

Economic Crisis, Swadeshi and Gandhian Economics

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The global economic crisis which we are facing today is so profound and the people all over the globe are looking plausible ways to overcome it. This ever-intensifying crisis has given us an opportunity to review the whole process of globalisation, which was assuming the form of a ruling ideology of the world. The global economic meltdown which began in September 2008 shattered the myths about the globalisation. In the name of globalisation, policies of liberalisation and privatisation were dominating the economies of developing countries including India. Under reign of globalisation, the role of government was reduced to the minimum and the concept of welfare state was altogether ignored. By taking a cursory look at the economies of third world and developing countries, even a layman can understand that the process of globalisation instead of making economies vibrant and progressive weakened the economies and made them highly dependent on the mercy of the global financial institutions like World Bank and IMF and multinational companies. The poor people were exposed to harmful effects of cut throat competition which led to the widening gap between the rich and the poor. It created social unrest, economic and cultural insecurity among poor and marginalised sections of the society. Thus the present crisis is not merely an economic one. In fact it is multifaceted problem leading to an emerging world

(dis)order. Therefore, it is appropriate to take an overview of the process of globalisation and its impact on poor and the marginalised sections of the society.

Globalisation is nothing but an economic ideology based on exploitation and profiteering. It caters the interests of multinational companies and global financial institutions of developed countries and not of the common man of third world or developing countries. We have opened our markets for multinational companies in the name of globalisation, privatisation and liberalisation. Multinational companies are penetrating even into minutest aspects of our life. Multinational companies took over the control of many local industries by merger and acquisition and all prominent Indian brands have a multinational tag. Our villages are flooded with the products of multinational companies. Multinational companies are neither working for any particular nation nor for the benefit of the nations in which they are expanding their business activities. Capturing the market by any means is the main aim of multinational companies. Exploitation and selfishness are the driving forces behind their activities. It is an irony that the packets of potato chips of multinational companies are sold even in areas which were known for production of potatoes. The potato chips production was basically a cottage industry run by the women to meet their day to day expenses of the family. Now the whole scenario has changed. The multinational companies purchase potatoes in bulk at a rate of two to four rupees per kg. and they sell 50 gm air puffed packet of chips at the rate of Rs.10 or so. This is basically a technique of marketing of multinationals using attractive packets and advertisements. By destroying the home industry of potato chips the multinationals are making huge profit in this retail business. It will not be surprising if cottage industries like *Lijjat pappad* is captured by the multinationals. What will

happen to those women who are engaged in such cottage industries if it is run by the multinationals? As a result of globalisation, the rich people are becoming richer and the gulf between rich and poor is widening. The welfare of poor and marginalised sections of the society is altogether ignored. They continue to remain poor. The number of the people below the poverty line is increasing even after modifying the criterion of poverty line, though the Government does not agree with it.

We are led to believe that fulfilling material needs is the ultimate objective of our life and economic endeavour. This led to the consumerist tendencies of modern times. Consumerism is catch word of globalised economy. Human beings are highly dependent on innumerable consumer items. Even we can not think of living without washing machine, cleaning machine, refrigerator and similar other products. All these wants were unknown to us a decade or two ago. In fact these wants were created artificially by multinational companies to market their products. As per one report of the Brain Trust of Japan, even they are thinking of producing artificial wisdom. The unbridled production and consumption of goods led to excessive exploitation of nature and its resources. It is unfortunate that we are not taking into consideration social cost included in the production process. Similarly we are not concerned about the resource requirements of future generations. Human beings' craze for pleasure and enjoyment by any means, utter negligence towards the environment and increasing corrupt practices and criminalisation have created an imbalance in society and social relationship. Just copying the model of development followed in western countries will not solve our problems. Long back, Gunnar Myrdal author of *Asian drama: An inquiry into the poverty of nations*, questioned the relevance of Western economic models in Asian conditions including India. Consumerism can not be considered as measure of

human development. Standard of spending is not an index of standard of living. Now money is not merely a medium of exchange. Value of anything is measured on the basis of money or purchasing power. You can purchase even individuals and nations like a saleable commodity. Grief or misery of a section of society is considered as an opportunity to make money. Even medicines are available only to those who can afford to buy it. People are stockpiling medicines in their fridges to safeguard themselves from the infectious diseases which seldom affect them. It is insignificant whether they need the medicines at the moment or not. On the other hand the poor patients are dying without medicines because they do not have the purchasing power. In this era of globalisation, black market has been accepted and even got a legal sanctity in the name of competition. The cheaper products we consume in the market are the result of exploitation of women and child workers. Exploitation is always cheap. This is nothing but *anartha sasthanra*. The basic problem before us is whether we want to continue the unsustainable economic system based on exploitation and injustice. The myths about globalisation are completely shattered now. There is a growing realisation among sensitive minds all over the world that we can no longer go ahead with this economic system and they are looking for alternatives which are viable and sustainable.

The search for alternatives to overcome the present malaise leads one naturally to the doorstep of Gandhi. He placed before humanity a compassionate economy based on service and love, and a sustainable model of development based on people's initiative and providing scope for optimum utilisation of local resources both material and human. In order to overcome the present economic crisis and menace of globalisation there is an urgent need to revisit, review and revive Gandhi's economic ideas especially concepts like *swadeshi* as a universal principle of human emancipation. Now it has been admitted that Gandhi's concept of *swadeshi* coupled with *swaraj* is a universal principle though the context was mainly India when Gandhi propounded his vision. It was in this context, the Institute of Gandhian Studies, Wardha, decided to organise this seminar on Gandhi's concept of *Swadeshi* and the Present Economic Crisis.

I want to remind this august audience that *swadeshi* is not a geographical concept; it is a universal principle. It is a dynamic concept. Its meaning is not exactly the same in all contexts. *Swadeshi* is not merely an economic concept; it is basically an attitude towards life. The spirit of *swadeshi* should be reflected in our thinking and practice. According to Gandhi *Swadeshi* means neighbourliness. There is no neighbourliness in a society where relationships are frozen. *Swadeshi* calls for freedom from all forms of exploitation. In capitalism production is for sale and profit. Actually production should be for fulfilling the needs of neighbourhood. Gandhi advocated production for home consumption or for immediate neighbour and not for sale in the far-away market or for export. Business should be for the extended family. The companies which are coming as a result of globalisation should behave like guests assisting our economy and not aim at destroying it. Exploitation should not be the goal of business; on the contrary

business should be guided by values of service and assistance. Gandhi quoted seven social sins in *Young India* in one of his articles. They are “politics without principles, wealth without work, pleasure without conscience, knowledge without character, commerce without morality, science without humanity, and worship without sacrifice.” (*Young India*, October 22, 1925) Globalisation without *swadeshi* can be added as one of deadly sins. Our economy is largely dependent on import and export of goods and services. Even from the point of view of business we should reduce our dependence on imports and promote the marketing of local products. We have to strengthen our economy by promoting *swadeshi* products and ensure that the capital remains in our country. In the context of growing unemployment and poverty, the concept of *swadeshi* is more relevant than the times of Gandhi and Tilak. Creation of an economy on Gandhian lines calls for the application of principle of neighbourliness and a sense of family relationship.

Gandhi wanted a change in basic mechanism of ownership, production and distribution. He wanted freedom from the rule of merchandise and rationality in production. The distribution system should be based on human relationship. Fundamental principles of his economics were simplicity, non-violence and sanctity of human labour. What is needed today is an economy which will ensure full employment to the increasing population. Here comes the importance of *khadi* and village industries. For Gandhi, *khadi* and village Industries meant decentralisation of production and distribution of the necessities of life. He believed that the salvation of India lies in the revival of *khadi* and village industries. Even now it remains true. If India really wants to progress it has to revive the *khadi* and village industries. *Khadi* is not a piece of cloth. It is a symbol of revolution. It not only covers our body but

also clothes a naked country like ours which is suffering from poverty and unemployment. Nearly 60 lakhs people are working in the sector of *khadi* and village industries. None of a single multinational company has the capacity to provide employment on a large scale like *khadi* and village industries. If each and every citizen of India purchase at least one *khadi* dress in a year it can provide employment to one crore population of this country. It is a misconception that, using *khadi* is very expensive. The *khadi* sector fixes the prices of its products by ensuring fair wages to those who produce them. Looking from this perspective *khadi* and village industries products can not be said to be expensive at all.

If we want to free the villages from the clutches of poverty, unemployment and exploitation, we have to develop a system in which there is a fine balance between village and cottage industries on the one hand and large scale *swadeshi* industries on the other hand. The well known philosopher Bertrand Russell in his book *Authority and the Individual* talked about the importance of sinking Scottish handicraft industry. He said "First, there is the loss, added to those we have already suffered in the blind and greedy heyday of the Industrial Revolution, of one more local and traditional skill, which has brought to those who exercised it the joy of craftsmanship and a way of life which, though hard, gave pride and self-respect and the joy of achievement, through ingenuity and effort, in circumstances of difficulty and risk. Secondly, there is the diminution in the intrinsic excellence of the product, both aesthetic and utilitarian. Thirdly, this murder of a local industry aggravates the tendency to uncontrollable growth of cities, which we are attempting to avoid. The independent weavers become units in a vast hideous and unhealthy human ant-hill. Their economic security is no longer dependent on their own skill and upon the forces of

nature it is lost in a few large organisations, in which if one fails all fail, and the causes of failure can not be understood.” In this book he further talked about India and the importance of preserving the village communities and traditional way of life. “India, for example, is traditionally a land of village communities. It would be a tragedy if this traditional way of life with all its evils were to be suddenly and violently exchanged for the greater evils of urban industrialism...” Gandhi was aware of the evil effects of large-scale industrialisation and mass production. He said “God forbid that India should ever take to industrialism after the manner of the West. If an entire nation of 300 millions took to similar economic exploitation it would strip the world bare like locusts” Nature is not an enemy that we must conquer or exploit. Natural resources are not meant for exploitation. It should be used for fulfilling the basic needs of human beings and not the greed. Gandhi said “the earth provides enough to satisfy every man’s need but not for every man’s greed.” In his ideal economy, nature and animal had an honourable place. We must co-operate with nature and animal kingdom to enrich our life, to make life richer, better and more beautiful.

The centre of Gandhi’s economics was man. For him man was the measure of everything. He was interested in ‘Man Power’ and not ‘Horse Power’. For him foundation of economy should be man. Gandhi believed in humanism even in the economic field. System of production and the system of distribution should be coupled with the cultural development of human being. The human personality should be capable of being developed through this process, which means that system of production and distribution should be conducive to the growth of all human faculties. Gandhi realised the fact that unemployed hands were bound to cause destruction and violence. They would destroy the very fabric of our nation. He

was against craze for machines and its indiscriminate multiplication to replace men. He was not against inventing labour saving devices but wanted to provide employment to forced idleness. His plan was for peace, security and progress rather than war, or exploitation. He wanted growth in national wealth for men and not at the cost of men. A country which is rich in human resources should not depend on large scale machines for the production of basic necessities of life. Taking into consideration the growing unemployment in the country our aim should be to use maximum manpower. It is a misconception that Gandhi was against the use of machines. Even spinning wheel is a machine. The simple tools and machines should assist the human beings and not replace the human labour. What will happen if machine takes the place of human being in a country which is abundant in human resources? Mechanisation is undesirable if it displaces human labour and leads to penury. The purpose of mechanisation is not to replace human labour but to assist and augment it. If glasses replace eyes, the very eyesight is lost. The man machine relationship should not mis-match. Creativity of human being should be developed by engaging him in production process. Productive labour should be the basis of development of human qualities. Martin Luther King Jr. has rightly pointed out that "There is nothing in our glittering technology which can raise a man to new heights because material growth in itself has been made an end. In the absence of moral purpose, man himself becomes smaller as the work of man becomes bigger."

I am not elaborating on various aspects of Gandhian economics. It will be in order if we consider here Gandhi's concept of trusteeship which is a unique technique of socio-economic change. He called trusteeship as the technique of change of heart. According to Gandhi a capitalist is only a

trustee of his wealth and not the owner of it. Similarly, labourer is a trustee of his labour and should utilise his services for the benefit of society. The concept of trusteeship applies to Government also. The Government should act as a trustee of the people and should not behave like a despot or king. The Government is vested with the power over land and property of people to manage or use it for the welfare of people in general. The concept of trusteeship will apply to everybody in all the spheres of life. The application of this technique will bring a silent revolution in the society.

The Preamble to the Constitution of India reads as follows: "We, the people of India, having solemnly resolved to constitute India into a sovereign socialist secular democratic republic..." Initially when the Constitution was enacted the words 'Socialist and Secular' were not there. These words were added to the Preamble by the 42nd Amendment Act of 1976. While defining the meaning of the word 'Socialist Republic' the bill proposed that it means 'a republic in which there is freedom from all forms of exploitation: social, political and economic'. But the said definition clause was rejected by *Rajyasabha*, though it was passed by *Loksabha*. It is inexplicable why it was rejected. According to Gandhi, freedom from all forms of exploitation means non-violence. Gandhian economy based on the philosophy of nonviolence calls removal of exploitation of all forms. Gandhi wanted to establish a *sarvodaya* society through the application of non-violence in all fields of life. He believed that the *sarvodaya* is possible only through *sntyodaya* or welfare of the last or the poorest. The welfare of the poorest was the main theme of his talisman. Gandhi said "I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest man whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him. Will he

gain anything by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to *swaraj* for the hungry and spiritually starving millions? Then you will find your doubts and your self melt away." I think the well known talisman given by Gandhi should guide the spirit of our discussions. This *mantra* given by Gandhi should guide our planners involved in the process of planning and development of the country. Similarly, I will cite another interesting conversation between S .K. Dey, the then Minister of State for Community Development and renowned Gandhian economist J.C.Kumarappa at Kallupatti in early 1956. The Minister told Kumarappa about the great success of Community Development Programme by citing the figures of achievement in various programmes. Kumarappa reacted to it sharply by stating that " Mr. Dey before I cover a particular area with the Community Development Programme I would count the ribs on a few persons and if after three years of work there is some flesh to cover those ribs , I will call it a success". He added further "you are attempting to throw a silk shirt on a hungry person; you will never succeed" But it is unfortunate that these principles were all together ignored in the independent India especially in the current process of globalisation. We have to apply these tests to the present economic policies. Human being should be the centre of all development planning. In the name of globalisation there should not be any sort of injustice, inequality, exploitation to anybody. We have to combat the forces of globalisation through *swadeshi*. The vow of *swadeshi* is master key for attaining the Gandhian ideal of economic *swaraj*. Our guiding principle should be "think globally and act locally". We have to move from *gram swaraj* to the idea of *vasudhaiv kutumbakam*. This will lead us to an ideal global economic order based on ethics and morality. Only through such a radical restructuring of present economic order we can overcome the crisis which is plaguing the economies all over

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the world.