

## GANDHI'S ECONOMIC GLOBALISATION AND ECONOMIC MAN OF THE DAY

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### ABSTRACT

Gandhian Economic thought on Globalization can be traced from 'Hind Swaraj', a book written by Gandhiji. Globalization is a primary economic phenomenon that involves interaction or integration of national economic systems through the growth in international trade, investment and capital flows. There was a big expansion in world trade and investment in the late nineteenth century. Moral value was extremely important for Mahatma Gandhi. Economics without ethics and ethical consideration was not warranted. Gandhi insisted that the relationship between the economics and ethics works both ways. The wants control theory of Gandhi simultaneously solves the problem of consumerism and unsustainable resource use. On the Macroeconomics front too, Gandhiji clearly promoted decentralized production systems. He worked for whole lifetime on articulating the principles of an alternative and "more real" human economy.

### INTRODUCTION

Gandhian Economic thought on Globalization and changing international scene can perhaps be traced to 'Hind Swaraj', a book that Gandhi wrote and published in 1909 in which Gandhi ji has mainly assessed the modernization of England and Europe and has anticipated ill effects of it on the Indian Society if the latter tried to follow the former blindly.

What Gandhi saw in England during his stay made deep impressions which was reflected in the book the Hind Swaraj. "Civilization seeks to increase bodily comforts, and it fails miserably even in doing so. The Civilization is irreligion, and it has taken such a hold on the people in England that those who are in it appear to be half mad. They lack real physical strength and courage. They keep up their energy by intoxication. They can hardly be happy in solitude. Women, who should be queens of households, wander in the streets, or they slave away in

factories. For the sake of a pittance, half a million women in England alone are laboring under tiring circumstances in factories or similar institutions".

### GLOBALIZATION

Globalization is a primary economic phenomenon involving the increasing interaction or integration of national economic systems through the growth in international trade, investment and capital flows. However, one can also point to a rapid increase in cross-border social, cultural and technological exchange as part of the phenomenon of globalization.

Perhaps Globalization started from the first great expansion of European capitalism that took place in the 16<sup>th</sup> century following the first circumnavigation of the earth in 1519 to 1521. Indian carried out international trade even before the Christian era began, that was also a kind of globalization.

There was a big expansion in world trade and investment in the late nineteenth century. The First World War and the both of anti-free trade protectionism that led to the Great Depression in 1930 brought this to a halt. Some see this period as an interruption to the process of globalization commenced in the late 19<sup>th</sup> century.

The end of the Second World War brought another great expansion of capitalism with the development of multinational companies interested in producing and selling in the domestic markets of nations around the world. The emancipation of colonies created a new world order. Air travel and the development of international communication enhanced the progress of international business. The fall of the Berlin Wall and the collapse of the Soviet Union ended the cold war between the forces of capitalism and socialism with capitalism became triumphant.

### **GHANDHI'S ETHICAL ECONOMICS**

Moral value was extremely important for Mahatma Gandhi. Economics without ethics and ethical consideration was not warranted. Dasgupta (1996) in his comprehensive analysis on Gandhi's economic thought had dealt with the subject thoroughly. According to him, Gandhi's approach to economic issues was explicitly based on ethical considerations. Gandhi insisted that the relationship between the economics and ethics works both ways. While economic concepts were laden with ethical implications, ethics too, must descend from the clouds and become 'good economics'. Ethics, Gandhi said, was not simply an exercise for philosophers; it was a convenient handle for sharpening their wits on the logic of extremes. It must be relevant to the ordinary business of life where one's options are limited by resource constraints. Ethics by its nature is an enterprise for economic world, a

guide to the perplexed and answers to the credibility.

### **ECONOMIC MAN AND SOCIETY**

The economic man and the economic society are so defined that one always feels poor no matter how rich he or she is. The core of this contradiction lies in the consumption theory and not in the production theory. Marshall, the master creator of the consumption theory, had to say "Although it is man's wants in the earliest stages of his development that give rise to his activities yet afterwards each new step is to be regarded as the development of activities giving rise to new wants rather than of new wants giving rise to new activities"

Gandhi suggested a consumption pattern and behavior for the affording classes, which was to be moderated by ascetic and paternalistic values. Raval (1971) has termed this as 'Gandhi Effect'. The individual preference function has to be impacted by this. In positive economics there is no scope to introduce this constraint and then maximize utility. Income is the only constraint that is accepted.

### **DEMAND CONTROL THEORY OF GHANDHI**

The paradigm shift has to be recognized. Now if we wish to understand Gandhi's basic premise for economics we will have to start with the treatment of wants. Why did Gandhi suggest control on needs? He did so because he did understand that human needs given the freedom of choice were insatiable (Diwan & Lutz 1985). The societal approach to accept this and then use the science and technology for need satisfaction was not a sustainable approach according to him.

Thus, the wants control theory of Gandhi simultaneously solves the problem of consumerism and unsustainable resource use. The ecological and environmental economics disciplines try to grapple with the equilibrium analysis by internalizing the ecological and environmental externalities, but Gandhian Economics

by regulating individual wants and demand functions has potential to regulate and control some of the externalities (Gandhi 1995).

### **GANDHIAN VIEW OF MACROECONOMICS**

On the Macroeconomics front too, Gandhiji was clearly promoting decentralized production systems. Village level self-sufficiency was nothing but providing maximum opportunity for production at local level. He preferred simple systems as against modern system that was complicated. Lakdawala (1971) assessment on this issue about Gandhi may be seen in the following expression, "Gandhiji instinctively disliked the working of the money opinion; transactions in kind were more easily understood and more human. The only types of banks he approved were in the nature of grain banks for safe local storage. Ordinary commercial banks associated with urbanization were a part of the mechanism of local exploitation". Market and its value system controlled by the state have failed miserably. Brahmanand (1971) Wage Good theory led to the same Market-State ideal combination that appeared to fail ultimately.

Looking back, one is amazed at the deep understanding of Mahatma Gandhi for each of the economic problems. He dealt with some problems more intensively than others but he never lost sight of any one of them. He denounced the concept of economic man because he refused to recognize the separation of economics from ethics. He denounced the technological determinism because it enslaved man and sanctified only those technologies that conformed to value promises. About all, he struggled against the mightiest imperial power in terms of non-violent theory and order. As he went along with these tasks, he discovered his own science of economics, although he did not analyze it in a very vigorous manner.

However, it is believed that the Gandhian approach was superior because its concepts lied in their in-built dynamics and close relations with implying on a Gandhian path, not only the system put on the path of steady growth, its moral legitimacy also does not remain in doubt any longer.

He was not interested in the scope and method of economic science, as the economists "naturally understand it". Rather, he worked for a whole lifetime on articulating the principles of an alternative and "more real" human economy centering on the very themes outlined in his lecture: "the lack of correlation between material expansion and genuine progress, the need for an economics-cum-ethics that will enable moral growth and dignity for all, the fallacy of seeking happiness in individual acquisitive behavior, and the need for encouraging people to seek a self-esteem and genuine meaning.

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