

## **Gandhi's Strategy for Economic Development : An Empirical Study**

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Economic development is a relatively new branch in economics which studies the problem of development of the underdeveloped economies around the world. After the Second World War, quite a few countries around the world- in extremely backward condition, got independence from colonial control and only after that the issue of development came under the academic focus. Judging by the requirement of such economies, development economics or economic development for that matter, is understood to cover the issue of structural change as well as quantitative expansion of the economy, emphasizing primarily on the former. JOSEPH STIGLITZ, a Nobel laureate in economics, wrote in one of his columns in The Economic Times, that-'what we measure determines what we do'. For keeping the development policies on the right track it is essential to bring out a proper measure of development. But there has been gradual transition in this regard. Initially economic development was measured predominantly on the basis of GNP. GNP is actually a measure of economic growth, not or development-which is a much wider concept as have already been noted. The difficulty was not in understanding it, but in incorporating the additional dimension in the technique of measurement. Hence Amartya Sen comments that in that phase, development economics looked like a 'bastard child' of growth economics. [P34,Dreze and Sen].

But over the years there is significant evolution in this context. Especially with the advent of the economists from the developing countries, measurement of development started taking a more inclusive View. They measure development in terms of improvement in overall living condition of the people and the traditional economic parameters are just a part of the indices used. Focus is shifting from the size of goods and services produced to what they actually mean to the people. Therefore social opportunity, freedom of choice, human capability etc. are the parameters that are used to measure development, which in turn are measured by various socio- economic parameters like literacy, health related indices etc. Prof. Sen clearly suggests-we cannot interpret development merely as expansion of inanimate objects of convenience,. we have to see what those goods and services do to the people.. (so) one way of looking at development is in terms expansion of real freedoms that the citizens enjoy to pursue the objectives they have reason to value, and in this sense the expansion of human capability can be broadly seen as the central feature of the process of development. [p35,Dreze and Sen].

Therefore the modern view on economic development suggests measurement of it on the basis of development in terms human capability, freedom of choice and social opportunities, not Just in terms of progress in total national income.

### **Gandhi's view on economic development:**

Gandhi was not a professional economist, nor an academician. He was an activist. Therefore he was more specific about what to be done, than on the conceptual intricacies. He did not have any direct contribution to development economics as we understand it today. But he had a clear view of his own regarding what he thinks as a better society and his better society have some significant economic characteristics.

Prof. T.N. Hajela writes-Gandhi was an apostle of non- violence. Hence his economics may be called as economics of non- violence. [p642].

Gandhi's view was that goods and services can satisfy needs; but they cannot provide happiness. Therefore once the basic needs are fulfilled, further material progress is of little substance to Gandhi. Because wants multiply and chasing wants shall never bring happiness and satisfaction. "Mind is a restless bird. The more it gets, more it wants, and still remains unsatisfied." [p60, Gandhij. Therefore, to Gandhi, economic development or economic freedom for that matter means fulfillment of the basic needs for survival. So in Gandhi's 'better society, there is absence of deprivation. Eradication of poverty is the major economic challenge. Poverty is the result of unemployment. Therefore to get rid of poverty, unemployment must be tackled. Beyond that, his 'development' is devoid of any economic overtone. Because material progress beyond fulfillment of the basic needs are redundant. Therefore eradication of poverty and unemployment are the symbols of economic development.

Conventional wisdom pursued by the professional economists is slightly different.

They look at development as a never ending process. Prof. A.C. Pigou, the pioneer of welfare economics, explicitly drew positive relation between the goods and services consumed and economic welfare. Modern concept of economic development emphasizes on the distributive aspect, but without demarcating any border line beyond which material progress loses substance provided that the existing quality of life is not deteriorated.

### **Strategy for development:**

For eradication of poverty and unemployment, which is the symbol of economic progress, Gandhi suggested measures aiming at increasing the participation of the poor in economic activities. Impoverishment of the Indian masses under the British regime apparently came with the decay of the domestic textile sector. Traditional weavers were losing jobs and joining the ranks of marginal farmers and landless laborers. Number of population in this category increased by 120% over a period of just two decades, i.e. from 1891 to 1911. Over the same period, total population increased by just 7%.

Therefore, Gandhi, taking lessons from what was obvious before him, looked for ways for engaging those idle hands of the weavers.

His idea was that, if the domestic textile sector is revived, then all weavers shall regain jobs, and then the problem of unemployment and poverty shall be solved. All his 'do and 'don't's revolve around this. Since the British industrial revolution was the cause of joblessness of the Indian weavers, therefore, for him, machines are the symbol of

joblessness So he despised machines He appealed for giving up foreign articles to protect the market for domestic weavers. He favored self sufficiency instead of an independent world economy. He was in favor of closed economy In principle he was against international division of labor.

The articles produced should be produced with labor intensive technique. Because, capital displaces labor. He favored capital only to the extent that did not displace labour. Whether using of machine cause lesser wastage, provides more production, more income expands the scope of further economics activities and create jobs in the next lags c development – such questions are not being discussed.

Distributive justice seemed to be more important in his eyes than the question of productivity. In his idea of trusteeship, he argued that the capitalists should consider their assets in excess of their basic needs as public property and themselves as just the custodian of those properties. assets in excess of the. For all the enterprise and industry, he offered the capitalists only that much what they needed for meeting their basic needs.

#### **Gandhi's view Vs. some empirical lessons:**

Poverty eradication and unemployment are still the biggest challenge before the economists in general, and for the developing economies in particular.

Policies pursued against them are grouped broadly in to two kinds- i) direct approach, ii) indirect approach.

The policies that aims at directly providing resources with the poor through redistribution of the existing resources, or by directly engaging the poor in further resource generation and thereby raising the income in their share is in the first category. On the other hand if the total volume of resources is increased expecting them to trickle down to the poor, then it is indirect approach. The policies falling in the first category are those that focus primarily on distributive justice, whereas those in the latter category, emphasizes on economic growth expecting it to have positive impact on the deprived section also.

Gandhi's choice is clear. He favors the policies of the former type. His patronization of the charkha, appeal for avoiding foreign articles, concept of bread labor, despise of machineries-all aim at increasing resource base with the poor section of the people-rather than increasing the total production of the economy. He was more concerned about fair distribution than raising production or for that matter productivity. His concept of 'village republic', bread labor etc, bears his liking for self sufficiency, whereas his argument for less machinery and trusteeship bears his readiness for sacrificing productivity for distributive equality in the first hand.

But recent experiences suggest that "social and political causes of poverty are to be attacked directly, but this is not a reason for the neglect of the growth aspect of economic policy". [p xv, Jalan]. High growth rate is likely to generate more jobs and more revenue to help the poor. Historical evidences shows that a country which grows consistently at 7%-8% annually is likely to succeed in eradicating the worst form of poverty within a time of 20-25 years. [p xv, Jalan]. Whereas India's pro poor economic development strategy failed to succeed in this regard even after 40 years.

In India, in 1960/61, 44% of the total population was poor. During the period of 1960/61 to 1993/94 it has witnessed a fall of 8% to touch 36% of the total population. From the mid 80's to the 1993/94, absolute number of poor estimated to have hovered around 320 million. During this period, "Garibi Hatao" was an explicit aim of all the eight 5 year plans

In 1991, economic policies took a more pro growth character, and in 1999-2000, the total number of population registering as poor came down to 260 million. In terms of percentage, population below poverty line decreased to 26% in 1999-2000. Against a drop of 8% BPL population over a period of more than three decades, India under pro-growth policy regime has attained 10% drop in the same in just about less than a decade. [p 22, Basu.]

The experience of China is also similar. China undertook economic reforms in 1979. Policies adopted after this, was more investment friendly, more growth oriented and there was greater conscious attempts to open up the Chinese economy to integrate it closely with the rest of the world- rather than keeping the economy closed. After this, over the next three decades they consistently registered growth rate which even Amartya Sen says "astonishing" [p 22, Dreze and Sen.] more importantly the result was equally astonishing in poverty alleviation. By 1980s rural poverty declined by 2/3 rd. Referring to this success Prof. Sen and Dreze writes that " China has done much better than India in poverty alleviation, and the much higher growth rate of the Chinese economy must receive bulk of the credit. It is participatory growth rather than radical redistribution that accounts for rapid decline of poverty in China in the post reform period" [p 23, Dreze and Sen.]. The later observation is significant vis-a-vis Gandhian vision.

Gandhi suggested cottage industries and adoption of labor intensive technologies, he was consistent within himself But "in India it was found that in many cottage industries labor intensive technology were so primitive and inefficient in relation to modern production processes, that they used more of both labor and capital to produce the same output. With given capital, therefore, these techniques produce lesser output and thereby reduce economic efficiency significantly. Also by increasing a share of wages in this reduced quantum of output, these techniques cut into savings and accumulation out of profits, thereby reducing not merely current output, but also the capacity to grow faster and hence create greater employment opportunities in long run. " [p 192, Bhagwati] Economists, therefore, are of the opinion that only those labor intensive techniques are preferable for the LDCs which are efficient also in terms of productivity. Conventional techniques on most occasions do not pass this criterion, which hinder the progress in that respective sector. For example the UN Industrial Development Organization has identified the brass and bell metal industry in Hajoone with excellent export potential; but according to their assessment it is failing to capture it mainly due to technical backwardness [p 291, Krueger]. Traditional labor intensive technology has on record hindered the potential scope of employment generation and poverty eradication.

### **Conclusion:**

Gandhi, just as the modern economists, understood economic development in terms of how it benefits the masses, instead of measuring it in terms of total volume of output that the economy produces. But Gandhi's 'mass people' included only the poor and the deprived section. Because once the basic needs are fulfilled, further material progress is not a symbol of development for him. Here the conventional view of the economists on development differs from Gandhi. According to it, every material progress is a matter of economic development, given that it does not deteriorate the living condition in any section of people.

For attaining economic development, Gandhi preferred a participatory development process. He suggested measures which could ensure participation of the poor section in resource generation process by which they could get rid of unemployment and poverty. Modern view on the strategy for economic development also favors a participatory development process, but adds that the question of productivity also to be paid due attention. Only then the socio-economic problems can be expected to be solved.

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