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The Wisdom of Gandhi: Achieving a Sustainable Economy

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Introduction

Is there a well-articulated and consistent framework of ‘Gandhian economics’? How relevant is it today? These are questions that need to be answered and the present chapter attempts to discuss these and related issues.

Gandhi was not a formal ‘economist’ in the academic sense of our times, although, he had read and was more than familiar with the thoughts of economists such as Adam Smith and thinkers such as Karl Marx and it was while he was in prison during World War II, that he, first, read volume 1 of *Das Capital* as also the writings of Engels, Lenin, and Stalin (Tendulkar, 1953).

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Gandhi's social and economic thinking and philosophy evolved over time, through his social and political work in South Africa and later in India. This evolution was deeply rooted in his personal experiences and an integral part of his thinking was his approach to morality and ethics of the individual and the society and was deeply interwoven with his belief in nonviolence.

Gandhi had a holistic view of life and society. His ideal society was an economically self-reliant society, where all wealth was socially owned or owned by some as trustees for the society. In most aspects of living, his approach was to look to nature and use what it provided, whether it was in the construction of houses in the ashrams or his approach to health care. At the center of his economic philosophy were the individual and the society.

Since his time, the world has changed in ways that Gandhi could not have anticipated. It has become far more complex and interdependent than it was in the early 1900s. The advance of technology, such as the Internet, television and other technologies, globalization, and interdependence of the economies, have changed the world. It has given rise to multiple challenges, biggest and most existential among them being global warming. Globalization, for all its benefits, has also brought many challenges where bad economic policies of one country have been found to adversely affect the people in another country.

In view of the above, the Gandhian approach to modern economics has to be seen through the prism of his times, although most of his economic ideas remain relevant, even, today. His response to the economic issues of today can be fairly assessed through three fundamentals of his beliefs: truth, nonviolence, and welfare of all.

However, it cannot be said that Gandhian economics has all the answers to many of the technology-driven economic issues of the twenty-first century. It would be equally wrong to say that Gandhian was a Luddite who distrusted technology and its role in the lives of people. If anything, Gandhi was a realist and his views evolved in response to events, even as his moral universe remained unchanged. It was not accidental that Gandhi praised the sewing machine, one of the early examples of technology, and his close friends were the most well-known industrialists of the time. The only unchanging core was his moral belief

and, thus, his economic philosophy cannot be understood in isolation. It is an integral part of an integrated moral and ethical view of the individual, social, and national life. For example, his views on industry or labor are a part of his vision of village economy, machination, and ethical living.

This chapter is broadly divided into two parts. The first part explores and explains the fundamentals of Gandhian economic thought. It relates his economic thinking to his overall moral vision (especially to truth and nonviolence). The second part explores how relevant these concepts are today.

Main Pillars of Gandhi's Economic Thoughts: Truth (Satya) and Nonviolence (Ahimsa)

Gandhi called his autobiography *The Story of My Experiments with Truth*. Truth for Gandhi was a complex philosophical concept. He made a distinction between 'God is truth' and 'Truth is God'. It is best explained by Gandhi himself and writes,

I have come to the conclusion that, for myself, God is Truth. But two years ago I went a step further and said that Truth is God. You will see the distinction between the two statements, viz., that God is Truth and Truth is God. (Gandhi, *Young India*, 31 December 1931, pp. 427–428)

For him, Truth is not just an attribute of God, it *is* God. In fact, when one considers the Sanskrit root of the word Truth or Satya, it is 'Sat', which can be understood as 'that which is unchangeable' and 'universal principle'. There is, thus, a moral and ethical dimension to it and inequity or economic exploitation cannot be a part of Satya or Truth.

In the Gandhian framework nonviolence is a part of Truth. Nonviolence is the means while Truth is the end. Only through nonviolence can Truth or God be reached. At the simplest level, nonviolence does not cause harm to anyone, person, animal, or environment under any circumstances. It is not based on any religious philosophy, and it can be used for strategic purposes.

Nonviolence can be used for achieving political, social, and economic change, through rejection of violence and through civic rejection and disobedience. It can, also, be used as an economic strategy through a boycott of certain goods and commodities that have been produced through exploitation of labor and would result in hurting others. Thus, his call for the rejection of British textiles was a nonviolent way of protecting the Indian village textile industry, and rejecting the economic violence or exploitation by the British.

Gandhi believed that a nonviolent society is not consistent with the existence of wide economic inequality (Kumarappa, 1951). Every person should give to the society the best of his time, work, and talent and the society should provide him with his 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'. The ways through which economic inequality can be overcome have been detailed below.

Property Rights and Aparigriha (Non-possession) and Sarvodaya (Welfare of All)

Right to property is a fundamental economic institution of open economies and is fundamental to modern economic theory. It is a system for the allocation of resources and it is the basis of many other social and economic institutions such as freedom of expression.

Gandhi's view of property rights was more nuanced. He held a deep belief that all wealth is ultimately given by God and should be held on God's behalf for others. His conversation with Madhav Desai (in England on 26 November 1931, reported in the *Young India* on 26 November 1931) acknowledges that a person with greater earning capacity due to their talents will have more, however, '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'.

He elaborates it further in the *Harijan* (3 June 1939, p. 145):

Suppose I have come by a fair amount of wealth, either by legacy or by means of trade or industry—I must know that all that wealth does not belong to me; what belongs to me is the right to an honorable livelihood. No better than that enjoyed by millions of others. The rest of my wealth belongs to the community and must be used for the welfare of the community. I enunciated this theory in respect of the possessions held by Zamindars and privileged classes.

Also,

As for the present owners of wealth, they would have to make their choice between class war and voluntarily converting themselves into trustees of their wealth. (Gandhi, *Harijan*, 31 March 1946, pp. 63–64)

‘Aparigraha’, non-attachment or non-possession of property is a basic concept of Gandhian economic thought. Gandhi was a believer in a verse from the Isha Upanishad: ‘Covet nothing, all belongs to the God’. He was of the view that if only this verse were to be saved for generations to come, it would be enough.

Gandhi, also, believed in communal living and social organization, where ‘from each according to his capacity and to each according to his need’ was the defining principle. He founded the Tolstoy Ashram in South Africa along these lines. All the property was commonly held and for common good. He rejected class war and the Marxian vision of communism as being too violent. He, also, rejected materialism. Economic well-being, in his view, should lead to spiritualism.

Are these two concepts—property rights and non-possession—contradictory in nature? Gandhi’s view on property is a part of his overall moral and ethical framework and cannot be viewed in isolation. In fact, it is a part of his view on environment, equity, and overall human welfare. Property rights should be fair and result in economic efficiency, and maximize human well-being. How much property should an individual own? His answer was that it should be as much as an individual requires to meet his essential needs.

So, who should own the property? This leads us to Gandhi’s view on trusteeship, which is widely applicable to business, industrial, or social property. A mill or a business is held by its owner as a trustee

for society and can, therefore, not be used for anything detrimental to the society. Among Gandhi's close associates were the biggest industrialists of the time, namely, Birla and Bajaj, who supported his idea of trusteeship. That the practice of 'trusteeship' today is alive and well is seen from the practices followed by the likes of Bill Gates and Warren Buffet. The COVID-19 virus has further highlighted how the globe is linked together and that 'trusteeship' of all properties, including intellectual property (such as that related to vaccines), is essential for human survival.

Capital and Labor

The next question that arises is how should one reconcile the idea of 'trusteeship' with industrial action such as workers' unions and the right to industrial strike? Gandhi believed that the value addition provided by labor was by far superior to that of capital. However, his view was that workers should invoke their right to industrial action through nonviolent action, and in ways that do not hurt production. Gandhi's view of property includes his view of self-sufficiency and village industry. Trusteeship leads to his basic principle of 'Sarvodaya' (welfare of all) while attachment to property, that is, *parigriha* or the opposite of *aparigriha* gives rise to violence. Hence, he advocated non-possession.

The following two quotations capture Gandhi's views on capital and labor that are central to modern economics.

I have always said that my ideal is that capital and labor should supplement and help each other. They should be a great family living in unity and harmony, capital not only looking to the material welfare of the laborers, but their moral welfare also—capitalists being trustees for the welfare of the laboring classes under them. (Gandhi, *Young India*, 20 August 1925, p. 285)

I do not think there need be any clash between capital and labor. Each is dependent on the other. What is essential today is that the capitalist should not lord it over the laborer. In my opinion, the mill-hands are

as much the proprietors of their mills as the shareholders, and when the mill-owners realize that the mill-hands are as much mill-owners as they, there will be no quarrel between them. (Gandhi, *Young India*, 4 August 1927, p. 248)

Gandhi's views on capital and labor were a part of his total vision of Sarvodaya (that is, the welfare of all) and nonviolence. He was not opposed to industry and machines and even praised sewing machines that relieved tedium and favored industry that provided employment rather than saved labor, and at the same time led to self-sufficiency. Hence, we see his advocacy of village industry and weaving.

Gandhi considered dignity of labor as supreme and demonstrated his belief by his spinning wheel and through his insistence, early in his life, of his wife (Kasturba) cleaning the toilets. Further, he was against exploitative industry and his demonstrations and satyagraha in Kheda and Champaran were specifically for the abolishment of exploitative industry.

Gandhi led a labor strike at Ahmedabad in the spring of 1918, during the First World War. Though the strike attracted little attention, it had significant long-term results and implications as an experiment in the application of Gandhian ideas to industrial relations (Anjaneyulu, 1969). His ideas however evolved along with his ideas of Trusteeship and nonviolence.

Unlike Marx, who saw the interests of workers and capitalists as irreconcilable, Gandhi sought a new convergence of interests. Marx saw labor as being handicapped as it did not own the means and tools of production; Gandhi's charkha visualized the opposite reality. A worker can and should be able to provide for his or her basic needs through his or her own tools and ability to earn a living. In other words, there need not be an inherent conflict between labor and capital, and any dispute can be resolved nonviolently.

Village Production and Decentralization of Economy

Gandhi had anticipated the decentralization of economy based on the village as the epicenter of production a long way back. He had explained his central idea of village production and village self-sufficiency, i.e., Swadeshi in *Young India* in 1921 and 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. (Gandhi, *Young India*, 12 August 1921)

Gandhi'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. This was not the case. While he was studying law in London, he was known for his leanings towards elite sartorial styles. But, on witnessing the conditions under which the Indians lived in South Africa, he started moving towards aparigriha. It was much later, when he returned to India and travelled far and wide and saw the utter poverty of the masses, that he discarded his normal clothes and took to wearing just a small dhoti. His goal is clear from his writings,

My ideal is equal distribution, but so far as I can see, it is not to be realized. I therefore work for equitable distribution. (UNESCO: *All Men are Brothers*, 1959, p. 129)

Decentralization of the economy to the village level was a part of his philosophy of Swadeshi (local and country made) and self-sufficiency. He was not against industry but against industry that resulted in unemployment. Employment and dignity of labor is a part of human dignity and meaningful full employment was a central part of economic philosophy (Ghosh, 2012).

Relevance of Gandhian Economics Today

The global economy has become far more complex than during Gandhi's time. Thus, while evaluating his economic views in today's context, one has to consider the central message he was trying to convey (Ishii, 2001). We examine each of the main ideas below.

Economic Growth: Modern economics measures economic growth by growth in productivity of goods and services, quantified as Gross Domestic Production or GDP. The concept of growth is evolving and countries such as Bhutan consider human happiness as a far better measure of growth. Many countries around the world are measuring health, education, and other indicators such as infant mortality rate or nutritional status and are of the view that these are superior indicators of growth. Gandhi was, thus, ahead of his time in focusing on human welfare as a measure of growth (Diwan, 1982).

Employment: One of the main aims of current economic management is full employment and is the focus of most central banks and monetary policies. Gandhi's focus on ensuring full employment, as part of Sarvodaya, through local and village industry was way ahead of his times. Today, the call is once again 'vocal for local' made imperative with the restrictions on movement of both people and products due to lockdowns during COVID-19 times.

Economic equity: Another aspect causing grave concern to economists, today, is regarding the rising income inequity in the world, bringing in its wake, divides of various kinds, including the digital divide. At the same time, it gives rise to most economic tensions and economic deprivations. Gandhi's advocacy of aparigriha and anasakti or non-possession and non-attachment, along with the idea of 'to each according to his needs' were attempts for the correction of income inequity through nonviolent means. One does not need to become an ascetic in order to follow aparigriha. If we were all able to adopt aparigriha to some extent, it would help fulfill the needs of many. As Gandhi always posited, there is enough for every man's needs but not for his greed.

Macroeconomic ideas: Macroeconomists aim at sustainable growth measured by full employment and a stable economic environment.

Market economy plays a large role in it. However, there is an increasing realization of the importance of government regulations.

There are many other market developments that could not have been anticipated in Gandhi's time. However, his basic concepts as applied to today's economic conditions provide us a wealth of tools and means for guiding economists (Ghosh, 2012). Gandhi insisted on parsimony both in individual and social life, which at the national level, translates into fiscal prudence—spending according to needs and in an efficient manner.

Most countries are trying to reach the poorest population today. Echoing the Gandhian approach, they focus on increasing human welfare or Sarvodaya. Most economists dismiss the fragmented economic approach and take a comprehensive view, just as Gandhi did, that addresses issues such as environment, cost of conflict, and basic human needs such as education and health. The United Nations Organization is doing its bit by establishing a set of Sustainable Development Goals as part of its Agenda 2030, at the base of which is the elimination of poverty, universal education, and the fight against climate change. It is, indeed, gratifying that many of these goals have been framed taking into account the principles and practices advocated by Gandhi. In their 2020 book, *Gandhi and the Psychology of Nonviolence*, authors Kool and Agrawal spell out, in detail, the ingenious ways through which UNESCO has been working with Gandhian ideals to promote universal education.

Applied Cases of Gandhian Economic Thought

Through my career at the International Monetary Fund (IMF), I had the opportunity to experience a variety of practical applications of Gandhian economics. While it would be beyond the scope of this chapter to delve into all of them, I will focus on three initiatives that have been able to bring about widespread change at the grass-root level.

Application of Gandhian economic thought at macro-level: One of my assignments in the IMF was the assessment of public finances, including budgets of different countries where the IMF had a surveillance role. Over a period of time, I saw a shift in this role, from a

clinical macro-economic examination of the economy to advice on how to manage it. In cases where a country had borrowed money from the IMF, or wanted to borrow money, this was not just an advice but it was, generally, a condition for borrowing. However, these were conditions to improve the macro-economy and make it stable. The argument was that if a country is economically stable, the benefits would flow down to the poor. However, quite frequently, the economic conditions laid down by the IMF, such as increasing taxes on certain goods, affected the poor, adversely.

I was assigned to country X, an Islamic country, in a similar mission. The country had a system of Zakat, where people were obliged to pay a certain percentage of their income to a Zakat fund (managed by the government), which used the money for the poor. However, in practice, it was merged with the budget and it was indistinguishable if it was used for charity or not.

My mission team decided to recommend that the government should reduce its expenditure by a certain percentage and increase its revenue by increasing some taxes. Following Gandhian principles, I suggested that we should protect the poor from both increase in taxes and reduction in expenditures. Recalling, Gandhi's Salt March and taxes on salt as a regressive measure, we, as a team, recommended protecting expenditures that were pro-poor.

It is gratifying to note that during my many visits to that country, over the years, I noticed that this Gandhian principle had become a part of the economic philosophy of that country, clarifying that Gandhian principles are relevant, even, today.

Gandhian economics at the village level: A second case regarding the utilization of Gandhian economic thought that I would like to point out is of a non-government organization in India called Social Work Research Center (SWRC) in Tilonia village in Rajasthan in India.

The head of SWRC is a committed Gandhian, Sanjit Roy (also called Bunker Roy). One does not often come across people who have had their education at some of the most prestigious institutes going in for active social work. But, one such person is Sanjit 'Bunker' Roy who had his schooling and college education at two of the premier institutes of learning in India.

Roy has established a rural educational center called Barefoot College, operating along the Gandhian principles of Nai Talim based on teaching through handicraft (New Education), to teach people rural crafts. SWRC has expanded its frontiers across the globe and has brought much relief to many people. Today, the Barefoot College spans four continents and is operating in 93 countries. It has demonstrated that Gandhian thoughts on labor and village industry are very relevant today and can be used as an effective means for eradicating poverty and making a community self-sufficient.

With a slogan of 'BUILDING RESILIENT COMMUNITIES: One Woman at a Time', the college has a mission aimed at creating self-sufficiency at the village level. As Gandhi envisaged and practiced, bringing children to the cities for education was creating problems of alienation when they returned to the villages. Similarly, we are seeing the ever-increasing problems of migrant workers today, not only in India but in many parts of the world. How much better it would be if we could create opportunities for economic independency at the village level itself. This is what the Barefoot College strives for. In the words of the College,

We've designed new ways to nurture and support a journey to empowerment, one village at a time, one woman at a time. We demystify and decentralize technology and put new tools in the hands of the underserved, with the objective to spread self-sufficiency and sustainability. With a geographic focus on the Least Developed Countries, we train women worldwide as solar engineers, entrepreneurs and educators, who then return to their villages to bring light and learning to their community. (www.barefootcollege.org)

Health care at village level: The **Comprehensive Rural Health Project (CRHP)** is a NGO located in the Jamkhed district of Maharashtra, India. It was founded in 1970 by a young dedicated couple, Drs. Raj and Mabelle Arole. Soon after completing their education, they decided to dedicate their lives to the upliftment of the poor and the needy. Being medical practitioners by training, they started by trying to impart awareness regarding health, hygiene, and sanitation at the village level. But much to their woe, they realized that the villagers were not

keen at all. In order to understand the link between health and poverty, they decided to live on the same amount of money that the average village family earned, averaging a bare seven dollars a month. This helped them to understand that survival and fulfillment of basic needs of food, water, and shelter were much more important to the villagers than good health and hygiene.

The mission of the organization says it all,

Health is a fundamental human right. Eliminating injustices which deny all people access to this right underlies the very essence of our work and our approach. Using the combined talents and energy of our staff and the families we work with, we strive to develop communities through a grass-roots movement. By mobilizing and building the capacity of communities all can achieve access to health care and freedom from poverty, hunger and violence. (www.jamkhedcrhp.org)

The key change agent being utilized by the organization is the Village Health Worker, who is selected by the communities and trained by the organization. These health workers, often illiterate themselves, act not only as health workers and midwives but they also help to mobilize the village resources in terms of manpower and help the community to achieve better hygiene and sanitation, family planning, and maternal and child health care. Through their help, there has been significant reduction in infectious diseases such as HIV/AIDS, and other diseases such as tuberculosis and malaria.

The CRHP model which has won accolades both in India and abroad and today, partners with a variety of organizations, has been adapted and replicated at a large number of communities worldwide. It works with the community to provide health care and improve the general standard of living through women self-help groups, adolescent programs, and even farmer clubs. To date it has treated over 800,000 patients, trained 45,000 grass-root workers, planted 5.5 million trees, has over 300 village projects, and is operating in over 100 countries.

Apart from the case studies presented above, there are countless other organizations which are operating on the cooperative business model and are not only creating wealth but also empowering people and women in

particular. Examples which immediately spring to one's mind are those of Gandhian Ela Bhatt who founded SEWA (Self Employed Women's Organization), which mobilizes women to use resources within 100 miles; the Gujarat Milk Marketing Federation Limited founded in 1946 by two visionary leaders today serves the people through 3.6 million milk producing members, with *Amul* being its well-known brand of milk, ice-cream, and other dairy products and the Shri Mahila Griha Udyog Lijjat Papad founded in 1959, growing by leaps and bounds and which, by 2018, had 43,000 employees.

Conclusion

How relevant are Gandhi's economic ideas today? How would he have reacted to the COVID-19 pandemic or to the global financial meltdown of 2008? The fundamentals of his economic ideas are very relevant today (Sandel, 2020). The village economy based on ever-widening oceanic circles that he had envisaged more than a century back is tenable even in the twenty-first century, as clarified by the examples provided above.

Prasanna (2019), too, provides an answer and writes in the *Indian Express*, 'Today, more than ever before, we need Gandhi's economic wisdom'. He continues by elaborating the views of a close associate of Gandhi and eminent economist, J. C. Kumarappa on 'economy of permanence'. Such an economy can only be created by thinking more about construction of jobs rather than production and profit, thinking more about saving nature rather than exploiting nature, and thinking more about sending people from the urban hubs armed with systems of modern management and production to the villages. In other words, writes Prasanna (*ibid.*),

We should inspire thousands of young people, who are falling on the street side every day because of job loss, inspire them to go to the village, and work like activists of the freedom struggle. Work like Kumarappa. He was an US-trained economist. He changed his dress, threw away his

salary and happily worked amongst the people, improving the systems of production of handloom, oil, soap, etc. If we sit in our comfortable chairs and criticise others, the country will collapse. Gandhiji did not just talk. He acted.

Then only will we be able to see the fruition of Gandhi's dream, so well put by Nobel Laureate poet Rabindranath Tagore (1915, pp. 27–28).

Where the mind is without fear and the head is held high;
Where knowledge is free;
Where the world has not been broken up into fragments by narrow domestic walls;
Where words come out from the depth of truth;
Where tireless striving stretches its arms towards perfection;
Where the clear stream of reason has not lost its way into the dreary desert sand of dead habit;
Where the mind is led forward by thee into ever-widening thought and action
Into that heaven of freedom, my Father, let my country awake.

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