

# A Gandhian Alternative for Crisis of Growth

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**Abstract:** The Gandhian concept of Swadeshi was invoked to afford massive and politically motivated protection to Indian large and small industry from foreign competition under the import substitution regime from 1956 -1991. Firstly, it must be clarified that Gandhiji's concern was primarily protecting the weak native cottage industry from both domestic and foreign industrial competition. Secondly, while it was true that he often expressed a desire to see domestic entrepreneurship develop uninhibited by unfair competition from foreign industry in pre-Independent India, it is not clear whether he would have favoured the massive and complicated system of industrial tariffs, quotas and licenses which sprang up in the 1970s under the rubric of domestic self sufficiency. It is now generally agreed that the net result following from this latter policy has been an inefficient and high cost domestic industrial structure, not to mention the emergence of a black economy based on import duty evasion.

**Keywords:** Gandhian Ideas, Swaraj, Swadeshi, Policy, Growth.

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## 1. INTRODUCTION

Suddenly pessimism has grown about the future of the present economic system. Many challenges are looming large on the frontiers of global economy. The challenges come from the operative system as well as conceptual framework. At the threshold of a new century the economic performance of mainstream economies have exposed some serious contradictions which never came to the surface before. The contradictions are found in the method of production and market mechanism. In the present market mechanism it is difficult to establish an analytically meaning full correlation between production and demand. Because here production is governed by technological precondition, whereas demand is created artificially; neither production nor demand is based on spontaneity. The causal relation between the two cannot be fully explained in the light of the behavior of the economic man. Production is seldom based on rationality. The message of limits to growth is yet to reach the people. The concept of growth appears dangerously ambiguous when it puts emphasis on ever increasing production. Lack of rationality regarding production and bind market mechanism have combined to create an unprecedented depression in the world in our present time. Too much emphasis on production has created a series of cries – cries of over capacity, unemployment, and decline of profitability ad shrinkage of market. The result: the system has reached the verge of collapse.

A question is repeatedly asked: is it a temporary phenomenon? Some economist thinks that like the depression of the thirties it is temporary phase. Others think that the present crisis is crisis of survival of the current system. There are numbers of valid reasons for this thinking: First, the depression of the thirties sot yet support of the World War II. Through the support of the war economy there was short time prosperity. Roughly speaking the prosperity continued till the end of the 60s. Since then developed countries have been experiencing sharp decline in employment. The decline in employment is due to a combination of factors. The economy was boosted by military preparedness. As a result over capacity both in production employment were running high.

Second, the whole system is based on the concept of growth, which is not clearly defined. Generally growth means aggregate increase of quantum of goods and income. It also means reduction of poverty. The idea is: with the increase of production, employment increases together with income. So growth means more and more output. This is taken to be the primary index. The indicator of GNP is a little bit refined when poverty weighted index is added it. The indicator is

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refined further to include employment & redistribution. But the underlying assumption is production always remains increasing. That keeps employment high. In realty production cannot increase indefinitely.

Third, employment is also related to the scale of operation and the technology used. There is no yard stick to measure rationality in the application of technology. Technology is used almost blindly. Herbert Marcuse's tirade against the irrationality of technology is not totally unjustified. The fact is: after a critical point technology tends to displace manpower. Determining the point of criticality of technology is very important. Because only then rationality of the scale of operation can be known. Proper balance between the two is important. When technology predominates production tends to outpace employment. Employment lags behind production. And gradually a wide gap is created between the two. Finally; it explodes into a big crisis.

Fourth, high technology creates a disguised incapacity among the people. People totally become dependent on technology. They lose the capacity to work independently and also blocks mental faculties. Simultaneously people lose human quality and a kind of mechanical relations grows among people.

There is another aspect which is no less important. The scale of output at a particular point of time is determined by the technology and input applied. With indiscriminate production the problem of scarcity of input in the form of raw materials is increasing. The developed countries are becoming rapidly importing economies in the matter of raw materials. Developed countries never gave importance to self sufficiency regarding raw materials.

Global depletion of natural resources in short future is foreseeable. To sustain large scale production will ultimately become difficult. The production centric objective of the economy is fast losing its legitimacy. Growth cannot be taken as the objective of economics. The illusion of growth is widely prevalent. The forecast of the club of Rome concerning global depletion of mineral resources is not yet taken seriously. There are signs in developed countries of declining per capita growth; sometimes it becomes negative. In the developing countries per capita growth is still rising though at decreasing rate. The developing countries will for some time, have a positive growth rate; eventually their performance will turn negative.

It appears that growth is becoming an obsolete concept. It should be replaced by a more useful, meaningful and exact terminology. The policy makers need a more meaningful terminology. In implementing economic policies it is necessary to have a clear idea of the roles of variables, both economic and social. The roles of social variables cannot be understood in quantifiable terms. Economic variables don't become effective because of the non-function of social variables.

Here the ideas of Gandhi are providing new intellectual stimulations. According to him, the object of economic should be reformed in terms of self-reliance or Swaraj. Economic premises cannot be isolated from social premises. The economics of development became a separate discipline in the second half of this century. The newly freed colonial countries tried to explain the necessity of growth. And these countries were vainly struggling to achieve the level of growth of the developed countries. The growth rate of developed countries is historical accident. It is doubtful that any of the developing countries will attain that level. It is equally doubtful whether the developed countries can sustain that impressive growth.

It is to be realized that the colonial foundation of the liberal economy has come to an end. Gradually the global economy is faced with new realities. The economic leadership of the west is also going to be over. own economic realty. Comparative performances of the countries are only marginally meaningful. The economic behavior of a country is to be explained in terms of the collective behavior of human communities. Mankind's desire for affluence is predictably uniform. But their economic behavior is not identical. Each country's achievement is to be judged from its self-reliance or swaraj.

The components of swaraj are based on the two independent variables- psychology and ethics. Since resources are scarce, production cannot be increased indefinitely. The psychology of affluence is an irrational phenomenon. The basic principles of economic activity are based on needs and not on affiance. Affluence breeds inequality, as it is based on economic distortion. Greed grows out of the desire to be affluent. Human desire can be expanded to unlimited scale. This is true. But human desire also can be reduced. This is also undeniable. The crucial role is played by psychology. Values which condition the mind can change human behavior. Conscious value preference influences economic behavior. The goal of swaraj brings limits to human wants and it also limits monetary gains.

Progress and affluence are not identical. Progress is to be defined in terms of self sufficiency. Every economy creates its corresponding culture in the terms of the specificity of values that the society upholds. Swaraj is built on the basis of the specificity of each culture. In that sense delinking every country's system from the international order may not be undesirable. Delinking may ensure smooth working self-reliance.

The global system makes common people completely helpless in the matter of production and distribution. Gandhi visualized that it can be solved through the choice of the technique for small scale production and through the system of Swaraj. Swaraj is necessary for the liberation of the weaker economies from the commanding position of the developed countries.

## 2. THE CONCEPT OF SWADESHI

Gandhiji's himself defined Swadeshi as "the spirit in us which restricts us to the use and service of our immediate surroundings to the exclusion of the more remote" (Unnithan 1956 p. 54). The Swadeshi movement that Gandhiji launched in the 1930s was the direct outcome of the visible decline of the handicrafts industry that he witnessed around him, and which he rightly blamed as the root cause of Indian rural poverty. The movement sought to buttress the declining demand for ancient crafts by boycott of European goods and thus, in effect, was a programme of the revival of village industries. The Swadeshi movement achieved its most explicit manifestation in the Khadi (home spun cloth) struggle, which drawing inspiration from Gandhiji's Ahimsa (non-violence) was elevated into a moral principle. Thus, Khadi at once became a propaganda weapon in the liberation movement with a strong moral appeal to Indian intellectuals, western sympathisers as well as the rural masses. Writing retrospectively, Zealey (1958) notes "At the time of its inception, the constructive programme on Khadi was indeed a stroke of genius... nationally, it provided a rallying symbol which the humblest villager could easily understand. Politically, it was a powerful weapon providing a means whereby a sense of united action could be expressed in concrete form. Economically it was whereby the formidable problem of rural under development could be turned to productive use." Thus Gandhiji's central economic concern is the protection of village crafts against further encroachment from foreign industry and the Swadeshi concept which embodied this concern becomes the progenitor of his entire thinking on economic issues.

It would possibly be unfair to attribute to Gandhiji, a position of complete denial of international trade and exchange. His intellectual stance seems to be closer to the modern theory of "trade among unequal partners" propounded by economists such as Pomfret (1988), which would argue for a less discriminatory trade regime against the Third World. This is quite clear from the following extract from one of his articles, wherein he distinguishes between isolated independence and voluntary interdependence. "The better mind of the world desires today not absolutely independent states warring against one another, but a federation of friendly interdependent states.

## 3. GANDHIAN INFLUENCES ON INDIA'S ECONOMIC POLICYMAKING

Having taken a broad review of the important aspects of Gandhian economic thought, we will now try to assess the impact that his philosophy seems to have had on India's planned industrialisation strategy in the post-independence era. In this context, it may be useful to distinguish three distinct phases of the Indian economy, guided by three differing economic philosophies. The first period is broadly the Nehruvian period (1947-1965), which encompassed the first three Five Year Plans, and in which the prevailing economic philosophy is usually viewed as a highly centralised system of planning but incorporating some scope for markets. The next phase that we distinguish is (1966-1984) which was the period characterized by a highly bureaucratized system of planning (the so-called License Raj), with considerable intervention in market forces and an inward looking industrialization policy. The last phase (1985 onwards) is the period of opening up of the economy, rapid dismantling of controls and a general movement in the direction of markets.

It is also interesting to juxtapose the actual changes in the economic policy framework with the evolution of Gandhian economics in the post- Gandhi phase. As Myrdal (1968, Vol.2, p. 1215) has pointed out, two distinct strands of Gandhian economics seem to have emerged – a rigid version maintaining Gandhiji's original opposition to modern forms of industry and a more moderate version. The rigid version is best exemplified in the writings of Kumarappa (1984) who characterised a money-based capitalist economy as a "parasitic" economy and wanted the principle of "service (to

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others)” as the basis for a non-violent economy. The moderate view by contrast was not opposed to industrialization as long as it did not interfere adversely with the village economy.

**4. CONCLUSION**

Those who call themselves pragmatic feel that there is an overtone of idealism in Gandhi. So, it is thought, that his system had a doubtful applicability. But his ideas are never put to practice. His hypotheses are never tested. There is a tendency to reject it without verification. The fact is that the present system of economy is dominated by vested interests. Whether Gandhi’s ideas will be accepted or rejected depends upon the vested interest. Generally the theory of neo-classical economy is based on free market mechanism and international free trade policy. It precipitated interstate inequality. The rise of affluence somewhere on the earth brings poverty in some places. Poverty can be removed if affluence is replaced by simplicity.

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