CHAPTER-V

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Gandhi and Ambedkar, as mentioned earlier, have unique place among modern Indian thinkers. They were not merely thinkers but also led popular movements to eradicate the evils of social life and to reorganize society on the basis of socio-economic equality and social justice. The basis of Gandhi’s economic philosophy was individual dignity and the welfare of the poorest of the poor. He felt that a man earns his dignity by working and earning his bread and livelihood, therefore the economic system should be so organized that it provides employment to everyone. Similarly, Ambedkar who was an economist by training, devoted considerable attention to analyzing the economic dimensions of social problems. His interest in, and insights into, contemporary economic problems stand out in the many memoranda he submitted to the government from time to time.

The present chapter deals with Gandhi and Ambedkar’s perspective on economic reforms. How Gandhi desired the economic transformation of society through truthful and non-violent means such as Swadeshi, self-sufficient village communities and trusteeship and Ambedkar stood for the progressive economic transformation of society through land reforms, industrialization and state socialism.

Gandhi was a true economist who can be termed as economist of the masses because of his crusade against exploitation, poverty and the disorganized socio-economic order. He stood for raising the deteriorating moral values relying on trusteeship as an economic policy which was evolved by him in the process, with his thorough understanding of the
traditional religious teachings and innumerable experiences in alleviating the human suffering. The modern challenges and the international strains of capitalism and communalism alike inspired Gandhi to evolve a new economic philosophy.

Gandhi believed in the relativity of economic doctrines. “The principles of Economics are not, like the principles of mathematics, for instance, immutable and for all times and climes. England will not accept the economics of France, nor France that of Germany, nor Germany that of America and they would be wrong if they did so. A country which produces no foodstuffs and produces only minerals must have different economics from that which produces foodstuffs but no mineral resources. India, therefore, cannot afford to go by the economics of France, England. America or Germany.”¹ In his words, “India has to develop her own economics, her own policy, her own method of dealing with her industries and everything else.”²

Accordingly, Gandhji strongly supported a policy of protection for Indian industries. He said, “Free trade may be good for England which dumps her manufacturer among helpless people and wishes her wants to be supplied from the outside at a cheaper rate. But free trade has ruined India’s peasantry, in that it has also but destroyed her cottage industry. Moreover, no new trade can compete with foreign trade without protections.”³ These words of Gandhi hold true even today in the contemporary scenario of Foreign Direct Investment (FDI). FDI needs to

¹ Harijian, March, 1946, p. 60.
³ Young India, 31, 1946.
be balanced with state regulation in order to insulate the Indian Industry big as well as small from any harm.

Gandhi believed in the principle of *Swadeshi* which also needs to be interpreted in terms of the primacy of village economy also known as rural economy over the city economy or the industrial economy. "*Swadeshi* is that spirit in us which restricts us to the use and service of our immediate surroundings of the exclusion of the more remote."⁴ *Swadeshi* means that one should use only things that are produced by his immediate neighbours and make those industries more efficient and complete where they may be found wanting. Although, the principle of the Gandhian *Swadeshi* fits in his context of village self-sufficiency and presumes limitation of wants, however, this does not mean complete rejection of foreign manufacturers. Gandhiji said, "To reject foreign manufacturers merely because they are foreign and to go on wasting national time and money in the promotion in one's country of manufactures for which it is not suited, would be criminal folly and a negation of the *Swadeshi* spirit."⁵

The principle of Swadeshi is a fundamental concept in Gandhi's economic thought. It defines the relation of the individual to his society and the larger world in terms of socially responsible economic behaviour. In a way the principles of sharing, decentralization and trusteeship can be directly derived from it. *Swadeshi* should not be mistaken for the narrow-mindedness, just because it swears by the local unit. In Gandhi's words, "I must not serve my distant neighbour at the expense of the nearest. It is never vindictive or punitive. It is in no sense narrow, for I buy from every part of the world what is needed for my growth, I refuse to buy from

⁴ *Speeches and Writings of Mahatma Gandhi*, op. cit., p. 336.
anybody anything, however, nice or beautiful, if it interferes with my growth or injures those whom nature has made my first care." In his opinion, "a true votary of Swadeshi will never harbor ill-will towards the foreigners; he will not be actuated by antagonism towards anybody on earth. Swadeshism is not a cult of hatred. It is a doctrine of selfless service that has its roots in the purest ahimsa i.e. love."

The vision embodied in Swadeshi supports and nurtures the moral content in economics and politics. It was in the context of colonial rule that Gandhi used Swadeshi as an instrument for liberation and social reconstruction. His plan for reconstructing a village centered policy, with an emphasis on restricting the use of products to those manufactured in the immediate surroundings to the exclusion of the more remote, was essentially an attempt to give a strong moral content to social transformation. Though, he used Swadeshi against the colonizers, he never demonized them. For him, Swadeshi was a force of critical and moral reflection in creating alternate systems of society and polity. If Swadeshi was used in terms of exclusiveness and in order to demonize others, Gandhi would find it immoral. He made it clear again and again that Swadeshi did not mean exclusiveness, or isolation, or non-involvement with the rest of the world. On the contrary, he considered it to be the proper and firm starting point of global cooperation. Gandhi said:

> I believe in the truth implicitly that a man can serve his neighbours and humanity at the same time, the condition being that the service of neighbours is in no way selfish or exclusive, i.e. does not in any way involve the exploitation of any other human being. The neighbours will then understand the spirit in

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6. Young India, March 12, 1925.
which such service is given. They will also know that they will be expected to give their services to their neighbours. Thus considered, it will spread like the proverbial snow-ball gathering strength in geometrical progression encircling the whole truth.  

Gandhi reiterated, if the spirit of *Swadeshi* becomes a danger to the idea of non-violence, it must be dealt with immediately and averted at any cost. Any virtue can become a vice by overdoing. But that is no reason for condemning the virtue itself. Just as man has a duty towards his family, *Swadeshi* is his duty to society. If family obligation is right, so is *Swadeshi*.

The central idea behind trusteeship is a kind of non-violent transformation. Gandhi believed that no transformation from existing economic systems to any other progressive system can take place without changing property relations and the uses to which property is put. Gandhi was of the considered view that instead of changing the property relations, if we change the uses to which the property is put we can have desired transformation. For this Gandhi offered trusteeship as the relevant choice between the existing but unacceptable system of capitalist organization and its inevitable overthrow by violence. As far as present owners of wealth are concerned they have to make the choice between war or voluntarily converting themselves into the trustees of their wealth.  

Proudhon, the French Philosopher said that all property is theft. But to Gandhi property is a trust. All forms of property and human

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accomplishments are either gift of nature or product of social living. As such they belong to the individual but to the society and, therefore, should be used for the good of all. In his own words, “Everything belonged to God and was from God and, therefore, it was for His people and not for a particular individual. When an individual had more than his proportionate portion he becomes trustee of that portion for God’s people.” He further argued, “Suppose I have a fair amount of wealth either by way of legacy or by means of trade and industry, I must know that all that wealth does not belong to me. What belongs to me is the right of an honourable livelihood, no better than that enjoyed by millions of others. The rest of my wealth belongs to the community.”

Mahatma Gandhi even argued that the ownership of the labourers and the peasants is something more than mere moral ownership, because the rich cannot accumulate wealth without the cooperation of the poor in the society. He argued that people with talents will have more and they will utilize their talent for this purpose. If they utilize their talents kindly they will be performing the functions of the state. Gandhi said:

I would allow a man of talent to earn more, I would not cramp his talent. But the bulk of his greater earning must be used for the good of the state, just as the income of all earning sons of the father to go to the common family fund. I am inviting those people who consider themselves owners today to act as trustees i.e. owners in their own rights but owners in the rights of those whom they have exploited. I will not dictate to them what commission to take but 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. But to whom who possess Rs. 1,00,00,000/- I would perhaps say take one percent per yourself, so you see that my

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10 Harijan, June 3, 1939, p. 145.
commission would not be fixed figure because that would result in atrocious injustice.\textsuperscript{11}

Gandhi warned the capitalists that they must exist not as the exploiters but as the servants of the society. No communism or bolshevism can thrive if the capitalists perform their duties earnestly. In his own words, “If I may say so, it is we who provided a fertile soil for the development of communism and Bolshevism by relegating our duty to the background.”\textsuperscript{12}

On the release of Gandhi and his colleagues from detention in Aghakhan Palace, the question of trusteeship was taken up. Shri K.G. Mashroowala and Shri N.D. Parikh drew up a simple practical trusteeship formula which was placed before Gandhiji who made a few changes. The final draft reads as under:

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 chance of reforming itself. It is based on faith that human nature is never beyond redemption.

2. It does not recognize any right of ownership of property except so far as it may be permitted by society for its own welfare.

3. It does not exclude legislative regulation of ownership and the use of wealth.

4. Under state regulated trusteeship an individual will not be free to hold or use his wealth for selfish satisfaction or in disregard of the interest of the society.

\textsuperscript{11} Young India, November 11, 1931.
\textsuperscript{12} Ibid., December 19, 1929.
5. Just as it is proposed to fix a decent minimum living wage even so a limit should be fixed for a maximum income that could be allowed to any person in the society. The difference between such minimum and maximum income should be reasonable and equitable and variable from time to time so much so that the tendency would be towards obliteration of the difference. This suggests that Gandhi’s farsightedness, his proposal is not static. This is flexible under the changing circumstances.

6. Under the Gandhian economic order the character of production will be determined by social necessity and not by personal whim or greed.\(^\text{13}\)

Gandhji felt that non-violence could play a great role for establishing economic equality. He said, “Economic equality is the master key to non-violent independence. Working for economic equality means abolishing the eternal conflict between capital and labour. It means the leveling down of the few rich in whose hands is concentrated the bulk of the nation’s wealth on the one hand, and the leveling up of the semi-starved naked millions on the other.... A non-violent system of government is clearly an impossibility, so long as the wide gulf between the rich and the hungry millions persists.”\(^\text{14}\) Thus, Gandhi believed that a violent and bloody revolution is a certainty one day unless there is a voluntary abdication of riches and the power that riches give and sharing them for the common good.

The modern economics gives utmost importance to the capital. But for Gandhi, the labour is far superior to capital. He held that without

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\(^{13}\) *Harijan*, October 25, 1952, p. 301.

labour, gold, silver and copper are useless burden for it is labour which extracts the precious ore from the bowls of the earth. No society can thrive and progress following the methods of hatred or violence in any form. It is immoral for the capitalists to rob the fruits of the worker’s labour. Instead of asking for the fulfillment of their legitimate demands, it is equally immoral for labourers to paralyse industries and tyrannise the capitalists with their exaggerated demands.

This suggestion given by Gandhi to both the capitalists as well as the labourers holds good even in the contemporary Indian scenario where incidents of conflict between these two classes leading to violence are prevalent. In his words:

By the non-violent method we seek not to destroy the capitalist, we seek to destroy capitalism. We invite the capitalist to regard himself as a trustee for those on whom he depends for the making, the retention and the increase of his capital. Nor need the worker wait for his conversion. If capital is power, so is work. Either power can be used destructively or creatively. Either is dependent on the other. Immediately the worker realizes his strength, he is in a position to become a co-sharer with the capitalist instead of remaining his slave.\(^\text{15}\)

Gandhi, thus, was not against the capitalists but against capitalism. He wanted to bring about transformation in the economic sphere through his non-violent method. Gandhi wanted a union between capital and labour and a harmonious cooperation between these two. His regulated trusteeship aimed at the provision of means of transforming the present existing capital order of society into an egalitarian society. He held that the capitalists will have to be the trustees for the welfare of the labouring classes working under them because capital is meant for the material and moral welfare of

\(^{15}\) *Young India*, March 26, 1931, p. 49.
the labourers. Gandhi believed that it would be possible to appeal to the reason and love, to persuade the capitalists to make them realize that capital in their hands represents the fruit of the labour of the people and it is treated as such. Gandhi said, "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."\(^{16}\)

Gandhi enunciated the theory of labour when the socialist theory was placed before the country regarding the position held by Zamindars and the ruling chiefs. Gandhi wanted the privileged classes to outgrow their greed, sense of position and to come down to the level of the labourers who earn their daily bread. Since the labourer has the power to work, he has to realize that he is a better owner of his own, than the wealthy man who is the owner of his wealth.\(^{17}\)

In his theory of trusteeship, Gandhi stated that there is no makeshift and certainly no camouflage. He was confident that this theory would survive.\(^{18}\)

The aim of Gandhian theory of trusteeship was economic equality. By economic equality Gandhi means approximate but not absolute equality. He said, "Economic equality must never be supposed to mean possession of an equal amount of worldly goods by everyone. It does not mean, however, that everyone will have a proper house to live in, sufficient and balanced food to eat, and sufficient Khadi with which to cover himself. It means that the cruel inequality that obtains today will be removed by purely non-violent means."\(^{19}\)

\(^{16}\) *Young India*, November 26, 1931, p. 369.

\(^{17}\) *Harijan*, June 3, 1939, p. 145.


Gandhi prescribed that a satyagrahi has to lead a life of voluntary poverty and strictest honesty and care has to be taken while handling the public funds, which is an indispensable condition for the growth of a healthy life.\(^{20}\) And for any good cause satyagrahi must be willing "to give up his life and his possessions." Gandhi says, "I shall bring about economic equality through non-violence, by converting the people to my point of view…. I will not wait till I have converted the whole society to my view but will straight away make a beginning with myself…. For that I have to reduce myself to the level of the poorest of the poor."\(^{21}\)

Gandhi wants to bring change in society and for that, he, first of all believes in changing himself, whether it is regarding honesty in handling public funds, or it is about restricting one’s unnecessary needs. This is true even today. In the Indian context, in the contemporary socio-political scenario of rampant corruption and misappropriation of public money by politicians or bureaucrats or big corporate houses, there is a sense of cynicism and helplessness amongst the general public. Gandhian philosophy of initiating change in oneself in order to bring change in society is the only alternate for coming out of this cynicism and frustration.

Gandhi admitted that there are inequalities existing in the society but he held that the essential equality has not to be missed. His idea of society is based on the conviction that, "While we are born equal meaning that we have a right to equal opportunity, all have not the same capacity. It is in nature of things, impossible."\(^{22}\)

Gandhi knew that equal distribution cannot be realized. He, therefore, worked out for equitable distribution. He knew that ideal

\(^{21}\) *Ibid.*, March 31, 1946, p. 64.
\(^{22}\) *Young India*, March 26, 1931, p. 49.
situation is not possible but one should keep aiming at the goal so that one can at least reach the approximate goal. Gandhi says:

The real implication of equal distribution is that each man shall have the wherewithal to supply all his natural needs and no more. For example, if one man has a weak digestion and requires only a quarter of a pound of flour for his bread and another needs a pound, both should be in a position to satisfy their wants. To bring this ideal into being, the entire social order has got to be reconstructed. We cannot perhaps be able to realize the goal, but we must bear it in mind and work unceasingly to near it. To the same extent as we progress towards our goal, we shall have contentment and happiness.\(^{23}\)

Here the Marxian definition ‘to each according to his need’ was considered by Gandhi as the real definition of economic equality. The writings of Ruskin and Tolstoy about the economic history of India under the British regime helped Gandhi to form the idea about industrialization. John Ruskin time and again raised his voice against the degrading social and moral conditions of the labour class during the nineteenth century and the exploitation and enslavement of man by the machine. Similarly, Tolstoy held that the hateful industrialization reduced the people to the deplorable state of slavery. Like Ruskin and Tolstoy, Gandhi also felt industrialization as a great menace to realize the basic moral ideals of the human society.\(^{24}\)

There were two trends in the Indian National Congress during the beginning of the twentieth century – one was represented by Gokhale who believed in the Parliamentary form of Government, wherein the village was expected to occupy the same position as the local bodies in England,

\(^{23}\) Ibid., August 25, 1940, pp. 260-261.
whereas the other trend represented by Annie Besant, Bipin Chandra Paul and Chitranjan Das, believed in upholding the village as the primary and basic unit of political setup. Gandhi was confined to the latter trend and successfully tried to reverse the course of the national movement towards the village. So he challenged the very basis of modern civilization which was solely responsible for impoverishing the Indian villages.25

Gandhi knew that the growth of the large scale industry depended upon the investment of large capital and the employment of a good number of labourers which led to the problems of the relations between capital and labour. Gandhi with disgust and horror could see openly the violent rebellions of labourers in other countries against the violence of the capitalistic industrialization and found same story being repeated in India in some industrial areas. So he thought that it would be unwise for India to try to establish and increase industrialization inviting all the troubles that had already set upon the industrialized countries.

Gandhi vehemently opposed the modern industrial civilization. He measured the progress in terms of moral values and real human happiness. The real progress does not lie in the material progress. Thousands of people work in the factories or mines at the risk of their lives to make their living. They are made to take up dangerous work for the sake of millions. He held that this type of civilisation is self-destroying.

Gandhi considered industrial civilization a disease as he measured it in terms of human welfare and stated that people should not suffer exploitation on account of this as modern civilization does not take morality or religion into consideration. Gandhi believed that mass

production which is the result of heavy industrialization tends to isolate the individual. He objected to the craze for machinery. He said, "What I objected to is the craze for machinery, not machinery as such. The craze is for what they call labour saving machinery. Men go on saving labour till thousands are without work and thrown on the open streets to die of starvation. I want to save time and labour not for a fraction of mankind but for all."  

Gandhi, thus, has no consideration for machinery which is meant either to enrich the few at the cost of the many or to displace the useful labour of many. He took the socio-economic conditions and the problem of unemployment of the country into consideration. He stated, "Mechanism is good when hands are too few for the work intended to be accomplished. It is an evil where there are more hands than required for the work, as is the case of India. The problem with us is not how to find leisure for the teeming millions inhabiting over villages. The problem is how to utilize their idle hours, which are equal to the working day of six months in the year."

Gandhi believed that if the economic consequences of the industrialization are examined, industrial revolution if it is on the right direction would lead to prosperity. Because of the mass production, the commodities may be available at the cheaper rate. But, on the other hand, it would contribute to the problems associated with unemployment, international market competitions, etc. As common people cannot afford to have the large scale machinery, only a few rich could afford to have the heavy machinery and the concentration of wealth will be in the hands of those few at the exploitation of many. But Gandhi was opposed to it. He

26 *Young India*, June 22, 1935, p. 146.
said, "I want the concentration of wealth, not in the hands of a few, but in
the hands of all. Today machinery merely helps a few to ride on the backs
of millions. The impetus behind it all is not the philanthropy to save labour,
but greed. It is against this constitution of things that I am fighting with all
my might."28

Gandhi, thus, held that the organization of machinery for the purpose
of concentrating wealth and power in the hands of a few and for the
exploitation of many was altogether wrong. Machinery has to be of such
type that should promote the total human welfare and solve the human
problems such as unemployment.

Gandhi strove hard to create a society based on equality in the social,
economic and religious spheres. He felt that this ideal cannot be realized in
a society based on materialism. He upheld the need based life but not the
life based on the multiplicity of wants. Gandhi pointed out that the human
civilization and their culture should depend not upon multiplying the
wants, self-indulgence, but upon the restriction of their wants – self-denial.

Gandhi wanted the villages to be free from the influence of
industrialization. He did not believe in the idea that industrialization is
indispensable. He was of the opinion that India could lead an ennobled life
by developing cottage industries to have a peaceful life in the world. His
challenge of industrialization is marked by an encounter between the
factory civilization and handicraft civilization.

Gandhi pointed out that the import of dried milk for village children
might be good enough from a humanitarian point of view, but it would

28 Young India, November 13, 1924, p. 378.
make a monstrous inroad into the economic freedom of the village.\textsuperscript{29} The revival of rural industries, according to him, is possible in the absence of exploitation, for industrialization on a mass scale leads to exploitation and competition to market their finished goods. So there is need to make the village self-contained which should be able to manufacture its finished goods for the use of the people. If this tendency is maintained, there would be no problem and objection for the villagers to use even the up to date machinery that they could make and afford to use, but they should not be used as a means to exploit others. He said, “If I can convert the country to my point of view, the social order of the future will be based predominantly on the \textit{charkha} and all that implies. It will include everything that promotes the well-being of the villagers.”\textsuperscript{30}

Gandhi gave utmost importance to \textit{Khadi} as a village industry in the programme of the economic building, social transformation and national reconstruction. His wide coverage of the Indian villages and the personal contact he established with the vast masses who were neglected, living below the poverty line with abject poverty, scattered all over the nation, made him realize the significance of the revival of the village industries. He felt that this was the only way open for the revival of the entire economic, social and cultural life in the villages and also to serve the suffering millions in the impoverished state. The growing problem of unemployment could be solved by establishing the small-scale industries. He believed that among the major economic problems confronting the Indian nation in particular and the world in general, the problem of unemployment took precedence over the other problems corroding the entire gamut of the economy. In his words, “This introduction of village

\begin{itemize}
\item \textsuperscript{29} \textit{Harijan}, March 21, 1936, p. 43.
\item \textsuperscript{30} \textit{Ibid.}, January 27, 1940, p. 428.
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industries as the media of instruction will have far reaching educational, cultural and economic consequences. It will dispel the distaste and the contempt for physical labour – an evil which has penetrated deep into the present system of education."

The problem of unemployment has not been solved and is still a universal phenomenon and efforts are being made to find out the solution. Gandhian suggestion of localized industries or village industries is a viable alternate even in the present globalized context.

Gandhi wanted to remove the lethargy and shake off the inertia and the feeling of helplessness to make people self sufficient through hand spinning. He expected them to learn to rely on themselves as the mills could not achieve this, for they employed only a small fraction of the people. In the mill production the employees were not self-dependent for they were dependent on the employer for wages, raw materials and machinery. In his opinion, Khadi alone could teach the village population to depend on their own efforts to improve themselves and to be self-dependent.

Gandhi formulated the following proposition to fully show that Khadi must hold the field for any length of time that people could think of:

   Khadi is the only true economic proposition in terms of the millions of villagers until such time if ever, when a better system of supplying work and adequate wages for every able bodied person above the age of sixteen, male or female is found for his field, cottage or even factory in everyone of the village in India, or till sufficient cities are built up to displace the villages so as to give the villagers the necessary

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comforts and amenities that a well regulated life demands and is entitled to.\(^{32}\)

Gandhi was convinced that the revival of hand spinning and hand weaving would make the largest contribution to the economic and the moral regeneration of the country. He felt the need of a simple industry to the millions to supplement agriculture. He believed that if millions are to be saved from starvation, they must be able to reintroduce spinning in their homes and every village must repossess its own weavers.\(^{33}\) Gandhi pointed out, "The spinning wheel represents to me the hope of the masses. The masses lost their freedom such as it was, with the loss of the Charkha – The Charkha supplemented the agriculture of the villages and gave it dignity. It was the friend and solace of the widow. It kept the villagers away from idleness."\(^{34}\)

Khadi for him was not merely of economic importance but as also of a cultural value. Gandhi felt that hand spinning, when universalized, would teach the population about the dignity of labour. The degenerated form of caste system was fostered by the aristocratic tradition and there also existed a gulf between the rich and the poor. If hand spinning was carried on by all, the gulf would be bridged and in its place a bond of unity would be established between the masses, all classes, all castes and creeds. This was the social value that Gandhi found in hand spinning. Gandhi realized that industrialisation with its need for raw materials and markets, led to imperialism, international strife and war. Through Khadi Gandhi wanted to revive the self-sufficient economy restricting primarily to the needs of the village. All these reasons which are economic, cultural, social and political,


\(^{33}\) *Young India*, July 21, 1920, p. 4.

\(^{34}\) *Harijan*, 13.4.1940, p. 85.
led Gandhi to establish the *Khadi* movement. Gandhi led the foundations of a non-violent economic and social order to bring about peace and happiness to the entire mankind.\(^{35}\)

Gandhi had the belief, which is based on his firm conviction, that agriculture provides the only unfailing and perennial support to the people of this country. He was of the opinion that improvements could be brought about to enable the cultivator to make some income for himself from the land. He suggested to improve the condition of the people through rehabilitation of agriculture, cattle breeding and other village industries.\(^{36}\) Gandhi thought that the Indian economy as well as the Indian polity, if it has to be restructured from the bottom outwards (rather than upwards in a pyramidal structure) it would be necessary to refashion the village communities as an “ideal type and re-adopt them to the modern methods of ‘co-operative’ operation.”\(^ {37}\)

Gandhi firmly believed that people will not derive the full benefits of agriculture, until they take up co-operative farming. Gandhi elaborates his notion of cooperation in the following words:

> My notion of cooperation is that the land would be held in cooperation by the owners and tilled and cultivated also in cooperative. This would cause a saving of labour, capital, tools etc. The owners would work in cooperation and own capital, tools, animals, seeds, etc., in cooperation. Cooperative farming of my conception would change the face of the land and banish poverty and idleness from their midst. All this is only possible if people become friends of one another and as one family. When that happy event


Gandhi believed that only when a new society based on cooperation through the persuasive power of non-violence, non-cooperation and love is built and the foundation of individuality is preserved that the real and abiding progress could be assured to the whole world. This also suggests that Gandhian approach was not parochial, rather he was concerned about the progress of the whole world.

Gandhi wanted the transformation of society by shifting the centre of gravity to the villages till everyone was employed and become self-sufficient. Gandhi said, "I would say that if the village perishes, India will perish too. It will be no more India. Her own mission in the world will get lost. The revival of the village life is possible only when it is no more exploited."\(^{39}\)

Gandhi stated that the society based on non-violence can only consist of groups settled in villages in which voluntary cooperation is the condition of dignified and peaceful existence.\(^{40}\) Gandhi seeks to revive villages which are no more exploited. He said, "You cannot build non-violence on a factory civilization, but it can be built on self-contained villages... Rural economy as I have conceived it eschews exploitation altogether and exploitation is the essence of violence. You have therefore, to be rural-minded before you can be non-violent and to be rural minded you have to have faith in the spinning wheel."\(^{41}\)

\(^{38}\) Harijan, March 9, 1947, p. 59.
\(^{39}\) Ibid., August 29, 1936, p. 226.
\(^{40}\) Ibid., January 13, 1940, pp. 410-411.
\(^{41}\) Ibid., November 4 1939, p. 331.
Gandhi related exploitation to violence. He measured the progress of the society or nation in terms of morality and human welfare. So he aimed at the rural industries and the village development to uplift the people who are in the impoverished state for their well being and total welfare.

His views on economic reforms suggest that he had a passion for socio-economic justice and finds justification for the peaceful transformation of the acquisitive society into egalitarian society through a change in the outlook of the individual towards society, by converting the people to his point of view, by the change of heart. Hence, he desired the transformation of society through truthful and non-violent means. His contempt for use of violent means was also based on the fact that evil means had an inevitable tendency to enter into ends and corrupt them.

His ideas on trusteeship were also based on his faith on voluntary action and his fear of the state. If people would be dependent for everything on the state including minimizing exploitation, in that case state can destroy the individuality which is necessary for all progress. Here Gandhi differs from Marx. Marx wanted to end the class conflict by abolition of private property whereas Gandhi wanted to narrow the gap between the rich and the poor by converting men of property into trustees and that too voluntarily.

Gandhi along with change of heart also recommended change in the material environment by pleading for decentralization of economic and political power. However, he gave primacy to individual character because according to him, it alone has the capacity to transform material conditions on a permanent basis. In this regard too Gandhi differs from Marx because Marx considered individual character irrelevant to the wider struggle.
Gandhian critique of industrial society gives an impression that Gandhi denounced the role of scientific knowledge in human life. In fact, he was not against the use of heavy machinery but wanted that machinery should promote the total human welfare and should not lead to concentration of wealth and power in the hands of few.

Ambedkar was an economist by his basic training. Ambedkar believed that the caste system in India was major obstacle to economic growth and development. The caste system generally did not allow people to teach their professional skills to any other than their own caste members. Even if any individual did possess the skills necessary for a job, he would be reluctant to take up a profession of a caste lower than his own. According to him, as mentioned earlier, untouchability was not only a religious system but also an economic system which was worse than slavery. In slavery, the master at least has the responsibility to feed, clothe and house the slave and keep him in good condition or else the market value of the salve might come down. Ambedkar observes in his book, *What Congress and Gandhi have done to the Untouchables*, that “as an economic system, it [the caste system] permits exploitation without obligation. Untouchability is not only a system of unmitigated economic exploitation.” In another book, *The Untouchables – Who were They And Why They Became Untouchables?* Ambedkar argued that the caste system was a “diabolical contrivance to suppress and enslave humanity. Its proper name would be infamy.”

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Ambedkar believed that the strategy for India’s economic development should be based on eradication of poverty, elimination of inequalities and on ending exploitation of the masses. He accepted the Marxian view that there is exploitation in the world; that the poor are exploited by the rich; and that the enslavement of the masses by the privileged few leads to perpetuation of poverty and its attendant suffering. Yet Ambedkar did not sympathize with the Marxist paradigm of development.

Like Marx, Ambedkar did not accept economic relationships as the be-all and end-all of human life and rejected the economic motive as the driving power behind all human activity. He emphasized that exploitation has many dimensions, economic, social and religious exploitation. He believed that the social exploitation is no less oppressive than economic exploitation.

The fundamental cause of India’s backward economy according to Ambedkar was the delay in changing the land system. The real remedy was democratic collectivism in which economic efficiency, productivity and overhauling village economy were materialized. It aimed to wipe out completely the elements of economic exploitation. He wanted that there would be no landless labourers. He wanted both freedom and welfare, which were possible in his idea of economic realism. Mixed economy was the cornerstone of his economic ideas. He stood for the progressive transformation of society, removing glaring social and economic inequalities that were due to the capitalist system.

His views regarding the agricultural land were very much radical in nature. He was of the opinion that all the agricultural land should be nationalized and should be given to the landless people for cultivation.
They should also be provided with the seeds, implements and the capital by the state irrespective of their religion, caste or creed. Maximum land should be brought under cultivation and revenue based on certain principles be collected from them. Nationalisation of land and the industrialization were much more propagated by him for which he suggested the way of state socialism with parliamentary democracy. His economic thoughts had some ethical background as he studied the economic activities in relation to their influence on the human welfare. His thoughts in this connection had the foundation of the distribution of wealth amongst the common people on a very radical ground based on justice.44

He believed that state socialism is essential to the rapid industrialization of India. Private enterprise cannot do it, and if it did, it would produce the inequalities of wealth which private capitalism has produced in Europe which should serve as a warning to Indians. Consolidation of holdings and tenancy legislation are worse than useless. They cannot bring about prosperity in agriculture. Neither consolidation nor tenancy legislation can be of any help to the millions of untouchables who are just landless labourers. Only collective farming can help them.

Observing that basic industries should be owned by the state, he said, "Insurance shall be a monopoly of the state. Agriculture shall be a state industry. Land will belong to the state and shall be let out to villagers without distinction of caste or creed and in such a manner that there will be no landlord, no tenant and no landless labourer."45

44 Dr. W.N. Kuber, Dr. Ambedkar Vichar Manthan, Pune: Kesari Prakashan, 1972, p. 42.
Ambedkar wanted to establish state socialism by the constitutional law and thus make it unalterable by any act of the legislature or the executive. He stated that state socialism should be practiced through Parliamentary Democracy which was a proper form of government for a free society. It was only by this method that one could achieve the triple object, namely, to establish socialism, retain parliamentary democracy and avoid dictatorship. Ambedkar writes, "The plan has two special features. One is that it proposes state socialism in important fields of economic life, the second special feature of the plan is, that it does not leave establishment of state socialism to the will of the legislature. It establishes state socialism by the law of the constitution and thus make it unalterable by any act of the legislature and the executive."\(^{46}\)

He disagreed with socialist view that the equalization of property was the only real reform and that it must precede everything else. He believed that reform of the social order should precede the economic reform. He warned the socialists that in order to make socialism a definite reality, they must recognize that the problem of social reform is fundamental and that for them there is no escape from it. Unless they do so, they cannot achieve their revolution. They will be compelled to take account of caste after revolution, if not before revolution.\(^{47}\)

Ambedkar's views on land reforms are presented in his paper on "Small Holdings in India and their Remedies," published in the Journal of Indian Economic Society. In this paper he has made original and practical contributions to land reforms in India. He believed that land reforms are

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very much needed in India from the point of stepping up the agricultural production. Small and scattered holdings, according to him, were greatly responsible for low agricultural productivity. The evil of small holdings in India was not fundamental but was derived from the parent evil of the maladjustment in her social economy.

Consolidation according to him may prevent the evil of scattered holdings, but not the evils of small holdings unless the consolidated holding was an economic holding. The usual definition of an economic holding "a holding which allows a man a chance of producing sufficient to keep himself and his family in reasonable comfort after paying his necessary expenses" was criticized by him. He pointed out that this definition of economic holding was from the stand point of consumption rather than of production. He remarked, "Any definition, therefore, that leans on consumption mistakes the nature of an economic holding which is essentially an enterprise in production. What is important for the purpose of production is the process of combining the factors of production."

The absolute size of land (which was small) was not the only decisive factor responsible for efficient production. There were other factors too, such as increasing capital. In his words, "The remedy for the ills of agriculture in India does not lie primarily in the matter of enlarging holdings, but in the matter of increasing capital and capital goods."

Capital, according to Ambedkar, arises from saving and that saving is possible where there is surplus. Capital is, thus, but crystallized surplus. But no surplus was possible in agriculture. A large agricultural population

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with the lowest proportion of land in actual cultivation meant that a large part of agricultural population remained idle instead of performing any sort of productive labour. The depression of the national dividend was another important effect of this idle labour. The agricultural population exerted tremendous pressure on land resulting in the increasing ruralisation of the country. The universal prevalence of the small farms was due to this enormous pressure on land.\textsuperscript{51} He remarked, “It is the failure to grasp the working of this pressure on the land that makes the law of inheritance such a great grievance.”\textsuperscript{52}

Ambedkar gave the idea of an economic unit which meant that after the adoption of the one-man rule of succession a survey number would be made to cover a piece of land which would be of the size fixed for an ideal economic holding. A piece of land with a separate and distinct survey number must not be below the economic unit. According to him, consolidation and its conservation were so intimately connected that the one could not be thought of without the other. Ambedkar has given extracts from \textit{London Times} describing how agriculture improves by the reflex effects of industrialization. He summed up, “Industrialisation facilitates consolidation. It lessens the premium on land. It must precede consolidation. It is a barrier against future sub-division and consolidation.”\textsuperscript{53} This is the main difference between Gandhi and Ambedkar. Ambedkar is of the opinion that industrialization facilitates consolidation and both are complementary to each other.

The \textit{Khoti} system was one of the minor land tenures in the former Bombay Presidency. It was found mostly in Ratnagiri district and in some

\textsuperscript{51} \textit{Ibid.}
\textsuperscript{52} \textit{Ibid.}
\textsuperscript{53} \textit{Ibid.}, pp. 68-69.
parts of Kolaba and Thana districts. The exploitation and the pauperization of the peasantry was a burning problem in those parts. In the *ryatwari* (peasant proprietorship) tenure, the government collected revenue directly from those who were in occupation of the land, while in the *Khoti* tenure the government was required to employ the services of the *Khoti*, for the purpose of collecting revenue. The *Khoti* system according to Ambedkar was not part of the land revenue code, it was a separate item altogether.

According to the Hereditary Offices Act, the Mahars, the holders of the posts, were required to work all day and night, and in the absence of a Mahar servant, his father or any other member of his family was impressed into the government service. For this hard work they got each a piece of land as *Watan*, some com from the villagers and a pittance varying from two annas to a rupee and a half per mensem. The result of the *Watan* was that the Mahars lost self respect, their ambition and ability were tied down to these trifling menial jobs. Ambedkar saw that the practice deteriorated the Mahar community and he resolved to liberte it. He introduced a bill in the Bombay Legislative Council to amend the Bombay Hereditary Offices Act, 1874, on March 19, 1928. In several meetings and conferences, he made clear the objects of this bill. The first purpose was to permit commutation of the *Watan* at the opinion of the holder; the second, to provide better security for the payment of remuneration of certain classes of *Watandars*, and the third purpose was to provide for specification of rules or the duties to be performed by *Watandars*. While moving the bill in the Bombay Legislative Council on August 3, 1928, he made a vigorous speech. He proposed that the *Watan* lands should be given to the holders of those posts at the full rate of assessment and they should be relieved from the obligation to serve. They should be paid from the revenue derived from the assessment levied on the lands of the Mahars and from the *baluta"
(collection of grain made by *Watandar* Mahars from the villagers).\(^5^4\) He said, "I can assure the house that the Mahar people are absolutely determined to have the bill, and... if the government refuses to liberate on grounds of inconvenience, or any other grounds, then it will be a war between the revenue department and the Mahars. If this bill does not pass... I am going to spend the rest of my time in seeing that the Mahars organize a general strike."\(^5^5\)

Ambedkar raised his voice against this system. In the Depressed Classes Conference in April 1929 at Ratnagiri, he gave a call for the abolition of the *Khoti* system. He introduced a bill in the Bombay Legislative Council on September 7, 1937, which aimed at abolishing the *Khoti* system. By this bill be aimed at securing occupancy rights to the tenants, and substituting it by *ryatwari* system. He explained the aims of the bill was (1) to abolish the *Khoti* System and to establish direct relationship between government and those who are in possession or occupation of the land which is under the management or beneficial enjoyment of the *khoti*; (2) to make provision for the payment of reasonable compensation to the *Khot* for the loss of his rights; (3) to give those inferior holders who are in actual occupation of the land the status of occupants within the meaning of the land revenue code. The *Khoti* system does not come under the land revenue code.\(^5^6\)

As a system of land tenure, landlordism was untenable. So Ambedkar wanted its abolition. He said:

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I too agree, that after abolishing landlordism, the state must be the owner of the landlord and not the proprietor or the peasant. The natural consequence of the abolition of landlordism must be collective farming or cooperative farming. But, we are too much individualists. The cooperative farming, though useful and improving in production, is regarded by the peasant as an aggression on our system. This is due to the individualist tendencies of our farmers. Though we abolished landlordism we would not be able to build our economy on sound basis by such methods. The whole outlook of our peasants must be changed, then and then only we would be able to reap the fruits of our revolutionary attempt to throw off the yoke of landlords.57

Ambedkar held that coexistence of parliamentary democracy and capitalist economy involves inherent contradiction. He argued, “Those who are living under the capitalistic form of industrial organization and under the form of political organization called Parliamentary Democracy must recognize the contradictions of their system. The first contradiction is between fabulous wealth and abject poverty, not in its simple form, but in its aggravated form, in which we see it, wealth to those who do not work and poverty for those who do.”58

There is a clear cut division of the capitalist society into ‘rich’ and ‘poor’ which only gives rise to the second contradiction i.e. equality in politics and inequality in economics.59 Thus, according to Ambedkar, “What has vitiated Parliamentary Democracy is the failure to realize that political democracy cannot succeed where there is no social and economic democracy. Social and economic democracies are the tissues and the fibres of a political democracy. The tougher the tissue and the fibre, the greater

59 Ibid.
will be the strength of the body. Democracy is another name for equality." It therefore follows that inequality in economics renders equality in politics ineffective and meaningless. This led Ambedkar to argue that though, "Parliamentary Democracy developed a passion for liberty, it never made even enabling acquaintance with equality. It failed to realize the significance of equality and did not even endeavour to strike a balance between liberty and equality, with the result that liberty swallowed equality and left a progeny of inequalities." Ambedkar thus, believes that economic equality should precede political equality but this is not possible in parliamentary democracy because it is incapable of striking a balance between liberty and equality. It gives precedence to liberty.

Yet another reason for the disfiguring of the parliamentary democracy according to Ambedkar is the nature of “freedom of contract” in the capitalist economy, because it is a contract between two parties that are unequal. Ambedkar maintained:

What has ruined Parliamentary Democracy is the idea of freedom of contract. The idea became sanctified and was upheld in the name of liberty. Parliamentary Democracy took no notice of economic inequalities and did not care to examine the result of freedom of contract of the parties to the contract, should they happen to be unequal. Parliamentary Democracy ignores the implications of freedom of contract that allows the strong to defraud the weak. The result is that Parliamentary Democracy in standing out as protagonist of liberty has continuously added to the economic wrongs of the poor, the downtrodden and the disinherited class.

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60 Ibid., p. 108.
62 Ibid., p. 108.
Ambedkar also attributed the miseries and the deprivations of the laboring and the downtrodden classes to themselves. He criticized the laboring classes for having shown most appalling indifferences to the effect of the economic factor in the making of men's life. According to him, these classes have failed to give economic facts the imperative force they have in determining the term of associated life. Thus, having argued that "man does not live by bread alone," he wished that the "laboring classes thought of bread first and everything else afterwards."

Thus, in order to turn the Parliamentary Democracy to their own benefit, Ambedkar advised the laboring classes to organize themselves into a political party, viz. the Labour Party. Since, according to him, "there were two classes in the world – the 'haves' and the 'have-nots', the 'rich' and the 'poor', the 'exploiters' and 'the exploited' – he exhorted the peasants and the workers to think over the causes of their poverty and told them that lay in the richness of the exploiters." Therefore, he concluded, "the only way for them (the laboring classes) was to organize a labour front without any regard to caste, or creed, and to elect the legislatures those who were their real representatives. If they did so, they would have shelter, clothing, and they who produced food and wealth of the nation would not die from hunger."

Ambedkar spelt out two specific issues. Firstly, he emphasized that the Labour Party must dissociate itself from communal or capitalistic

64 Ibid.
65 Ibid.
66 Ibid., p. 79.
67 Ibid.
68 Ibid.
political parties. Secondly, the Labour Party must acquire knowledge so as to equip itself with fitness to govern. In this context, he maintained that the Labour Government cannot be a government of *laissez faire* but "must essentially be based on a system of control; and a system of control needs a far greater degree of knowledge and training than a *laissez faire* government does."\(^{69}\)

What Ambedkar said at that time has once again become relevant in the context of the economic slowdown worldwide. If relatively India could insulate itself from the slowdown it was relatively due to the system of state regulation. This argument can be contested in the light of the contemporary scenario of the rupee falling all time low in comparison to dollar, low gross domestic product, minimal foreign direct investment despite state regulation. The primary reasons for this situation are the constraints of coalition politics leading to policy paralysis, the decision to levy taxes on foreign players like Vodafone with retrospective effect and over and above all scrapping of deals because of scams and rampant corruption.

The relevance of Ambedkar’s labour perspective is unquestionable. A large section of the Indian population falls below the poverty line. Most of them are working in the unorganized sector of the economy. The trade union movement in general could not rise above the day to day issues confronting the workers and hence could not develop an ambition to seize political power. There is tendency among the workers to be swayed by parochial, regional, sectarian and communal considerations and all this clearly vindicates Ambedkar’s understanding of the socio-economic genesis of the labour problem in India.

\(^{69}\) *Dr. B.R. Ambedkar, Writings and Speeches*, Vol. 1, 1979, pp. 387-449.
Ambedkar was right in believing that rapid growth and prosperity is possible only through capital intensive industries. He preferred industrialization within the mixed economy model, with state having a dominant position. He combined land reforms and industrialization to solve the problems of the depressed economy and the poor people.

Gandhi and Ambedkar, both, wanted to remove the economic disparity, because both firmly believed that unless the economic disparity was removed there could be neither social justice nor the upliftment of the downtrodden. Their respective approach towards the goal was different. Ambedkar advocated industrialization of India as a remedy for the evils seen in agriculture. He advocated extensive use of machinery as it resulted in production of commodities on a mass scale. Gandhi on the other hand believed in production by the masses who will be employed in village industries. Gandhiji opposed the use of machines if it resulted in unemployment, concentration of wealth in the hands of few and exploitation by few. Gandhi held that it was only the labour intensive method of production that could solve the problem of rural unemployment in India. According to him labour and labour alone could solve the problem of production and employment both in agricultural as well as in industrial sectors.

Ambedkar held the view that ills were not due to machinery and modern civilization, they were due to wrong social organization which had made private property and pursuit of personal gain, matters of absolute sanctity. Ambedkar preferred industrialization within the framework of a mixed economy, where state management and state ownership of industry were necessary. He suggested the nationalization of life insurance and transportation.
Ambedkar’s views on land reforms and industrialization cannot be seen in their isolation but have to seen in their integrated form. Ambedkar was able to visualize, as a true economist, the problems of a depressed economy which was characterized by mass poverty. He was able to grasp nature of the production function of agriculture, the political economy of land reforms, the importance of industrialization, the backward and forward linkage effects of industrialization.

Gandhi’s solution for economic development of India was based on decentralized cottage industries and self-sufficient village communities. According to him people should live in villages and make village community self-sufficient (in respect of local needs and not in all spheres). These views were condemned by Ambedkar as primitive as he considered village as a social unit where there is poverty and ignorant masses are suffering from social stratification.

Ambedkar proposed State socialism. In his words, “The way out seems to retain parliamentary democracy and to preserve state socialism in the law of constitution. So that it will be beyond the reach of a parliamentary majority to suspend, amend and abrogate it. It is only by this we can achieve the triple objective to establish socialism, retain parliamentary democracy and avoid dictatorship.”

Ambedkar advocated state socialism to ensure proper working of the national economy. He favoured land acquisition by the state for distributing the same to the poor devoid of any means of production. His views were socialistic. Ambedkar’s view on industrialization are close to Nehru’s views on the question of industrialization of India. Like Ambedkar

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Nehru wrote: “I believe in the rapid industrialization of the country and only thus, I think, will the standards of the people rise substantially and poverty be combated.”^1

Ambedkar ridiculed the trusteeship theory of Gandhi and remarked that it only sought to maintain intact a social structure which permitted the domination of one by the other. Ambedkar, thus, was very clear of what ought to be done for the Harijans in social and economic spheres. He lived every moment of his life for them and had a constant urge to do something for them.

Ambedkar firmly believed that parliamentary democracy cannot achieve its true objectives so long as the money power was concentrated in the hands of a few capitalists. Political equality without economic equality is a mere myth. These views of Ambedkar are very relevant in the present socio-political scenario. Only those who have money power can contest and win elections while the poor, who cannot afford even the basic necessities of life continue to suffer in the vicious circle of endless poverty. Political liberty holds no meaning or value to these people. Ambedkar has rightly said that economic equality must precede political equality.