CHAPTER - V

APPLICATION OF THE PRINCIPLES OF GANDHIJI'S ECONOMICS - II

The primary division of economics is production and consumption. Man plays a vital role in organising the production and himself becomes the organ of consumption.

Production is a function of cooperation. Man cooperate with one another and also with nature in production function so that they may be able to get the share for their consumption from nature. Man lives in society. His needs as a social being are many. He cannot produce all the needs by himself. Nature has not bestowed that much power to him. If he could have fulfilled all his needs by himself, he would have turned arrogant. Nature calls for cooperation in every field of human activity. While production and consumption are the primary divisions of economics, the secondary division of economics is cooperation. Cooperation in production and cooperation in consumption completes the chain of economic division. Cooperation in production needs distribution of work. Cooperation in consumption calls for exchange. It is this principle of economics which determines the theories of production and consumption and brings in exchange for proper and true distribution.

'Industrialism' is the base of present day economics. The entire Western Economic thought is synonymous with industrial economics. Main theme of Gandhiji's economic order is 'decentralisation'. There is vast different between
the principles of Gandhi's economic thinking and the economics derived from industrial revolution. One advocates performance of one's duty in one's life with the sole motive of achieving real happiness while the other analyses the prevalent trend in production consumption function of centralised nature. There is no meeting ground between the two. Vast difference exists in the principles of exchange and distribution.

Centralised production needs huge capital, complicated technique for specific jobs, sophisticated machines replacing labour, specialised and regimented labour. It also demands exploring distant markets and control of market. Importance of money considerably increases.

Decentralised method of production flourishes on the efficiency and skill of each labourer employed. It makes no effort in reducing the strength of labour. Labour has to develop in him the quality of capital (efficiency of mechanism and skill of hands), quality of entrepreneurial function and organisational capacity. As there is limit to the working of labour which produces things with the help of one's own hands and skill, there will be little chance of over production. Each individual will contribute his share in labour. Nature will give equitable return for such labour according to individual need. Accumulation will be avoided. These principles apply more in case of basic needs of men and these basic needs will govern the primary production and consumption. The other needs will have only secondary demand on the economics
of decentralisation. Such economy needs a separate treatment.

Distribution:

Distribution according to Gandhiji's thinking primarily implies distribution of the products of the society among the masses. Under a well ordered society no one suffers from want of prime necessaries of life. Bread-labour is a must for all persons in society. One who eats two breads should produce four. The reward for labour is paid on equality basis. This forms the basis for equal distribution among other factors of production.

Equitable distribution means that all persons fulfil their requirements on equitable basis. It provides equal opportunity to all to help in production, equal status in the society and equal remuneration for each physical hour of work with the least distinction for the type of work one undertakes to do.

In Gandhiji's economic ideology, labour forms the main factor of production. Land or free gift of nature also plays an important role in production, but it belongs to those who toil for it. Land is the combined property of a society and the society acts as its trustee. There can be no monopoly of land. Labour holds the land only to the extent it utilises it on equity basis. It becomes the duty of the labour to distribute the product equally among the persons.

Distribution of land should be such that the land provides gainful employment to a vast majority of people. There should
be certain rules for minimum and maximum holding. Persons already engaged on the land must get a preference to hold it.

The more we adopt labour intensive way of production in preference to capital intensive plan, the more do we help to equalise distribution of wealth. As far as agriculture is concerned large scale mechanised production will be a curse to the villagers for years to come. Once mechanisation gets the momentum, it shall be very hard to check it. Present agriculturist class who are accustomed to toil up a steep hilly, will suffer badly if they avoid physical labour. Automation will add fuel to fire in the suffering of the depressed classes.

Capital has its own importance but it should spring from the accumulation of the savings of the labour in the past. In the production scheme of Gandhiji, capital has to subserv the labour and not outmode it. Capital should get its due share of interest but it should not give ground for exploitation. In no circumstances should capital hire land or labour. It is the labour that should hire the capital and then alone, we can expect equal distribution of production in the society.

The more the economy is decentralised, higher grows the importance of labour with importance of other factors of production receding simultaneously. Labour acquires the organisational and entrepreneurial factors to itself. These are inseparable from labour. Labour is the risk taker, coordinator and organiser of the production. Some small capital is desirable in production. Lower is the demand for capital the wider will be the equality of status in society. These are
all the reflections of dynamic economies of Gandhiji. This economics stand on 'co-operation', in place of pure competition' forms which is the basis of static economy.

Bulk of nation's wealth consists of agricultural products, specially the foodgrains. Distribution of this commodity forming the largest part of nation's wealth or income derived out of it, is done at the hands of small cultivators. 'Give and take' principle is adopted for distribution. This principle eliminates selfish motive of more and more accumulation. In this dynamic economy the task of distribution is widely spread among the masses. It is the bond of 'affection' and 'duty' that binds the large number of producers who are closely concerned with other factors related to persons helping them in the production directly or indirectly.

Clothing comes next to agricultural products in nation's wealth. A sweeping majority of population has to produce their major requirements of clothing by themselves and that too during their leisure hours. Such wealth is automatically distributed among the masses on equity basis.

It is the production and consumption practice that determines the distribution of income and wealth among the masses. When their primary needs and the need of services are fulfilled in the village itself the wealth or the products are easily distributed among the villagers on equity basis. It widens the chances of labour being employed more and more. Centralised way of production lessens the chances of employment
and increases the chances of concentration of wealth with its wild distribution of product in the markets.

Hundreds of other articles will be produced side by side in the decentralised system of production of foodgrains and clothing on large scale production basis. They shall not create much hindrance since their place in national economy will be assessed. These products will be in greater demand only when standard of living is raised from the bottom.
Present industrial based economics is termed as exchange economics. Determination of price with its supply effect and demand effect is the main subject matter studied under it.

Supply effect: In the existing scene of economics of large scale and centralized production two main factors are distinctly witnessed: (1) competitive spirit among the producers to reduce the cost, (2) tendency to oust the competitor and to acquire monopolistic position for higher gains.

These factors are related to the supply side of the produces. Cost of production is being reduced with the efforts of finding out ways and means of quick production with the help of heavy machines and reducing number and total cost of labour to a great extent, acquiring cheap capital from the masses through different media such as banks, insurance agencies etc., acquiring raw materials collectively through their own agencies working as brokers and deceiving the small producers and labourers. Articles thus produced on large scale, need wider and distant markets. To acquire more profit, the so-called producers working on the background of real producers (the labour class), control the market through speculation, monopoly shops, and monopolistic competitive measures. Its general claim is that it gives a fair chance to competition. The more the competition, the more the technological advancement and less the waste and lesser still the value of goods. All these 'economics of large scale production' do not attract Gandhiji. Socialist pattern,
which has less chance of competition, claims to provide goods at a cheaper rate as it does not stand on profit motive. But its claim is only partly true.

The study of cost structure of articles reveals a fact that use and value of raw materials cannot be reduced. The value of land is continuously rising due to its ever growing scarcity. Sleeping or dormant capital demands its increasing share. Labour is becoming more conscious and better organised. Saving of the public is the cheapest capital available through opening a bank or such other syndicates. Therefore the sole attempt is to prefer large scale production where higher technology becomes the prime producer and which is acquired through cheap capital. This means demand for labour is reduced or to say more correctly the chances of labourers employment is snatched away by substituting it with higher and higher technology. This alone becomes the ground for reducing the cost and creating a surplus for the few entreprenouing class. From the above description we deduce the surplus formula:

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\text{Surplus} = \text{labour cost that is replaced} - \text{capital employed to replace the labour.}
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In the capitalist economy this surplus is first used to reduce the price to win the market if there arises any competition. Afterwards this surplus is drained out conveniently for concentration of wealth. No such surplus is available to be concentrated in the decentralised production.
The indirect methods of reducing the cost and of making one's own selfish gains in the present economic set-up is very dubious. Malpractices are found out to reduce the cost of articles for example the brokers intervention and control of market through bidding and speculative trends.

With this, functions of state is organised in such manner which indirectly help large scale production and reduce their cost. All the social overheads e.g., construction and maintenance of transportation and tele-communications, hydro-projects, dams, providing higher education and medical facilities, maintaining peace and order etc. greatly help the large scale production.

Demand effect:

On the demand side of market structure the claim of modern economics is 'consumer is the king' and producer attunes to the demand of the customer.

The competitive exchange economy has a rule of 'buyer beware'. It is rightly expected from the buyer that he should be careful in bargaining activities. But he can buy what has already been produced earlier that too through large scale production dumped in the market. Market rates are pre-fixed.

Sense provoking advertisement medias are adopted to attract the consumers for the goods sold in the market, a psychological approach to change the mental make up of consumers in favour of articles sold.
The present economic set-up has changed the culture altogether. Change of fashion and outlook, governed by the tricks of producers favourably mould the demand in its favour.

Standard of living modifies the demand. It depends on the economic progress and 'value judgement'. Car in American economic order is a necessity whereas in Indian economic conditions it is an item of luxury for the general mass. Dining table is a necessity in Britain whereas it is a luxury in India where the age old custom is to dine on the floor. Wine is a necessity in advanced (cold) countries but it is a luxury and a social crime under Indian norms. Hippi cult is a natural sequence and a luxury in industrial civilisation. It is a harmful emulation in India. 'It is difficult even to understand what people mean when they talk of a standard of living. It is a delightfully vague term.... Each person may have his own notion of a standard of living and as to what it comprises. To one a radio set and motor car may fall within the barest minimum. To another two meals a day may be a rare luxury'. Scale of value prevalent in one country forms the nature of her inhabitants and provides its own value judgements. It greatly determines the scale of production, consumption and market economy.

There are certain captivating slogans that affect the incentive to consume and produce and the market conditions, e.g. 'Time saving devices', 'Labour saving devices', 'Scientific mode of living' etc. To quote an example: cooking in the

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beginning stage was generally done in mud pots on a hearth (chulha) as it is even now done in our villages. It then developed to utensils and sigri, then to steel pots and stove and then to pressure cooker and gas. Now we can calculate exact pressure, heat and also correct time that cooking will take. Our attention is more diverted towards captivating slogans named scientific. We do not feel that it mars the quality of preparing tasty foods as prepared by one's own hidden quality of judgement.

Such changes in our daily activities are directly linked with the changes in our thinking process. What for house wife wants to save time and change the mode of living? The answer is to be called modern or 'to save time', to save labour' and to lead a scientific mode of living. Cooking is a burden to a modern house wife. She wants to save the cooking time for recreation. Again a housewife requires a dining table and self serving system. Indian ways of cooking and dining are different. We may despise them but that would not devalue the superior scientific base on which it is shaped. Indian system of cooking and serving help the growth of health developments of affectionate relations in the family and around, day by day. Perfect cleanliness is maintained throughout the period of cooking and serving and food articles are served in such a manner that it generates peace and affection. Leaf on which the food is partaken is to be given to the cattle. In this process love is to be extended to the animals even who are incumbent on us. The whole process of cooking and serving is itself a way of recreation and duty. This example makes
it clear the difference between the value judgement of Western economics and Gandhiji's ways of thinking; the former stands for labour and time saving devices, while the latter for labour and time utilising devices.

It is a great tragedy for the nation that we could not develop our own knowledge to understand the treasure in our traditional way of life hence we gradually discard our own hereditary science of creating our own needs, and adopt the talents and higher human faculties. Our traditional ways have been so framed as to bind the family, the village and the humanity at large with the ties of mutual help and sacrifice and affection. The Western ways of living upholds interest of the self, disintegrates the family ties and create disharmony in the society. We have still to explore the science to know how do soft words, affectionate atmosphere, feeling of 'serve thy neighbour' and sacrificing tendency mixed with our nature mould our economics. In the decentralised economic order tendency to share one's income and one's talent in the best possible manner is developed whereas under the centralised economic order way to self profit is garnered. The former way develops cooperation in exchange and distribution. The central point in exchange and distribution is cooperation in Gandhiji's ideology.

It is the value judgement (in modernity cult) that helps the ever growing large scale production covering the markets even at a distant place. In place of self confidence, creative tendency and independent thinking, man believes in
machinery method of production and importance of money
purposive changes of culture.

'Social over heads'\(^1\) like sunlight, fresh water, fresh air, fresh vegetables etc. do not count in our value judgement. Machine made articles used for decoration purposes like flower vase and plastic or paper made flowers are taking the place of mud flower vase, artistically prepared by human hands and fresh flowers produced by Nature. The latter employ more hands where exploitation of wealth is less possible if its consumption and production is made with care. But value judgement modifies our thinking in veritable terms. Furniture made by machines and prepared by hand labour definitely affect the cost differently. We are more attracted towards less cost and ignore the value of real and lively art and prefer dead art instead. We also do not care for the raw materials used in it, whether they are recurring\(^2\) (e.g. wood) or non-recurring (e.g., iron and steel; the capital wealth of Nature). Machine embroidery, hosiery, modern utensils, carpets etc. are a few such examples where we seldom care for hand skill due to change in value judgement.

It is a wrong notion that under the present economic system we get articles at cheap rate. The complete economic trend is such that price of commodities must go high. Ganchiji also opined that under the existing economic order ultimately prices will rise specially of those articles

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1. Kenneth Rose, Economic Thought of Mahatma Gandhi
   (Bombay, Allied Publishers, 1959); p. 12.
2. [Other reference] p. 141
which are produced by centralised method. It is a proof in itself. The overhead cost, the number of co-sharers of profit or gain, cost of raw material, transportation, insurance, window display advertising expenses etc. gradually increase. Under Gandhiji's way of planning wages to labourers tend to form the largest item of cost of articles of basic needs viz. agriculture and textile. It is labour intensive. But to reduce the cost large scale machinery has been evolved to replace the large number of labour employed. Mechanisation also speeds up the work. This type of production is against healthy ecological production. Human labour that goes waste, disturbs the ecological balance.

Gregg says, "Thus we see that the economic strength and efficiency of small scale, decentralised, intensive industry such as Gandhiji advocated, lies in its low fixed charges, low power costs, low expenses for repair, maintenance, obsolescence and depreciation, low inventory charges, rapid turnover of material and product, little or no storage and transportation costs, security of employment, psychological and physiological healthiness and adoption to man's nature its moral and aesthetic possibilities, its freedom and room for sound individual development."

In village economy of decentralised nature, we need no imported resources. The demand of capital is less as compared to the labour it employs, but capital and output

ratio is more. Distributing charge is very little.

It helps raising the income, standard of living from the bottom. It will increase propensity to consume. Demand for other goods will also increase in gradual course, ultimately increasing the production. But it needs a will to acquire scientific knowledge for producing articles of varied needs in the village itself on cottage industry base and also a will to use such articles in the village itself.

Under Gandhi’s economic order production and consumption patterns are different, hence exchange economics also differs. The basic law of market distribution is that the basic requirements of human beings produced on mass scale on decentralised basis, must be distributed on equally mass scale. Gandhi says, "Without simultaneous distribution on an equally mass scale the production can result only in a great world tragedy."  

For supply of articles in the market, it may be deduced that the more distant is the market (for any goods; either raw materials or finished goods), the greater evil does it bear. Intensity of evil varies with the utility of articles of mankind.

The more essential the article for the daily need, nearer to its production should its consumption and should be available easily in exchange of human labour (the most potent capital). Gandhi remarked, "... as a rule, articles manufactured in one place are sent or attempted to be sent
to all parts of the world. Those who manufacture the articles need not use them at all. Not so with Khadi. Its peculiarity is that it has to be used where it is produced and preferably by the spinners and weavers themselves. Thus, the demand for Khadi when thus used is automatically assured." 1 Production of Essential articles of daily use call for contribution of human hand and skill in preference to the machines that replaces huge labour forces.

Food articles, produced by land forms the largest single item of production. Under Gandhiji's economic order this production is primarily done for self production. But every producer is expected to produce double the requirements of his need. The extra produce is first distributed among the village artisans who help him in the production. Blacksmiths, carpenters, potters, weavers etc., come in this category. Then he has to keep a margin for land revenue and other taxes which are to be collected in kind by the authorities. Gandhiji pointed out, "I have always held that whatever may be said in favour of cash payment of taxes its introduction injured the nations to the extent that the system of stocking grain in the villages was disturbed." 2

Articles of occasional use need certain distant market, for instance artistic or special variety of cloth, which can not and need not be manufactured locally. Special talent is required for the same. Gandhiji's views on special

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1. Nachur, Economic Thought, p. 145
2. Ibid.
variety of cloth is, "Special variety will no doubt continue to be manufactured by those families which have woven artistic patterns from times immemorial. That sort of Khadi will live, no matter what befalls the villager's Khadi, which is meant as a perennial source of labour and income for them."¹

The demand of articles should be in consonance with the supply pattern. Consumers must be aware with the fundamental rule that every pie of ours is used with proper care. It is the reflection of mental weakness and ignorance to upkeep the principle 'buy in the cheapest market and sell in the dearest market'. Gandhi has refuted the whole of this maxim. He remarks, "The greater the progress of Khadi the more shall we find that our methods have to be far different from those hitherto adopted by the commercial world which believes in selling at the highest price obtainable and buying at the cheapest rate available. The world of commerce at the present moment is not made upon equitable considerations. It's maxim is 'buyer beware'. The maxim of Khadi economics is 'equity for all'. It therefore rules out the present soul-killing competitive method."²

To buy cheap and sell high is a clear indication of selfish motive. It is for self-profit. Khadi economics do not stand for making money without considering the means and its effect. As per Gandhi's view, "The orthodox economics

². Ibid., p. 93
of cheapness are no good,... The acid test is how much we put into the pockets of the poor."¹ Our demand and supply position should be so knitted that money should equally flow in the society. It should get no chance of getting accumulated in the pockets of a few rich people. One rupee in the hands of a poor farmer may mean his one day's meal to his family, while one rupee in the hands of a rich will be so negligible even to count for. "... when a rupee passes from the hands of a poor man into the hands of a millionaire it loses its value considerably; conversely, money, when it goes from the rich to the poor, enhances in value."² Therewith Gandhiji cared to enhance the value of money by providing more chances to put the money into the hands of the poor as early as possible instead of it going out from his pocket. If we aim at a non-violent economic order and therewith to help our poor neighbours first, we should make demands for such articles which are prepared with the co-operation of our nearest neighbour. Articles prepared through the labour of hand must be preferred to articles prepared out of machines that oust the human labour, snatching their employment. In this way we shall be playing a great part as a leveller of disparities in society.

Special impetus must be given to persons having special aptitude for certain arts and also to those who inherit the same. Basis of their production will be small scale or

1. Mathur, Economic Thought, p.501
2. Kumaramappa, Economy of Permanence, p.141
Requirement arising out of necessity of circumstances and then creating a demand for the same is the base of Gandhiji’s economics of production of articles (specially the articles of occasional needs) other than the basic necessities. It is unlike the prevailing set up where set articles produced earlier than their demand fill the market; market thus becoming a necessity and money the only media of exchange.

There are sound and varying chances of furthering the natural growth of economics in such an economic order where production on decentralised pattern is carried just after the necessity of it is felt. In the beginning one feels the demand of an article for his arising need. He thinks over his requirements and conveys it to the neighbouring producer. Producer develops a creative mind in the direction of supplying the exact need of his customer the consumer. It is the right approach of economics where co-operation is linked in between production and consumption (i.e., distribution and exchange indirectly). herein lies the seed for amicable relationship in society and lessening the necessity of money.

We may take up an example. 'A' is in need of an almirah. A calls on a neighbouring carpenter and conveys his ideas to him. Both come to a mutual agreement. Carpenter collects the resources and produces the article. While collecting the resources he takes the cooperation of unutilised resources. Exchange (or transfer) of almirah is again the
work of cooperation.

Under the present economic setup a few large scale (centralised) production centres will prepare almirahs, put them in the markets, appoint selling agents, commission agents etc. and create their own demand. The production will be done with the help of developed machines. Capital will be greatly required, reducing the chances of labour. Prices will be prefixed. Instead of cooperation, profit motive is upheld along with duping method of creating its demand. With the increase of mass unemployment such trend very often reduces creative tastes. Increase of cottage industries will enhance decentralised production and its consumption on decentralised pattern will bring stability and permanence in the economy. This will increase the importance and value of human labour.

Under Gandhiji's economic order, it is quite likely that price of articles will be dear in its take off stage and people may be compelled to buy shoddy variety of goods. But in the near future people will witness that they shall have to pay primarily the labour charges. Other overhead expenses will be reduce to the minimum. They shall not be required to pay dividend to sleeping producers. They will not be a party to drain out their money in the hands of a few profiteering persons. Price of articles will not be affected in the manner as it is at present affected by changes of market conditions (due to over production and under production, inflation and deflation, trade cycles, competition etc.) and whims of capitalists.
Speculative trend is fast increasing in the business community as well as among the common men. In the present set up of economics, the more there is money in the hands of businessman or a common man, the more he feels its necessity. The chances of fulfilling the ever-growing wants gradually recede. Ambitions go on increasing. Gandhiji opined that a man can not amass wealth through his own personal labour. All wish to acquire more of money with the least of labour. This has given birth to mechanised production. But this is also not fulfilling the requirements of people who want to take still easier course to accumulate wealth. This weakness has been the ground for different speculative modes to crop up. There is no other way to expect enormous money than speculation. Therefore we feel that speculative trend fills up the gap between the meagre means and ever-growing ambitions.

It is claimed that psychology of speculation ensures happiness, satisfaction and scientific approach and its philosophy confers equal opportunity to all to get things at a cheaper rate and constantly all the year round. There is more of imagination than reality in such views. Man lives in future under speculative economy. The more there is centralised production, more will be the speculation. Gandhiji says, "... if there is production and distribution both in the respective areas where things are required, it is automatically regulated, and there is less chance for fraud, none for speculation."¹

¹. Mathur, Economic Thought, p. 491.
Fraud can become the attribute of individual where as speculation is innervated under the particular institution of thought.

Speculative motive and stock exchanges affect the price of factors of production. Market is governed not merely by the demand and supply effect but also by the activities of speculation and stock exchanges too, which work on the background of the market as wirepuller. Once Ganchiji remarked, "The cotton speculator and the foreign buyer have so disturbed the cotton prices and cotton growing that the village often finds it apparently cheaper to buy cloth than to pay for cotton and for weaving. Strange as it may appear it sometimes happens that the cost of a yard of foreign cloth equals the cost of weaving and not unoften even the cost of cotton required for an equal length of hand woven cloth." The economy is so much changed that cultivators need not retain cotton for their own use. They come under temptation of lump sum amount they receive by disposing of their articles to brokers.

Market is governed by the speculative trends. Speculative trends have their link with the whims of a few capitalists whose aim is accumulation. Even in a socialist economy where government mostly acts as a capitalist, prices are not low. In the Khadi economics prices do not play much importance specially of the goods of necessities of living. The main reason is that things are prepared mostly with the motive of felt need and not the created need. All get plenty of work and sufficient remuneration to fulfil their basic needs.

¹Help the neighbour' is at their basis to work upon.

1. Ibid. p. 114
Vegetarians do not compare the prices of flesh foods with other non-flesh foods. They prefer being hungry than to partake flesh foods. Gandhiji maintained the same difference between Khadi and mill cloth and remarked, "It is the force of habit which makes us think of Khadi in terms of prices. We must revise our notion of Khadi economics. And when we have studied them from the point of view of the national well being, we shall find that Khadi is never dear." Further, "We must suffer dislocation of domestic economy during the transition stage."  

Market under Khadi economics will become scattered and at the same time small. Dr. S.S. Gupta remarks, 'When the size of markets for the necessary consumption goods will be small, when different regions of the country will mainly be confined to luxury or comfort articles or the capital goods produced by the State for the welfare of the people, when international trade will not be based on 'cheapness' but on 'growth' principles, when the mass production will be through masses and not labour-saving devices and large size plants, when wants will be minimum and the goal will be 'to live and let others live happily', then the importance of money will automatically go down. It will cease to be the master, the controller of the destinies of the millions. It will not be the sole measurement of value."  

Dr. J.S. Mathur opines ... whether high prices are good or not will depend on the cost constituents that make up the price.

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1. Mathur, Economic Thought, p. 166
2. Gupta, Economic Philosophy, p. 145
the price. If the price is made up largely of costs of materials, low prices are good; if such prices are made up of human labour represented by wages, then high prices will represent a better tendency to distribute wealth. Therefore, under an economy of cottage units where labour largely enters into composition of price, high prices are good. 1

Production done with the feeling of helping others will reduce the cost or at least put a check to it. This feeling alone can be a permanent base of 'value judgement' instead of 'money consideration'. Best of the skills and human efforts and enthusiasm will crop up. This will be the outcome of 'care for duty first' economy. When things are prepared on need basis, there are varied chances for employment; cut-throat competition will automatically be curbed down. Producers will not be tempted to mishandle the human psychology and the market. Instead of 'buy cheap and sell high', consumers will think of just need and just means. They will try to avoid uneven distribution of wealth by their action. "There is no question of high or low prices" Gandhiji says, "when a nation's economics are put on sound basis..."2

Place of Money: It is the common occurrence that ultimate end of economic activities rests with the money being the

1. Rathur, Essays, p. 35
consideration of exchange. We neglect the intrinsic value of the articles we need due to the eclipse of money and prefer quantity, pomp and show.

Truth is that money has little capacity to bring about a true revolution in the economic world. People have become lazy and hanker after money in the money economy. This has become their habit which can not be changed in a day or two. People now become rich not by their labour but by means of exploitation. To become rich or aspire for more and more money is the 'Jap-mantra' the slogan of the present day economy. So people are attracted towards speculation, lotteries, exploitation and many other mal practices. Gandhiji says, "It is easy to loot a train and take possession of ten thousand rupees, but hard to earn that amount through the sweet of one's brow. It is a common occurrence for persons in the share market to make a lakh of rupees in a single day. But who has even heard of a similar sum being earned in a single day by personal labour." 1 Personal labour of a man can provide him his daily need but can not make him rich all of a sudden.

The law of diminishing utility of money and the law of equi-marginal utility of money are clear to tell us that accumulation of wealth beyond a limit is wasteful and uneconomic.

Gandhiji opines, "India does not need to look to the gold standard or to the silver standard or to any metallic

standard, India has metal all its own, and that consists in her innumerable countless millions of labourers.”

It should be the effort of economy to shift the importance of 'money' to 'labour'. If labour is properly paid and valued, if demand for human labour considerably increases, the whole of economic and social structure of nation will certainly change. It shall create its own exchange system.

Gandhiji says, "Money has its use as much as labour. After all money is a token of exchange. The moment labour recognizes its own dignity, money will find its rightful place, i.e., it will be held in trust for labour. For labour is more than money.”

Current Coin: In Gandhiji's economics labour is given prime place and crores of people will be required to do labour for their own cloth requirement which is their money (saved) and time (invested), in place of 400 mills preparing cloth for them.

When the idle labour of crores of people is turned to the production of Khadi for their own use, Khadi will then become the current coin. When Khadi attains this position, there shall be 'natural decentralisation' and there will be 'least fraud perpetuated' "... Khadi has in it a capacity for self-production whereas as mill cloth has not.”

1. Rajagopalachary & KumaRappa, The Nation's Voice, P.63-64
3. Mathur, Economic Thought, p.117
Lot there be persistent demand for Khadi, villagers will demand for their own organisation to augment their production and then petty traders will help in acceleration of the production. Gandhiji says "... when Khadi becomes current coin in India, it will have nothing to fear from the competition of foreign cloth or even of Indian mill made cloth."¹

Barter system: Preference the current coin reveals a fact that Gandhiji preferred barter system where it could be a possibility. "If he (labourer) wants paraffin oil," says Gandhiji, "which he can not himself produce, he uses his surplus grain for getting the oil. It is exchange of labour on free fair and equal terms—hence it is no robbery. You may object that this is a reversion to the primitive system of barter. But is not all international trade based on the barter system.⁴ That Gandhiji preferred was that wealth or money should be overcome by labour to a great extent. It alone can reduce the power of wealth in favour of power of labour. As we adopt barter system in our international exchange so we must adopt barter system in each village and each district. Then people will know the value of labour, Khadi and agricultural produces gaining the current coin importance, value of labour will automatically be realised by the people who would utilise best of their time in the productive work. Labour itself will become the money. There are great many chance of multiplying the production where labour becomes the current coin and wealth, but "concentration of production ad-infinitum can only lead to unemployment."³

¹. Rathur, Economic Thought, p.119
². Ibid., c.473
³. Ibid.
When Khadi or labour becomes the current coin we need not worry the least about the position of money. No system can devalue the importance of money. India at present is passing through a great transitionary period. In the production side agriculture is gradually losing its place of natural need base industry. Labour saving devices are gradually being introduced in it. Our clothing needs are primarily produced on large scale basis. Most of the daily requirement of life is being produced on centralised basis by machines.

Our villages have become dependent on city for most of their daily requirements which can be had in exchange of money only. The requirement of farm production can be had in exchange of money itself. Facility for direct sale has increased through the medium of money. Rural credit finance institutions facilitate greatly the providing of finance to the agriculturists in villages. Agricultural labourer also now demands cash for their share of labour. Education and recreation facilities extended to villages or nearby centres also call for money in the hands of villagers. Change in value judgement in towns is affecting villagers who have begun to use tooth pastes, toilets, tea and even transistors. Hence the importance of money is increasing.

Under Gandhiji's ways of economic order labour which is a depressed class, gets its due importance and equals
its position to money. Such consideration only purifies the money, the importance of which has been over valued under the present economic system.

We should remember that the present exchange economy has been a severe blow to the dying village culture. Our village people are ignorant of planning their work and finance in the right direction. They have to deal with money about which they have a little knowledge. Villagers are becoming individualistic like urban dwellers. They are becoming more and more dependent on cities for the sale of their produce, labour and also for their needs. The present relation of urban and rural is just like the relations of Britain and India before independence. The former is developing on exploitation of the latter. As we were unable to understand what was implied in preferring British made cloth and articles, our villagers are also completely in the dark. There is no care to maintain a balance between the village needs and village supply or in other words the village fund is imbalanced, thus denuding the villages and prospering the cities on the bloods of villages.

Equal balance should be the principle of exchange. This things required by the society should be equal to the things produced. Money should not act as cat's share. Its only business is to help in exchange. It can be possible if we care to give back to the nature what we take from it in proper organic form not in unscientific way. Excess utilisation of articles for our needs without caring to give back to the nature creates more abnormal problems in economics.