteeship? Is it by persuasion?
- A. Not merely by verbal persuasion. I will concentrate on my means. Some have called me the greatest revolutionary of my time. It may be false, but I believe myself to be a revolutionary—a non-violent revolutionary. My means are non-cooperation. No person can amass wealth without the co-operation, willing or forced, of the people concerned.
- Q. Who constituted the capitalists trustees? Why are they entitled to a commission, and how will you fix the commission?
- A. They will be entitled to a commission because money is in their possession. Nobody constituted them trustees. I am inviting them to act as trustees. I am inviting those people who consider themselves as owners today to act as trustees, i.e., owners, not in their own right, but owners in the right of those whom they have exploited. I will not dictate to them what commission to take. I would ask them to take what is fair e.g., I would ask a man who possesses Rs. 100 to take Rs. 50, and give the other Rs. 50 to the workers, to one who possesses Rs. 10,000,000 I would perhaps say take 1% yourself. So you see that my commission would not be a fixed figure, because that would result in atrocious injustice.
- Q. The Maharajas and landlords sided with the British. But, you find your support in the masses. The masses, however, see in them their enemy. What would be your attitude if the masses decided the fate of these classes when they are in power?
- A. The masses do not today see in landlords and other profiteers their enemy. But the consciousness of the wrong done to them by these classes has to be created in them. I do not teach the masses to regard the capitalists as their enemies, but I teach them that they are their own enemies. Non-cooperators never told the people that the British or Gen. Dyer was bad, but that they were the victims of a system. So that, the system must be destroyed and not the individual.<sup>10</sup>

During Gandhiji's last detention in Poona in 1942, Pyarelal (Gandhiji's Secretary) had the opportunity to discuss at length with Gandhiji various aspects of his ideal of trusteeship, and how it could be realized in our present-day world. Pyarelal has the substance of this conversation on record.

"In the course of our talk one day he remarked:

'The only democratic way of achieving the ideal of trusteeship today is by cultivating opinion in its favour.' Further on he added, 'as long as we have no power, conversion is our weapon by necessity, but after we get power, conversion will be our weapon by choice. Conversion must precede legislation. Legislation in the absence of conversion, remains a dead letter.'

Later on in the course of the same conversation Pyarelal asked:

"Can the masses at all come into power by parliamentary activity?"

<sup>10</sup> *Young India*: November 26, 1931.

Gandhiji replied:

“Not by parliamentary activity *alone*. My reliance ultimately is on the power of non-violent non-cooperation, which I have been trying to build up for the last twenty-two years.”<sup>11</sup>

Pyarelalji further gives a trusteeship formula which was formally approved by Gandhiji. He records:

“On our release from prison, we took up the question where we had left it in the Aga Khan Palace Detention Camp. Kishorlalbhai and Naraharibhai joined in drawing up a simple, practical trusteeship formula. It was placed before Bapu who made a few changes in it. The final draft read as follows:

1. Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one. It gives no quarter to capitalism, but gives the present owning class a change of reforming itself. It is based on the faith that human nature is never beyond redemption.
2. It does not recognize any right of private ownership of property except in so far as it may be permitted by society for its own welfare.
3. It does not exclude legislative regulation of the ownership and use of wealth.
4. Thus under State-regulated trusteeship, an individual will not be free to hold or use his wealth for selfish satisfaction or in disregard of the interests of society.
5. Just as it is proposed to fix a decent minimum living wage, even so a limit should be fixed for the maximum income that would be allowed to any person in society. The difference between such minimum and maximum incomes should be reasonable and equitable and variable from time to time so much so that the tendency would be towards obliteration of the difference.
6. Under the Gandhian economic order the character of production will be determined by social necessity and not by personal whim or greed.<sup>12</sup>

It was Gandhiji's fate that he was called upon to lead the struggle for independence during which various and even conflicting interests had to temporarily join together for the achievement of the first basic goals. This came too late in his life (he was 78 when India secured her independence) and even the few more years that he might have lived were denied to him and to the country through his assassination within a period of less than six months after the country's attainment of independence. Gandhiji had, therefore, hardly any time to decide on the next stage of the revolution.

<sup>11</sup> *Towards New Horizons*, pp. 90-93. Quoted in "Trusteeship" by M. K. Gandhi,

<sup>12</sup> Harijan 25-10-1952. Quoted in "Trusteeship."

<sup>12</sup> Harijan 25-10-1952 Quoted in "Trusteeship." *Ibid*.

The tragedy, therefore, is not that Gandhiji personally failed but that his political heirs failed to complete the unfinished revolution or even to attempt the task. They had lost all faith in mass action or at least in their own ability to lead it. That free India should have depended, not as a matter of strategy for the transition period but as a permanent policy principle, on bureaucracy to implement the radical transformation which India needed shows an utter lack of revolutionary urgency, vigour and vision. What would Gandhiji have done if he had been alive for a decade more and still in the full possession of his faculties? Perhaps a vain question to ask.

Gandhiji's was not a philosophy of poverty. He wanted to provide a basic minimum standard of living to each and every person. In 1935 he had suggested a monthly income of at least Rs. 30 as a basic minimum for a family of five if the minimum necessities are to be provided. If we broadly assume that the prices have increased ten times since then (they have, in fact, increased more) the minimum for a similar family today will be Rs. 300 per month, giving an average per capita annual income of Rs. 720 at present prices. The per capita which we have at present achieved is hardly Rs. 470 at current prices. The actual lot of the masses is even worse on account of unequal distribution of the national income. This will indicate how far off we are from the minimum on which Gandhiji had set his heart. In the existing context of the reality of the situation it is unfair, therefore, to criticize Gandhiji as an advocate of a depressed poverty level standard of living. We are yet far from achieving the minimum he was aiming at.

Let us conclude with Gandhiji's statement of his conception of a socialistic pattern of society.

"Independence must begin at the bottom. Thus, every village will be a republic or 'panchayat' having full powers. It follows, therefore, that every village has to be self-sustained and capable of managing its affairs even to the extent of defending itself against the whole world. It will be trained and prepared to perish in the attempt to defend itself against any onslaught from without. Thus, ultimately, it is the individual who is the unit. This does not exclude dependence on willing help from neighbours or from the world. It will be a free and voluntary play of mutual forces. Such a society is necessarily highly cultured in which every man and woman knows what he or she wants, and what is more, knows that no one should want anything that others cannot have with equal labour.

"In this structure composed of innumerable villages, there will be ever-widening, never-ascending circles. Life will not be a pyramid with the apex sustained by the bottom. But it will be an oceanic circle whose centre will be the individual, always ready to perish for the village, the latter ready to perish for the circle of villages, till at last the whole becomes

one life composed of individuals, never aggressive in their arrogance but ever humble, sharing the majesty of the oceanic circle of which they are integral units.

“Therefore, the outermost circumference will not wield power to crush the inner circle but will give strength to all within and derive its own strength from it. I may be taunted with the retort that this is all Utopian and, therefore, not worth a single thought. If Euclid’s point, though incapable of being drawn by human agency, has an imperishable value, my picture has its own for mankind to live for. Let India live for this true picture, though never realizable in its completeness. We have a proper picture of what we want, before we can have something approaching it. If there ever is to be a republic of every village in India, then I claim verity for my picture in which the last is equal to the first or, in other words, no one is to be the first and none the last.

In this there is no room for machines that would displace human labour and that would concentrate power in a few hands. Labour has its unique place in a cultured human family. Every machine that helps every individual has a place. But I must confess that I have never sat down to think what that machine can be.”

These principles are yet to be effective in practice. The true village republic is yet to be created. The appropriate machine—intermediate technology—is yet to be developed. These and such other issues are a challenge to further constructive thinking and action. But Gandhiji has stated the guiding principle:

‘Ultimately, it is the individual who is the unit’.

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<sup>14</sup> *Harijan*. 28-7-1948.