CHAPTER- VII
CONCLUSION

Economics or Economic Science, a development of economic ideas into a system, had its origin in political economy. In the process of the development great economists contributed their economic ideas and this economic thought constitutes a branch of economics.

With the establishment of three presidencies—Bombay Presidency, Calcutta Presidency and Madras Presidency—English educated Indians inaugurated an era of ‘Renaissance’. These eminent men were reformistic in their attitudes in varied fields of Indian life. Among the English educated Indian economists one of the greatest was Dr. B.R.Ambedkar. Though an ‘untouchable’ by birth he reached the height of achievement through merit and hard work, and for his brilliant contributions he is said to have “carved out for himself” in the words of Gandhiji, “a unique position in society. Whatever label he wears in future, Dr. Ambedkar is not the man to allow himself to be forgotten”. (Moon 1979:81).

Dr. Ambedkar belongs to the earliest of those Indians who received education, abroad under some of the most eminent economists of the time. As a young man he began his career as a professor of Political Economy; he was a pure academic professional economist. The studies he carried out at the Columbia University United States and London University were in the field of economics and his Masters and Doctoral degrees were also in economics. He himself wrote on varied subjects making seminal contributions to the respective fields. An M.A., Ph.D. From Columbia University and M.Sc. and D.Sc., from London School of Economics and Political Science and Bar-at-Law he also had enrolled at
Bonn University, Germany. All his works, written and spoken, found in seventeen volumes so far published by the Maharashtra Government, reflect his brilliance and his concern for the socio-economic and political problems of our country. For instance his *Caste in India, Annihilation of Caste, Who Were Shudras, Untouchables*, are works written from social, religious and anthropological perspective, which provide an insight into the life of Indians; the respective problems are tackled in a most rational and scientific manner. His works reflecting political thought are no less important. *States and Minorities, Pakistan or Partition of India, Communal Deadlock, Thoughts on Linguistic States, Federation versus Freedom, Need for checks and Balances*, Ranade Gandhi and Jinnas are works of critical analysis of political problems of the time which are relevant ever now.

Dr. Ambedkar's works in the field of economics are solid contribution. His, *Ancient Indian Commerce* is an important work based on history. It provides a glimpse of the history of economics of India. It contains essentially his views on economics and contributes significantly to the history of the development of economic ideas. Against the background of western civilization in ancient times the work deals with two aspects: Indian Commerce in Ancient times and the history of Indian Commerce. He begins with the *rise and fall of Roman civilization* and takes up to investigate the Indian civilization and proceeds with an exposition of the Egyptian civilization. Intermittently the work deals with the trade-relationship between India and the West in ancient times. At length he brings out how the dead Indian civilization was revived and restored to its dynamic economic power through its contact with the west.

The obscure picture of Commercial relationship with India become clear with Dr. Ambedkar's inquiry into the hoary past of India in connection with western civilization. Investigation into India's commercial
history brings out the rise and fall of Alexander and the consequent connection of India with Greece. He gives a graphic picture of the two main routes-two land routes and two marine routes-from India to the Mediterranean and to the West proving trade link between them. However, he observes that "the two marine trade routes continued up to the present time but the story of the land trade routes is entirely different. They were closed and closed for ever and the history of their foreclosure is perhaps the only event in the Asiatic Continent that profoundly affected the history of Europe". (Moon 1993:30).

Dr. Ambedkar treats economics in historic perspective in the *Commercial Relations of India in the Middle Ages*, or *The Rise of Islam and the Expansion of Western Europe*. In the Dr. Ambedkar recounts the state of Commerce during the Greek and Roman Civilization and hindrances to Medieval Commerce. His exposition here mainly, as he observes, regarding the commerce between Asia and Europe which "formed a regular living system and was fed by various channels". (Moon 1993:50). He begins the account of commerce between the East and the West since before the birth of prophet Muhammad's birth and provides an economic picture of Arabia. The advent of the prophet, His Gospel, the religious expansion of Islam are dealt with in detail, Dr. Ambedkar observes that "...long before Mohamet, Arabia was in a state of unrest, and a slow, unconscious infiltration of Arabian Tribes and Tribal branches had permeated the adjoining civilized lands in Persian as also in the Roman territory, where they met......with Armeneans, who were already long acclimatized there". (Moon 1993:35).

An account of the flight of Mahomet from Mecca, the seige of Constantinople, the subsequent rise of Mongols and Turks, the expansion of Turkish Empire, the rise of the Tartar, 'Tamurlane' against
the Truks are all recounted by Dr. Ambedkar. He, in fact, like a professional historian, relates the events in an interesting manner giving interspersed economic account of history also. The historical analysis of the commercial relations in the Middle Ages ultimately reach the point where “in this mighty struggle of the Crescent and the Cross Commerce suffered immensely.” (Moon 1993:50).

Administration and Finance of the East India Company was his dissertation submitted to the Columbia University for his M.A. Degree on May 15th 1915. The five chapters of the dissertation provide a detailed account of the composition of the East India Company, its powers and functions; it also explains the position and process of appointment of the Governor-general and constitution of the Supreme Council for his help. It deals with the East India company as a political sovereign and the financial administration of British Government in India; the combined political and commercial functions and how they were separated by an Act of the Parliament. The matters pertaining to the Land Revenue, the Opium Revenue, the Salt Tax, Customs, the Wheel Tax, the Sayers Duties, the Judicial fees, the stamp duties the Mint Revenue, The Marine Revenue are covered by the young researcher Dr. Ambedkar in this work.

Dr. Ambedkar had the courage to critically analyze the entire Fiscal system of the East India Company. In his dissertation he also dealt with the dept. of Public Works, the scanty expenditure on it and the important bodies of administration. He reviews the public works undertaken by the East India Company and illustrate with meticulous examination of the subject that is dealt with in each chapter. For instance he examines the working of canals, truck roads, railways and even electric telegraphs while dealing with the public works.
Dr. Ambedkar brings out in his research the _Financial History of the East India Company_. Ultimately the _India and the Act of 1858_ is dealt with critically at the end of the dissertation. The East India Company started with Commerce and ended in the conquest of India, had been the source of England's prosperity. But it had to incur great humiliation at the hands of the Englishmen as well as the British Parliament, and by the Act of 1834 came to an end as a Commercial Corporation. And yet it continued as a political sovereign for sometime in India.

Dr. Ambedkar brings out the important events in the recent history of India pertaining to British rule. He observes that subsequent to the Mutiny of 1857, a Bill was introduced in August 1858 which was _An Act for Better Government of India_. Dr. Ambedkar analyses the specific parts of the Bill pertaining to the dealings with the past affairs and those with the future affairs of India. Thus his research was a very comprehensive understanding of the situation in India under the British regime. The writing is essentially economic in nature, though it deals with the matter under study from historical and political perspective. Considering the subject of economics chosen for his degree the critical authenticity had to be confessed underlying the remark that "Apparently the immenseness of India's contribution to England is as much astounding as the nothingness of England's contribution to India. Both are, however, true statements if looked at from economic point of view" (Moon 1993:47-48).

The young scholar Dr. Ambedkar writes on major economic works also. His academic publication _The Evolution of Provincial Finance in British India_ a major economic theme relates to public finances (Ambedkar 1925). In this treatise he inquires into the arrangements to be made for enabling independent by requiring them to finance themselves entirely out of their own respective resources without having to depend
upon one another must the public fiscal system in order to make the administration workable. The main objective according to him was: “To make administrative polities always be regarded as a very important end to be kept in view in devising a new financial arrangement”.

Dr. Ambedkar inquired into the consequences of the Montague Chelmsford reforms. In it an increase in their resources by revising the financial arrangements enunciated in the Act had been proposed by for the Provinces. Dr. Ambedkar came heavily upon the very ‘unreasonable attitude’ of the provinces, for their failure in their duty. He blamed the Governments for their lack of political will to active economic and efficient administration. He considered land revenue as the main source of revenue for the state; however, he was against it in case of small holdings. And then regarding tax, in his view, it was futile to expect tax increase in a diarchy where the Government, was run by a ministry recruited from the elected members of the provincial legislative. He held that a political party which had won power from a bureaucracy by accusing it of heavy taxation could disgrace itself by continuing the same policies; moreover, public expenditure could not be reduced by enforcing administrative economics. He critically analyses diarchy: “If there is no sound finance in the provinces it is because diarchy is not a good form of government. Now...... (The reason is) apart from its basic undemocratic character...... it is opposed to the principle of collective responsibility”: further he observes that for the smooth administrative it must recognized the principle of impartibility of governmental work and a collective responsibility of administrators in the execution thereof " since “the functions of government can be and commonly are partitioned, as they are between local bodies and between Departments” (Moon 1989:303). He examines that collective responsibility is the harmonizing force behind them which is a common thread running through them. Hence, “Hybrid
executives, divided responsibility, division of functions, reservations of powers, cannot make a good system of Government, and where there is no good system of government, there can be little hope for a sound system of finance” (Moon 1989:307).

Dr. Ambedkar discusses public expenditure also when he discusses public finance. He points out that an alien Government cannot be expected to use its funds for the betterment of the people. He held that “if the Executive in India did not do certain things most conducive to progress it was because by reason of its being impersonal and also by reason of its character, motives and interests, it could not sympathize with the living forces operating in the Indian Society, was not charged with its wants, its pains, its cravings, its desires, was inimical to its aspirations, did not advance education, disfavored Swadeshi or snapped at anything that smacked of nationalism, it was because all their things went against its grain”, “In other words, “the Government not being of the people could not feel the pulse of the people” (Moon 1989). These views of Dr. Ambedkar came to be given effect to when he was involved in the constitutional matters.

Among his professional writings on economics, *The Problem of the Rupee: Its origin and Its Solution*, which was published by P. S. King and son Ltd., London in 1923 is note worthy. Dr.Ambedkar examines economic policies of the time mainly dealing with monetary standards as they had evolved during the previous few decades. Through the work more light was thrown by him on issues concerning money and its value. Bringing out the long history of the basic Indian currency unit, the rupee, he deals with its coinage. It was based on a silver standard until 1893 and from 1941 onwards gold coins also became legal tenders at one mohar is equal to 15 silver rupees. Gold value had fallen due to vast gold
discoveries in Australia and U.S., and from 1853 onwards gold coins ceased to be legal tender. Many suggestions had come up to introduce gold coinage especially after 1872, which were not taken into account but with the fall of silver price, the price of rupee slipped in terms of gold. From 1872 to 1893, this acted as a continued devaluation of Indian currency: it was good for Indian exports and bad for the Indian currency because it had to produce more rupees to remit expenses undertaken in England by India which were in sterling (i.e. gold) terms. In 1893 the Government agreed to coin rupees in exchange of gold at a ratio of one pound four pence per rupee and stopped coining silver rupees. In a way it was a currency managed by the Government; the Government had reserved the right to coin rupees whenever it was found necessary. The idea was to introduce eventually a gold standard with gold currency replacing the existing (managed) silver standard. A Currency Committee was set up in 1899 which was headed by H. H. Fowler. At the suggestion of the Fowler committee Indian mints were thrown open to issue gold coins; gold was sought to be used widely. The committee also suggested the silver rupee to remain unlimited legal tender.

Dr. Ambedkar analyses this issue and points out that the recommendations of the committee were mistaken because under gold currency, rupee should have been token coin. After several events ultimately gold standard came to be established in 1906. In this system, silver rupee was guaranteed convertibility into sterling pounds (based on gold value) at a fixed price, and make it available without any limit. Dr. Ambedkar brings out the fact that the accumulated gold in India, instead of supporting a gold standard with gold currency in India, was kept in London to maintain the stability of the rate of exchange.
However, Dr. Ambedkar while bringing to light the historical events regarding the rupee problem, relates further the breaking down of this system of gold reserve being held by the British Government for rupee coinage, in 1896 with the great rise in the value of the silver leading to silver standard replacing the gold standard.

Dr. Ambedkar examines the history of Rupee and argues strongly for a proper gold standard with gold currency. The then leading authorities like J. M. Keynes had lent theoretical support to the Gold Exchange Standard but Dr. Ambedkar was highly critical about it for its reckless issue of rupee currency. He highlighted the mistake in the system because the gold reserve depended upon the addition to the currency stock, and gave enormous power to Government to bloat the money supply. He contended that the excessive importance given to maintain the stability of exchange as against the internal stability of the value of currency was not a proper policy for India. He did not advocate the deliberate lowering of the exchange rate. He was in fact very critical regarding it, because, he held that low exchange rate increases exports and inflates internal prices which benefits the trading classes at the expense of the poor people of India.

Further, he questions the importance of the job of currency management since in a Gold Exchange Standard the coinage can be managed or manipulated. For, he observes, “What really concerns those who use money is not how much gold that money is worth, but how much of things in general (of which gold is an infinitesimal part) that money is worth. Everywhere, therefore, the attempt is to keep money stable in terms of commodities in general, and that is but proper, for what ministers to the welfare of the people is not so much the precious metals as commodities and services of more direct utility” (Moon 1989:563)
In this significant treatise the commitment of Dr. Ambedkar to the internal economic stability of India can easily be discerned as well as his brilliant analysis of the subject. His main thrust all through has been on the price stability through automatic monetary management.

Another seminal original writing of Dr. Ambedkar, besides the three referred to so far, relates to Indian agrarian economy. His paper *Small Holding in India and Their Remedies* published in 1918 (Moon 1979:453). British academics and administrators at that time were shocked at the low productivity of the vast land of India. Since they belonged to a country with large holdings, they ascribed this reason to small holdings in India. Dr. Ambedkar brings out a critical analysis of the suggestions given by way of solution to the problem i.e. enlargement and consolidation of small and scattered holdings. He argued that land is only one of the factors of production which depended upon the other factors because if agriculture “is to be treated as an economic enterprise, then by itself there could be no such thing as a large or small holding”. The inadequacy of other factors of production, the agricultural stock and implements and the insufficiency of capital needed to acquire them are the real cause of low production. A pioneer thinker in this regard, and a pragmatic economist, Dr. Ambedkar diagnosed the evils of Indian agriculture in terms of these defects; another important diagnosis was the cause of unemployment or under-employment, “A large agricultural population with the lowest proportion of land in India in actual cultivation means that a large part of the agricultural population is superfluous and idle”. (Moon 1979:473) Hence he observed that even if the lands are consolidated and enlarged and cultivated through capitalistic enterprise, instead of solving the problem only aggravate it by adding to the stock of idle labour. Therefore he concludes that “industrialization of India is the soundest remedy for the agricultural problems of India”. (Moon 1979:477).
The normative purpose in the pursuit of the discipline can be perceived in the major written works of Dr. Ambedkar. In other words, he hoped that his study of economics would lead to useful policymaking. Thus, more than studying the technical aspects of Economics his works are policy oriented. Still, he showed respect and himself derived theoretical conclusions. From his works can be discerned his immense knowledge of economic theory. His reading of contemporary economics literature was wide and deep. For example in his critical examination of Bertrand Russell’s *Reconstruction of Society* Dr. Ambedkar takes on him on the question of the *Love of Money* leading to human beings to “Mutilate their own nature from a mistaken theory of what constitutes success” as a consequence of which there is a promotion of “a dead uniformity of character and purpose, a diminution in the joy of life, and stress and strain which leaves whole communities weary, discouraged and disillusioned”. (Moon 1979:488) He contends that this philosophy of moralists against *Love of Money* is connected to particular economic circumstances, and not of universal validity. In any case, he observed, money is required for something, and it is the purpose for which money is loved “will endow it with credit or cover it with shame”. (Moon 1979:483)

Dr. Ambedkar’s books and papers are full of citations from great contemporary economists, Fisher, Merarshall, Kemmeret and Keynes to name only a few.

His other works on miscellaneous themes are also important when considered with regard to economic welfare. For instance the Bills he introduced as a member of Bombay Legislative Assembly. Through a Bill introduced in 1937 Dr. Ambedkar sought to abolish the 'Khoti' system prevailing in Bombay presidency. Through it, he sought to establish
direct relationship between agricultural tenants and the government because the Khots were the mediators who collected the revenue from them and subjected them to all kinds of exactions against which the former rebelled; the agitation resulted in great disturbance of peace in the presidency. Through another Bill regarding "Mahar watan" Dr. Ambedkar sought to redeem the 'Mahars', the workers of the lowest rank working in all departments of the Government for a very meager remuneration; their misery and slavery exposed, and fixed remuneration and fixed hours of duty were sought to be provided for. (Moon 1982:226)

Dr. Ambedkar's concern was not only confined to the agricultural labourers but it extended to industrial labourers also. A labour leader that he was, Dr. Ambedkar had founded an Independent labour party in 1936. Dr. Ambedkar argued on the Industrial Disputes Bill in 1938 considering the welfare of labourers with regard to their right to strike. He spoke against the Bill making it clear that the Bill intended to replace the earlier Bombay Trade Disputes conciliation Act of 1934. In his powerful speech supported by relevant documents and a sound knowledge of history he drew the attention of the House to the fact that the Bill enslaved a working class that was devoid of education, intelligence, any other means of life and power of organisation. To the applause of the house his well researched argument brought about the welfare of the labouring class.

His welfare views in terms of reasoned argument for the betterment of the deprived included those pertaining to Indian women also. The Maternity Benefit Bill for instance was discussed and strongly argued by Dr. Ambedkar in the Bombay Legislative Assembly in 1928. He argued that the employer who gets greater benefit by employing women has to bear the liability and ought to give certain amount of rest during pre-
natal period and also subsequently; and the woman employee must be entitled to all the other benefits given to men. The greatest that is due to Dr. Ambedkar is the commitment he showed for the cause of Indian Women. As the first Law Minister in Nehru's Cabinet he attempted to get the *Hindu Code Bill* through but when his repeated attempts were futile he tendered resignation.

Against the background of Indian social ethos, the analytical-critical writings of Dr. Ambedkar gain significance with regard to the socio-religious issues in connection with economic aspect. He condemns the caste system and seeks to its eradication in his two important papers- *Castes in India* and *Annihilation of Caste*. The former was a paper presented by the young Ambedkar in the anthropology Seminar of Goldenweizer at Columbia University in 1915 whereas the latter was a Presidential address intended to be delivered at a Conference in Baroda in 1936. He observes that caste is 'pernicious', considered from economic perspective; he finds it a great evil in the industrial system involving persons who, considering the callings degraded, develop towards them an attitude of aversion, ill-will and a desire to evade. Based on the dogma of predestination, it involves "the subordination of a man's natural powers and intentions to the exigencies of social rules" (Moon 1979:48) Being a division of labourers and not a division of labour, caste is based neither on moral aptitude nor on one's capacity.

Even in his 'Memorandum which Dr. Ambedkar intended to submit to the Constituent Assembly he maintained that the economic life of the people has to be planned by the state. Advocating state socialism he suggested that the state must supply capital that is necessary for agriculture as well as industry. The 'Memorandum', in the form of a draft Bill included nationalization of industry and collective farming at the expense of the state.
Apart from his economic views expressed in his major works they are spread over his miscellaneous other works in the field of social economy, socialistic economy, reviews, memorandum issues pertaining to women, and evidences. (Moon 1979:224).

In his statement of evidence, for example, which he submitted to the Royal Commission on Indian Currency, he proposed plans for the reform of Indian Currency and methods to limit currency. He discussed in his convincing and reasoned manner, stability of currency and held that "Gold standard must be accepted as the only system of currency which is knave proof and fool proof" (Moon 1989:627).

The study in his research covers the major corpus of Dr. Ambedkar's economic works. Evidently his economic ideas have substantially added to the evolutionary process of economic thought that has been contributed during each period of history in general as well as in the Indian context. The study reveals his economic thought, or Ambedkarian Economics as S. Ambirajan aptly calls it (EPW, NO-1999) "In almost all his works he employed the historical method. He digs deeply into history in order to bring out an understanding of the significant events of the aspect under examination that necessarily is economic in nature, and occasionally connected with social or political. His conclusions were always well researched, based on Government reports, blue books, use of history and statistical data. It is found that the conclusions he ultimately arrived at in case of each of his works was based on sound empirical and historical foundations. His analytical inquiry into each issue at hand has the support of citation from eminent personalities in respective fields. A well read man in history, jurisprudence, literature and classics, his eminently written works of economics bear the stamp of his scholarship".
This study thus clearly indicates the lacuna that had appeared in the area of Ambedkarian Economics. Despite the fact that 17 volumes of his writings and speeches in English as brought out by the Government of Maharashtra, and scores of works are produced on this body of thought, little had been done to study Dr. Ambedkar's works on economics. Hence this study. By taking up all of his important works as research material i.e. primary source in its entirety, an attempt has been made to fill the void that had arisen so far. Certain amount of significance can be attached to this serious study since it attempts to bring out his important works in the field of economics. However, the major economic works are discussed in detail while others are lightly touched. There have been a number of writings on Dr. Ambedkar as a social and religious reformer, a statesman, a parliamentarian, a writer, a revolutionary, a constitutionalist, a law-giver, etc. This study has shown him as an Economist in his own right. All the facets of his personality can be summed up in the caution he gave while presenting the Constitution: "On the 26th January 1950, we are going to enter into a life of contradictions. In politics we shall have equality and in social and economic life we shall have inequality. In politics we shall be recognizing the principles of one man and one vote and one vote and one value. In our social and economic life... we shall continue to deny the principle of one man and one value...If we continue to deny for long, we shall do so only by putting our political democracy in peril. We must remove this contradiction at the earliest possible moment or else those who suffer from inequality will blow up the structure of political democracy..."(Chandrama 1995:105).