

CHAPTER VI

THE GANDHIAN MODEL OF DEVELOPMENT-AN OUTLINE AND A CRITIQUE OF THE POLICY REGIME (INCLUDING THE NEW ECONOMIC POLICY)

Introduction

This chapter proposes to offer a Gandhian critique of the new economic policy-globalization through marketization-that is being worked out in India. A Gandhian critique is, of course, a critique done from a Gandhian economic position, that is from the perspective of Gandhian economic philosophy. So at the outset itself it becomes necessary to state what constitute the Gandhian economic position and what are the main constituents of the Gandhian development paradigm.

Gandhian vs Mainstream Economics

As stated before there is nothing basically new about the new economic policy. It is but laissez faire in a new guise. It glorifies the discredited myth of growth; the myth that unrestricted pursuit of private profit will result in the maximization of public welfare. It gives a central role to the market system in bringing about the desired quantum leap in the volume of accumulation and its distribution between sectors. It has



accepted a commodity centred approach and in it more goods are preferred to less, and a higher level of capital stock per worker is considered helpful in improving the standard of living. In this system there is no place for ethical consideration.

But Gandhian economics and development model are based on ethics and directed towards spirituality. As J.B. Kripalani has rightly pointed out Gandhi did not recognise the separation of economics from ethics (effected by mainstream economists). On the contrary, he wanted to achieve an ethical ordering of the economic life of society.¹

He wrote: “I must confess that I do not draw a sharp or any distinction between economics and ethics. Economics that hurts moral well-being of any individual or nation is immoral and therefore sinful”.²

The differences between Gandhian and mainstream economics have been spelt out in tabular form by Romesh Diwan and Shakti Bethea which is self-explanatory and is therefore given below:³



Table 6.1**Differences Between Gandhian and Mainstream Economics**

Issue	Gandhian	Mainstream
Resources	Abundant	Scarce
Human image	Body, mind, and soul	Body and mind
Emphasis	Community	Individualism
Objective	Service and sharing	Self-interest
Philosophy	Small is beautiful	More/Bigger is better
Mechanism	Enough trustees	Maximization entrepreneur
Effect	Non-exploitative equality	Exploitative inequality
Production	Values in use and exchange	Values in exchange and threat
Problems	Divergent	Convergent
Measures	Quality of Life	Standard of Living
Institutions	Decentralized communities	Market
Human character	Self-reliant	Dependent/alienated
Ecological Impact	Enhancement	Destructive

As is clear from the above table Gandhian economic goals are not materialistic or individualistic but ethico-spiritual and community oriented. It is clear that this approach, though unacceptable and revolting to the mainstream economists, is thoroughly consistent with Gandhi's vision of a new humanity.

Gandhi rejected 'economism', which believed in the creation of a paradise of material plenty, in raising the standard of living understood as maximising consumption and optimising the pattern of production. He considered the gospel of the creation of economic abundance a delusion and a snare. He considered the craze for material affluence created by the industrial development paradigm unrealistic, unnecessary, undesirable and counter productive. As K.J. Charles pointed out: "It is this fundamental flaw in the very foundation of modern economics that is the basis of the craze for economic growth which has brought neither happiness nor even economic wellbeing, because of the gargantuan problems that it has unleashed pollution of air, water and soil, environmental, degradation, depletion of resources, urban congestion, creation of slums and shantytowns, increase in crime and social disorders, and a plethora of mental and physical illnesses created by the modern industrial way of life".⁴

The Salient Feature of the Gandhian Development Model

The ideal society visualised by Gandhi, therefore, is not a materially or economically affluent society, as conceived by mainstream economists and political leaders afflicted by the development mania. Gandhi called his ideal society Sarvodaya. It is a society that ensures the welfare and well-being of all its members. Its emphasis is on all the three components of well-being material, mental and moral-spiritual. In such a conceptualisation



wealth is defined as relational rather than as material. As pointed out by Romesh Diwan: “Relational wealth is largely independent of material scarcity or abundance and potentially exists at all levels of human experience... Such spiritually based relational wealth creates *social capital*, which like other forms of capital, is productive in an economic sense and enhances well-being”.⁵ Sarvodaya social order thus provides a framework within which welfare/well-being (understood as prosperity and not economic affluence) can be articulated economically, created in a practical sense and sustained in communities.

The Gandhian Talisman

Here a brief explanation of why Gandhi discounted material abundance and emphasised prosperity and relational wealth is in order. But before attempting that, two other fundamental assumptions of Sarvodaya need to be stated. As mentioned before, Sarvodaya means the welfare of all. By underlining the welfare of all, it actually rejected the utilitarian position of the greatest good of the greatest number. But bringing together all members of a community into the ambit of welfare is problematic because all are not equal materially, mentally and morally. Their interests and inclinations are also not similar. But Gandhi provides a clear direction to overcome this apparent contradiction by prioritising the welfare of “the last man”-the most deprived and the weakest. It is the duty of a society



with a sense of justice and moral responsibility to give priority to the care for the poorest. Here it is most appropriate to recall the well-known Gandhian Talisman. It reads: “whenever you are in doubt or when the self becomes too much with you try the following experience: Recall the face of the poorest and the most helpless man whom you may have seen and ask yourself, if the step you contemplate is going to be of any use to him. Will he be able to gain anything by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to swaraj or self-rule for the hungry and also spiritually starved millions of our countrymen?”⁶

Thus, in the ideal social order all decisions particularly those relating to economic policy will have to be tested against the above talisman.

Limitation of Wants

It is true that human beings have needs and wants and that all of them are not of the same importance. It has been pointed out that there is a hierarchy of needs. Gandhi made a clear distinction between basic needs and others and insisted that in the Sarvodaya system basic needs will always get precedence over other needs that are not so basic. So what is primary in an ideal social situation would be to ensure the supply of basic needs to all-and not providing superfluous things to the minority who constitute the upper strata of society as is the practice in the affluent



societies. It is only after ensuring the availability of the essential and legitimate needs of the weaker sections of its members that a society should turn its energies on other items. It must be made clear here that Gandhi was not against providing people with reasonable comforts. But he detested abundance. He wrote:⁷

If by abundance you mean every one having plenty to eat and drink and to clothe himself with, enough to keep his mind trained and educated, I should be satisfied. But I should not like to pack more stuffs in my belly than I can digest and more things than I can usefully use. But neither do I want poverty, penury, misery, dirt and dust in India.

Now we come to the question of the rationale behind Gandhi's pronounced stand against material abundance/economic affluence. Gandhi believed that economic/material affluence impossible of attainment and even if possible, undesirable and unnecessary. This, of course, calls for explanation.

Affluence is related to economic growth. It is based on the assumption that human welfare depends upon economic wealth and material consumption. A positive correlation is taken for granted. It is assumed that the more wealth you amass, and the more material things you possess, use or consume, you become and remain contented and happy. So



it is accepted as the primary duty of a system to go on providing those material things and wealth to keep people satisfied and happy. This is what is meant by economism which Gandhi rejected.

Gandhi could see that this kind of never-ending growth is impossible. There are limits to growth, because the resources of the earth are limited. To use technical language (which Gandhi did not use), we may say that the carrying capacity of the earth's eco-system is not without limits. We cannot cross all thresholds and sustain the eco-system on which depends the economy. Gandhi came to this conclusion through his own intuitive method. He summarised all these facts and truths in his often cited statement: "the earth provides enough to satisfy every one's needs but not for anybody's greed".⁸ Modern researches, for example the pioneering study conducted by the Club of Rome, have corroborated this perception of Gandhi.⁹

As resources of the earth are limited, we will not be able to provide affluence to all people of the earth. Even if resources are available, the delicate eco-balance of the earth's environment will be disturbed and destroyed by the industrial processes necessary for taking affluence and high standard of living to all people. These are some of the reasons why Gandhi argued that unlimited economic growth with a view to the creation of affluence is impossible of attainment.¹⁰



Even if unlimited growth and affluence were (hypothetically) possible, Gandhi argued that it was undesirable. He advanced a number of arguments in support of this. First, of all, as resources are limited, there will be competition for amassing these resources. There will be competition also for gaining market. This would naturally lead to exploitation on the one side and conflicts, confrontations and war on the other. So the craze for the creation of material abundance would ultimately be counter productive to human welfare and well-being.

The socio-psychological consequences were also stressed by Gandhi. In economism or developmentalism, which is the ideology that underlies the modern development paradigm, a direct correlation is assumed between high level of affluence and personal satisfaction and well-being. This assumption has been proved to be totally fallacious by the studies conducted in the affluent societies in the first world countries.¹¹ Gandhi had stated that happiness was a mental condition. “A man is not necessarily happy because he is rich or unhappy because he is poor. The rich are often seen to unhappy and the poor to be happy”.¹²

In a widely cited study on the correlation between money and happiness conducted by Richard Easterlin with United States in 1973 we read: “In all societies more money for the individual typically means more



individual happiness. However, raising the incomes of all doesnot increase the happiness of all.....”¹³

This study, infact, corroborates Gandhi’s conclusions. In all affluent societies we see a regular increase in violence and crime rates, addiction to intoxicants and substance abuse, sexual abuses of various kinds and so on. All these point to the poverty of affluence. Therefore, when we evaluate the experiences of affluent societies, we come to the inescapable conclusion that true happiness is derived not from affluence; the relationship between income and happiness is remarkably small. Happiness, as Gandhi always pointed out, is related to one’s state of mind and a healthy state of mind is dependent on psychological contentment which is a product of a steady state economy and the richness of human relations and freedom from conflicts that exists in a face to face community situation.

Production by the Masses

Gandhi insisted that the production processes in the Sarvodaya society should be consistent with the higher goals that society sets for itself. Production must be need-based and not greed-based. In the present consumerist society, as Gandhi pointed out in the Hind Swaraj, there is artificial multiplication of want and production is geared to it. It has created a culture of greed and quantity. In the present system conspicuous consumption is promoted and non-essential consumer durables are



manufactured in plenty and through clever and brainwashing advertisements, these non-essential commodities are made acceptable as essentials. This has tremendous negative impact on individual psychology, social cohesion and the ecosystem. As Yoginder K. Alagh recently pointed out: “the more serious questions of unrestricted pursuit of consumerism and utilitarian pleasure as universal objective arises from the fact that in a world of finite resources this is simply an unfeasible objective. Even if technical change continues at a pace at which it is continuing today it is extremely likely that by the time Chinese and Indian percapita levels cross around a quarter of the current levels in the United States, the world will destroy itself...”¹⁴

Another important tenet in the method of production that Gandhi proposed was that production must be based as much as possible on locally available resources. Although this is an extremely important economic principle it was almost consistently ignored or neglected over the entire period of Indian planning. Processing a raw materials in areas where they are available saves a lot of avoidable expenditure and is economically and environmentally a sound principle. Look at the wasteful expenditure involved in the transportation of a raw material like rubber produced in Kerala to Punjab and finished rubber products manufactured in Punjab transported back to the Kerala market.



Equally important is Gandhi's insistence that production must be as decentralised as possible. In the traditional sector, where agriculture and industry were properly integrated, production centres were scattered all through the villages. Each home stead was a production centre of sort and it was a healthy system and superior in every respect to the factory system on which modern industrialisation is based, particularly in terms of saving energy, time wasted on travel, maintaining a pollution free environment and healthy industrial relations, and saving the workers from the problems of alienation and dehumanisation which are chronic ills of modern industrialisation.

Another important advantage of this mode of production is that it would provide employment to large masses of people. Gandhi underlined this advantage. The main reason for India's chronic poverty was unemployment and underemployment among the rural population. Agriculture which is the main activity of the rural areas could provide only seasonal employment. So India had to devise a method by which the unemployed people of the rural areas particularly will get employment. Gandhi suggested that only by avoiding unnecessary automation and resorting to labour-intensive methods of production, India will be in a position to provide employment to the unemployed. So he proposed production by the masses in the place of mass production.



Appropriate Technology

Here we come to the question of technology-its nature, size and role-in the Gandhian economic system. There is widespread misunderstanding that Gandhi was against technology. This is far from true. As he himself had stated, what he was against was the craze for machines and not machines as such. He was, of course, not in favour of the so-called labour saving machinery or technology which will make unnecessary involvement of human hands. What ever be the arguments in favour of technology-say efficiency, productivity, precision and so on-Gandhi's criterion was that it shall not substitute, enslave, alienate and dehumanise the human beings. He, therefore, stood for a technology that could be "put in the homes of the millions", to quote Gandhi's own words.¹⁵ This was what Schumacher later termed as "technology with a human face"- or appropriate technology.¹⁶ Technology is meant to serve a human purpose. Human beings are not for technology; technology is for human beings-this was Gandhi's stand. It must also be mentioned here that Gandhi did not want to perpetuate out-moded or crude technology. On the contrary he always favoured updating the productive instruments to make it more worker-friendly but not to substitute the human factor. The attempt he made to improve the Charkha may be cited as example.



There is great emphasis in the Gandhian economic system on the factor of justice. It has already been pointed out that in the Sarvodaya system there is an order of priority and lowest and the weakest is given preferential treatment. So it is the duty of an enlightened society to maintain distributive justice.

Villagism-Face to Face Community

Another central factor in the sarvodaya economic order visualised by Gandhi is the centrality given to community orientation. Gandhi characterised the ideal society of his dream 'gram-swaraj'. It is a rural civilization where men and women in small face-to-face communities would, by their activity, be self-sufficient in meeting their basic needs and yet be interdependent for many other in which dependence is necessary. He wanted independent India to be a union or republic of such self-sufficient but interrelated village-republics. The economic organization of this rural civilization, as visualised by Gandhi, was a balanced blend of subsistence/conservation farming and small scale industries.¹⁷ Gandhi's was not a romantic dream. He knew quite well that an urban-industrial civilization as developed in the West was not congenial for the development of the human persons. It was really repressive of the human spirit and potential. Also, it would be totally unsustainable and therefore cannot be replicated globally. For Gandhi civilization must be primarily sustainable. Its very purpose



must be to provide a favourable environment for its members to realise their latent potential. Gandhi was of the view that only a rural civilization based on the principles of self-reliance, self-sufficiency, simplicity and limitation of wants, mutual aid and co-operation, participation and sharing and finally caring and mutual empowerment through meaningful community interaction is sustainable and helpful for human spiritual evolution. He wanted economic planning for a new India to incorporate this vision into it and construct an appropriate development model.

Trusteeship

Gandhi had considered views on the question of ownership also. While capitalism upholds private ownership without any kind of control by the state, Marxian socialism advocates state ownership of all the means of production and distribution. Both model were unacceptable to Gandhi because he could see that both were exploitative and would lead to the concentration of wealth and power and were thus inconsistent with the principle of non-violence. So he advocated a new method that would substitute both capitalist and socialist forms of ownership. He called it trusteeship. A group of economists after discussing with his ideas on trusteeship as a revolutionary method of ownership and management, drafted the trusteeship formula and published it with his approval. It is as follows:-



It reads:

1. Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one. It gives no quarter to capitalism, but gives the present owning class a chance of reforming itself. It is based on the faith that human nature is never beyond redemption.
2. It does not recognise any right of private ownership of property except so far it may be permitted regulation of the ownership and use of wealth.
3. It does not exclude legislative regulation of the ownership and use of wealth.
4. Thus, under State-regulated trusteeship, an individual will not be free to hold or use his wealth for selfish satisfaction or in disregard of the interest of society.
5. Just as it is proposed to fix a decent minimum living wage, even so limit should be fixed for the maximum income that could be allowed to any person in society. The difference between such minimum and maximum incomes should be reasonable and equitable and variable from time to time so much so that the tendency would be towards the obliteration of the difference.



6. Under the Gandhian economic order the character of production will be determined by social necessity and not by personal whim or greed.

Gandhi believed that all human beings must hold their property and talents as trustees. As all wealth and talents are socially created they truly belong to the whole society and so they must be managed accordingly. Those who hold them can use only what they need for their upkeep but the rest must be used for the welfare of society.¹⁸ If trusteeship, is not voluntarily accepted by the holders of wealth, Gandhi demanded legislation to take over their property by the state. The point was that surplus shall not be allowed to be concentrated in the hands of capitalists and become monopoly capital. The concentration of economic power would be as dangerous as the concentration of political power. Gandhi wanted to prevent both. So he also suggested to use of satyagraha when ever and wherever necessary to persuade the propertied class to share their property and wealth with the havenots of the society.

This is the bare out line of the main features of Gandhi's economic philosophy and development model. It is on the basis of these ideas and outlook that the development policies followed by the successive governments since independence in general and the new economic policy in particular delete are evaluated in this study. It is to be restated here that if all the above ideas were distilled further the result would be the Gandhian Talisman.



The Planning Regime, a Critique

This critique is done at the basic level of the premises and assumptions of the policies adopted by Nehru and not at the level of the strategies and programmes. As mentioned earlier the Gandhian vision of development was not accepted by Nehru who, by virtue of being the first Prime Minister, became the chief architect of the new Indian nation. He wanted to rebuild India on the model of the industrialised Europe and make it a modern nation state. So his planning strategy was different. He was greatly fascinated by socialism and impressed by the Soviet experiment, particularly centralised planning. But he did not accept the idea of the state ownership of the entire means of production. He was a democrat and therefore detested totalitarianism, Soviet experiment minus the totalitarian. So the Soviet experiment minus the totalitarian state was his model. Though he disliked capitalism, he believed that controlled private ownership was necessary and economically feasible. So he decided to incorporate what he thought was acceptable and useful into a new paradigm and thus constructed what came to be known as the mixed economy model. Nehru assigned an important role for private capital-indigenous and foreign. But he imposed very stringent conditions for their operation. He did not want to compromise on the country's independence and sovereignty. So foreign capital and foreign aid were strictly regulated



through laws. He also wanted the country to become self-reliant at the earliest. Poverty eradication, which was a crucial issue for the country, was also incorporated into the process of planning. As he wanted the economy to fulfil the national goals, he decided that a planned and protected economy would be the best option. It would eliminate the negative elements of both capitalism and totalitarianism.

The planning regime of a country is to be evaluated and critiqued not only on the basis of the quality of the intentions of its founders but on the basis of how it worked out and how much did it succeed in realising the goals and objectives. Evaluated from this angle, as we saw in chapters 3, 4 and 5, the planning failed to translate the objectives into reality to a very great extent. Statistics available substantiate this. Economists and social analysts have examined the questions of how and why Indian planning failed. Some of them find fault only with implementation. They argue that the policies were sound but they were not properly implemented.¹⁹ Others say that the loopholes were in the policies themselves and that was why they failed in implementation. The major defect, they say, was protectionism. The state should have allowed the market laws and forces to operate freely and kept out of the economic domain. Allowing the state dominated public sector to occupy the commanding heights of the economy and control and guide the market was a major error. The control and licensing system for investment



and industrialisation is identified as another mistake. But left wing economists, on the other hand, argue that state control was not properly exercised. They put forward the argument that the Indian state represented the class interests of the bourgeoisie and therefore the state acted as their agent and did not exercise control with a view to translating the socialist goal into a reality.²⁰ It is not intended here to go into the merits of these arguments. There is one view that is shared by economists cutting across their ideological and academic orientations, namely that there was serious and even fatal mistakes committed by all concerned in the implementation. One diagnosis attributes the failure to “the top-down” nature of the planning regime. Implementation was done chiefly through the bureaucracy. People, particularly the poor and the marginalised, were not allowed any participation in the implementation of the policies. They were left out of the process. This not only alienated and distanced the beneficiaries from the vital process of plan implementation but also gave them the feeling that they were helpless and dependent recipients of alms doled out to them by a new class of patrons.²¹ Most of the development projects were executed through contractors. This gradually led to the emergence of a nexus between politicians, bureaucrats and contractors and corruption became almost institutionalised. This was identified as another cause of the failure of planning.



In order to evaluate the Nehruvian model of development which is a modified version of the Western model, we have to start examining the basic premises and assumptions of the model. It views economic activities as exclusive from other human activities. Economics is elevated to the level of an autonomous activity forgetting that economic activities cannot be abstracted from human life. In the industrialisation paradigm priority is given to increasing and improving productivity and maximising production. Wealth is placed above the human being. Gandhi had pointed out the dangers involved in this. Economists like Sismondi had, long ago, argued that the real object of economics should be man. Schumacher advocated a new economics in which people mattered, not just goods. Another basic assumption in the Western model is Economism. Economism; according to Barbara Brandt is based on the following assumptions:

1. Society can be separated into two separate spheres: the economy and the rest of life.
2. The economy consists of activities of business - producing and selling goods and services, employing people and making money.
3. The economy is the primary source of society's wealth and well-being.
4. The rest of life-which includes people in their homes, families and communities, volunteer activities and charitable organizations, the government, education, arts and culture, religion and spirituality - is defined as "not-the-economy".



5. The rest of life is dependent upon the economy - that is dependent upon the activities of the business sector - for wealth and well-being.²²

The structure of economics is depicted graphically by her as follows:

Table 6.2

The Structure of Economism

Economism:	
The belief that the economy is separate from, and superior to, the rest of life,	
The Economy <i>(the superior category)</i>	The Rest of Life <i>(the inferior category)</i>
Economism equates the economy with the visible economy-the realm of business and monetized production and exchange. The visible economy is identified as the source of wealth production in society.	Economism defines the rest of life as “not-the-economy.” In reality, the activities of the invisible economy-non-monetized production and exchange in home, family and community; volunteer activities; and the natural environment.
Hierarchical systems-eg., sexism, classism, racism-shape the visible economy	Hierarchical systems-eg., sexism, classism, racism-also operate in the rest of life.
A hierarchical relationship also operates across the two categories, expressed in such belief as:	
<ul style="list-style-type: none"> - People with paying jobs are superior to people without paying jobs. - The needs of business take precedence over the needs of communities in which businesses are located. - The needs of business take precedence over the needs of the natural environment. - The needs of business to keep selling more products and services take precedence over people’s needs to stay healthy and free from addictions. 	



In the industrialisation paradigm man is viewed as the economic man - *homo economicus*. The economic man is impelled by economic considerations only. His motive is self-interest or at best enlightened self-interest so called and his desire is consumption. Quality of life is tied to the production of surplus and superfluous consumption. Consumerism is elevated to the level of a supreme value and the chief indicator of development. Gandhi believed that consumerism which is based on commodity fetishism is a false and even dangerous idea of development and advocated limitation of wants and simplicity.

As pointed out earlier, industrialisation of the western type is the motor that pulled the engine of the Nehruvian model. Nehru believed that industrialisation will solve not only the chronic economic problems of India but even the socio-cultural backwardness of the nation. He saw that industrialisation was the connecting link (or the common factor) between capitalism and socialism. What he failed to see, but Gandhi fore saw and warned against, was the limits to industrialisation and the dangers involved in it. Gandhi was consistent in his opposition to industrialisation of the Western type. He, with prophetic foresight, warned that modern industrialisation is incapable of addressing the problem of unemployment and poverty. The very purpose of modern industrialisation is not the solution of



unemployment but maximising production. One can today easily see what modern industrialisation has done.

Barbara Brandt calls the new industrial economy, addictive economy and summarises the imbalances generated by it as follows:-

“imbalances between the quantities of goods produced and the number of people able to buy them, leading to over production; between the number of people needing paid employment and the numbers of available jobs, leading to excessive unemployment; and between the quantities of goods offered for sale and the amount of money in circulation leading to inflation. At the same time existence of class, gender, racial and other hierarchies promoted the concentration of wealth and power among a small proportion of the population, while preventing more equitable distribution of resources”.²³

It is clear that Bandt’s position is typically Gandhian. All the imbalances that she identified in the new industrial economy of the west were chronic to Indian economy also and the causes are not far to seek. As Nehru himself admitted in the Indian Parliament, the mistake was that he failed to see the relevance of the Gandhian programme in the reconstruction of this country which was essentially rural and traditional.



The New Economic Policy : An Evaluation

The NEP is to be evaluated based on the Indian experiences of the last decade and also on the basis of the experiences of other third world countries who implemented them. The basic assumptions of these policies are the same as those that underlie the industrialisation paradigm; the NEP is only an intensified attempt to promote industrialization and trade. The following facts have to be taken into consideration.

1. Free market is only a myth. It does not really exist. The powerful make rules for their benefit, unmindful of how they will affect the population and environment of the third world countries. Look at world trade system. It is unjust towards developing countries. Statistics on trade show that liberalised trade continues to favour the industrialised countries and their corporations. Forty percent of global trade is among 350 largest corporations in the North, which is part of the managed markets. This shows that the concept of free market is a myth.²⁴
2. In liberalised trade, developing countries are subjected to exploitation. The tariff barriers put by the industrial countries against products from developing countries create inequity. Yassin Fall has shown with evidence that interests and pay off structures of



Multilateral Trade Arrangements (MTA) support disproportionate allocation of gains from world trade to the strong countries. He, therefore, concludes that the interests underlying the agenda of MTA are those of the dominant nations and groups within nations. This is clearly against developing countries and the particularly against poor within those countries.²⁵

3. The claim of attracting foreign direct investment in the third world countries leading to expeditious development also is not factual. As many studies have shown, in 2000 two thirds of the international capital flow went to the U.S. “A striking feature of international capital flows during the year 2000 was dominant position of the United States as recipient of flows, compared with 60% in 1999 and an average of about 35% during 1992-97. Net flows to the United States exceeded \$400 billion including a record level of foreign portfolio investment”²⁶
4. Income from intellectual property also accrues disproportionately to the developed countries. It is estimated that the industrialised countries hold 97% of all patents and the global corporations hold 90% of all technology and product patent.²⁷



5. The ban on local content policies imposed by TRIMs act against the interest of the developing countries. India has started experiencing the pressure.
6. Article 27.3(b) of TRIPs agreement makes room for the patenting of all life forms including micro-organisms. This is definitely an attempt to subjugate the technologically backward countries of Africa, Asia and Latin America.
7. Under the WTO regime, there is tariff against agricultural export from the South while massive subsidies exist for agricultural production in the North. Under SAP, subsidies are gradually taken away in India. This is against the interest of the small farmers in particular and against the agricultural practices prevailing in India in general.
8. The promise to lift import barriers under Agreement on Textile and Clothing and abandon Multifiber Agreement has not been honoured. It is clearly detrimental to the interest of the poorer sections of the third world. It has to be pointed out that while the majority of Africans and Asians live on less than one U.S. dollar a day, a cow in Europe is subsidised by two U.S. dollars a day.



9. There is ample evidence to prove that foreign debt problem of India or any country of the South cannot be solved within the framework of the G7, IMF-WB agenda. Actually debt servicing compounded by direct capital flight and profit repatriation by foreign investors drain the developing countries of their real wealth. World Bank Report 1999 point out that in Sub-Saharan Africa, for every four U.S. dollar that enter through FDI, three dollars leave the region in the form of profit transfers. This is a telling example of “debt-poverty-debt” vicious cycle.

10. Viewed from gender perspective, women are the worst hit victims of trade liberalisation. Whether it is Agreement on Agriculture (AOA) or TRIPS or GATS, women’s wages are cut, their access to basic services are adversely affected and as women constitute the majority of the unskilled workers, reduction in real wages affect them worst.

These are some of the most dominant features of the new economic policy as it affects the life of the people of the developing countries-its weaker sections in particular. When we take cognisance of these facts and try to weigh them in the light of the basic principles of Gandhian economics and Gandhian development paradigm, we may be constrained to make certain strong statements. It has already been pointed out the NEP or globalisation through marketisation is nothing but neo-colonialism under a



new guise. Trade is used as the strategy to colonise and it has substituted the army. In the place of weapons, they have the agreements and tariffs. For India the NEP is a clear break with the national legacy which Prime Ministers upto Mrs. Gandhi proudly upheld even in the midst of difficulties, economic depressions and threats. It compromises the three great principles of national sovereignty, self-reliance and commitment to the poor. In the NEP the Gandhian Talisman might appear to be a moral joke. Unless resisted vehemently the NEP will create what Barbara Braudt calls “an addictive economy”. According to her the consequences of the addictive economy are manifold. In it product buying will replace problem solving, what sells will become the criterion of morality, the pace of life will be speeded up and leisure as understood traditionally will disappear, we will have to buy things that were formerly free and that were never before considered necessary, acquisitiveness is celebrated, the rich become more wasteful, and the poor become poorer, people are reduced to commodities, other countries are turned into markets and finally national policies become totally distorted.²⁸ The ultimate result would be the total decline of traditional values and the quality of life.

Viewed from the Gandhian perspective there is nothing economically or morally justifiable in the NEP and therefore needs to be reoriented or rejected. Exploitation and domination are to be resisted. Gandhi had



presented a strategy for this in his Constructive Programme and sathyagraha. It is for the present generation to decide-either to be guided by the invisible hand of the market or “the still, small voice” with in us.

References and Notes

- ¹ M.P. Mathai, ‘*Mahatma Gandhi’s World View*’, p.180
- ² *Mohandas Karamchand Gandhi*, p.149
- ³ See M.P. Mathai et al. (ed.) *Meditations on Gandhi*, p.129
- ⁴ K.J. Charles in “The New Economic Policy and the Gandhian Alternative” (unpublished seminar paper)
- ⁵ R. Diwan et.al, op. cit, p.2
- ⁶ M.K. Gandhi, The selected works, Vol. VI
- ⁷ Harijan, February 12, 1938, p.2
- ⁸ M.K. Gandhi, The selected works, Vol. VI
- ⁹ Club of Rome warned the world against the unlimited use of resources
- ¹⁰ See Yoginder K. Alagh. “*Gandhi and The Indian Economy in The 21st Century Journal of Peace Studies*”
- ¹¹ See for example J. Freedman, *Happy peace*, New York–HBJ, 1978- Paul. L. Watchel, *the Poverty of Affluence*, Philadelphia, New Society, 1989
- ¹² *Hind Swaraj*, p-61. 13 quoted in Paul L. Watchel, *Ibid* – p.29
- ¹³ See for example J. Freedman, *Happy peace*, New York – HBJ, 1978- Paul. L. Watchel, *the Poverty of Affluence*, Philadelphia, New Society, 1989
- ¹⁴ Yoginder K. Alagh, *Gandhi and the Indian Economy in the 21st Century in Journal of Peace and Gandhian Studies* Oct-Dec, 1997, p.29
- ¹⁵ Harijan, Nov-2, 1934, p.301
- ¹⁶ E.F. Schumacher “*Small is Beautiful*”, p.77
- ¹⁷ See V.K. R.V. Rao., *Gandhi’s world view* M.P. Mathai
- ¹⁸ See M.P. Mathai, *Mahatma Gandhi World View*, p.197
- ¹⁹ Economists like T.N. Srinivasan and Jagadish Bhagavathy hold the view
- ²⁰ Economists like Prabat Padnaik and C.P. Chandrashekar hold the view
- ²¹ Sukmoy Chakravathy. *Planning - the Indian Experience*, p.68
- ²² Barbara Brandit, *Whole Life Economics*, p. 97-98
- ²³ Barbara Brandit, *Whole Life Economics*, Philadelphia-1995- New Society



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- ²⁴ See Economist Nov.11, 2000-p.110 from IMF data
- ²⁵ See Y. Fall (ed.) Africa: Gender, *Globalization and Resistance*, AAWORD
- ²⁶ IMF Survey, July 30, 2001-p.252
- ²⁷ See Dr. B.R. Mshana “The Spirit of Bandung Amid Global Free Market”, in ‘*Beyond Globalization*’ Hong Kong
- ²⁸ See Barbara Brandit-op.cit. pp.72-75