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True economics never militates against the highest ethical standard, just as all true ethics, to be worth its name, must at the same time, be also good economics... True economics stands for social justice; it promotes the good of all equally, including the weakest, and is indispensable for decent life ...
- M.K. Gandhi in 'Harijan' dt. 9th October 1937

The critical task before a student of Gandhian economics is to define M.K. Gandhi's understanding of economics, as distinct from the mainstream economic tradition of Adam Smith. While it is true that Gandhi was not a professional economist, his economics is rich in its comprehension of the dynamics of economic processes, and thought-provoking in its provision of creative alternatives.

To Gandhi, economic activities cannot be separated from other activities. Economics is part of the way of life which is related to collective values. Economic activities cannot be abstracted from human life. Gandhi wanted to ensure distributive justice by ensuring that production and distribution are not separated.

Economic Swaraj

One of Gandhi's basic principles is that the "Earth provides enough to satisfy every man's need but not for every man's greed". Whereas mainstream economics makes the common man completely helpless in the matter of production and distribution of resources, Gandhi visualized an alternative through the system of *swaraj*. *Swaraj* is necessary for the liberation of weaker economies from the commanding position of neo-liberal capitalism. There is need for a new conceptual framework in which each country attains economic *swaraj*. According to Gandhi, every country should stand on its own strength.

The components of *swaraj* are based on 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 affluence. Affluence breeds inequality, as it is based on economic distortion. Greed grows out of the desire to be affluent. Here, psychology can play a crucial role. Values which condition the mind can change human behaviour. The goal of *swaraj* brings limits to human wants.

What are the ingredients of economic *swaraj*? First, Gandhi gave adequate importance to the traditional sector. Highest priority is given to agriculture and agro-centric industries. The balance between primary, secondary and tertiary sectors should be skilfully maintained, on the basis of available human resources. Two, villages must get more importance than cities. Gandhi observed: "You cannot build non-violence on a factory civilization, but it can be built on self-contained villages... You have therefore to be rural-minded, and to be rural-minded, you have to have faith in the spinning wheel."

The effectiveness of economic *swaraj* can be tested by the application of the following seven criteria:

- Eradication of poverty and minimization of affluence;
- Self-sufficiency of every unit in basic needs;
- Identification of basic human needs and their fulfilment;
- Agro-centric economy as the basis to create an economy of permanence;
- Need-based production as far as possible through small-scale units;
- Check on distortions through basic education and skill formation; and

- Curtailment of concentration of economic power.

Swadeshi

Mahatma Gandhi was a champion of *swadeshi* or home economy. People outside India know of Gandhi's campaigns to end British colonialism, but this was only a small part of his struggle. The greater part of his work was to renew India's vitality and regenerate its culture.

For Gandhi, the soul and spirit of India rested in its village communities. He said: "The true India is to be found not in its few cities but in its seven hundred thousand villages. If the villages perish, India will perish too."

According to the principle of *swadeshi*, whatever is made or produced in the village, must be used first and foremost by the members of the village. Trading among villages, and between villages and towns, should be minimal. Goods and services that cannot be generated from within the community, can be bought from elsewhere.

Swadeshi avoids economic dependence on external market forces that could make the village community vulnerable. It also avoids unnecessary, unhealthy, wasteful and environmentally destructive transportation. The village must build a strong economic base to satisfy most of its needs and all members of the village community should give priority to local goods and services.

Mainstream economics believes in centralized, industrialized and mechanized modes of production, whereas Gandhi envisions a decentralized, home-grown, hand-crafted mode of production. Mass production forces people to leave their villages, their land, their crafts and their homesteads and go to work in the factories. Instead of dignified human beings and members of self-respecting village communities, villagers become cogs in the wheel. In *swadeshi*, the machine would be subordinated to the worker.

In countries practising *swadeshi*, economics would have a place, but would not dominate society. Both economics and politics should not simply be concerned with material things, but should be the means to the fulfilment of cultural, spiritual and religious ends. In fact, economics should not be separated from the deep spiritual foundations of life. This can be best achieved, according to Gandhi, when every individual is an integral part of the community; when the production of goods is on a small scale; when the economy is local; and when homemade handicrafts are given preference. These conditions are conducive to a holistic, spiritual, ecological and communitarian pattern of society. In Gandhi's view, spiritual values should not be separated from politics, economics, agriculture, education and all the other activities of daily life. In this integral design, there is no conflict between the spiritual and the material.

For Gandhi, a machine civilization was no civilization. A society in which workers had to labour at a conveyor belt, in which animals were treated cruelly in factory farms and in which economic activity necessarily lead to ecological devastation, could not be conceived of as a civilization. Its citizens would only end up as neurotics, the natural world would inevitably be transformed into a desert, and its cities into concrete jungles. In other words, global industrial society, as opposed to a society made up of largely autonomous communities committed to the principle of *swadeshi*, is unsustainable. *Swadeshi*, for Gandhi, was a sacred principle, as sacred as the principles of *truth* and *non-violence*.

Trusteeship

Gandhi's efforts towards "spiritualizing economics" are reflected in his concept of Trusteeship. He based the concept of Trusteeship on the first *sloka* of the *Isopanishad*, according to which, one is asked to dedicate everything to God, and then use it only to the required extent. In other words, in the first instance, everything must be surrendered to God, and then out of it, one may use only that which is necessary for the service of God's creation, according to one's strict needs. The spirit of this concept is detachment and service.

Gandhi's idea of Trusteeship arose from his faith in the law of *non-possession*. It was founded on his religious belief that everything belonged to God and was from God. Therefore the bounties of the world were for His people, as a whole, not for any particular individual. When an individual had more than his respective portion,

he became a trustee of that portion for God's people. If this principle could be imbibed by people in general, Trusteeship would become a legalised institution. Gandhi wished it to become a gift from India to the world.

Basically, Gandhi suggested this concept as an answer to the economic inequalities of ownership and income, a kind of non-violent way of resolving all social and economic conflicts prevalent in the world. Therefore, man's dignity, and not his material prosperity, is the centre of Gandhian economics. Gandhian economics aims at a distribution of material prosperity, keeping only human dignity in view. Thus it is dominated more by moral values than by economic ideas. According to Gandhi, Trusteeship is the only ground on which he can work out an ideal combination of economics and morals. In concrete form, the Trusteeship formula reads as follows:

- Trusteeship provides a means of transforming the present capitalist order into an egalitarian one.
- It does not recognize any right of private ownership of property, except so far as it may be permitted by society for its own welfare.
- It does not exclude legislation of the ownership and use of wealth.
- Under State-regulated Trusteeship, an individual will not be free to hold or use his wealth for selfish satisfaction, in disregard of the interests of society.
- Just as in the case of a decent minimum living wage, 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 should be towards the obliteration of the difference.
- Under such an economic order, the character of production will be determined by social necessity and not by personal greed.

As man advances from a narrow sphere of personal satisfaction to the nobler concept of the welfare of all, he marches closer towards self-realization. The whole idea of possessing wealth only to guard it from being misused and to distribute it equitably, aims at protecting human dignity. If it is possessed for any other objective, it is objectionable on moral grounds. Gandhi enjoins this moral obligation on the part of the trustees, as he is fully aware of the ills of capitalism which widen the gap between the rich and the poor.

The Gandhian concept of Trusteeship departs significantly from Marxian economic philosophy too. If Marxism is the child of the Industrial Revolution, Gandhian theory can be understood only in the context of certain basic spiritual values of the Indian tradition. Marxian socialism aims at the destruction of the class called capitalists, whereas the Gandhian approach is not to destroy the institution, but to reform it. Gandhian socialism, being ethical, is different from Marxian socialism. Man to Gandhi, is an ethical being first and a social being later.

The most significant difference between Marxian socialism and Gandhian socialism lies in the method they recommend to achieve it. Whereas Marxian socialism harps on violence, Gandhian socialism aims at a change of heart on the part of the rich. There is no place for violence, but only trust. The common man trusts his trustee and the latter plays the role of a custodian. Though this kind of socialism is difficult to achieve, Gandhi advocated it as he believed in the basic strength of the goodness of man and the value of morals. All other "isms" address the problem superficially, whereas Trusteeship strikes it at the root. What must not be forgotten is that at the centre of the concept lies the need to protect human dignity.