



**Bangiya Arthaniti Parishad
37th Annual Conference**

**Professor A K Dasgupta Memorial Lecture 2017
A Reconsideration of Gandhi and the Economics of Austerity**

**By
Pulin B Nayak
Formerly Professor of Economics and Director
Delhi School of Economics**



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A Reconsideration of Gandhi and the Economics of Austerity

Pulin B Nayak

I. Friends, it is a great honour for me to have been asked to deliver this year's Professor A K Dasgupta Memorial Lecture. I express my sincere gratitude to the Bangiya Arthaniti Parishad for deeming it proper to ask me to perform this task, and I also specially thank my dear friend, Professor Biswajit Chatterjee, President, Bangiya Arthaniti Parishad, for initially writing to me for this purpose. I hope that I shall measure up to the confidence that you all have so kindly bestowed upon me.

To this learned audience this is something very well known, but let me nevertheless begin by saying that Professor Amiya Kumar Dasgupta (1903-1992) was indeed the doyen among economic theorists of India. If we begin to look at Indian economic thought from the nineteenth century onwards, there certainly were a number of major thinkers who made significant contributions to the subject, viz. Dadabhai Naoroji (1825-1917), Mahadev Govind Ranade (1842-1901), R C Dutt (1848-1909), Gopal Krishna Gokhale (1866-1915), among others, but none of them were theorists in the way we think of economic theorising in the tradition that we associate with, say, the classical or the marginalist schools. Among the other major pre Independence figures one would also have to consider the names of B R Ambedkar, Brij Narain, Jehangir Coyajee, Gyan Chand and V K R V Rao, among many other notable names, (see Krishnamurty (2009)), but, again, none of them were principally theorists.

In a particularly insightful piece, which was his Presidential Address, entitled 'Tendencies in Economic Theory', delivered in 1960 to the All India Economic Conference in Chandigarh, A K Dasgupta (1961, 2009) dwelt on this very question. He observes: 'Indian economists, particularly of the older generation, have been somewhat allergic to theory'. He goes on to add: 'This is surprising. The Indian mind is traditionally speculative and is supposed to lend itself more to abstraction than to crude reality. Are not our ancestors builders of philosophical systems which provide sustenance to thinking minds even today?...If one looks at the history of economic studies in India, one is impressed by a certain lack of direction and system in them; useful as they are in their own way as 'description' of the Indian economy, there is little attempt in them at generalisation. It is remarkable how indifferent we have been to economic theory all these years' (Dasgupta, 2009, vol II, pp, 393-395).

Helpfully, Dasgupta proceeds to offer some plausible explanations. He suggests, first, that most of these thinkers were impatient with the liberal tenets of classical political economy which were at variance with the requirements of our economy, and in doing so they even repudiated the tools of analysis that it provided. The latter was highly damaging to the progress of economic theory in the country. Secondly, he offers the view, based on his own experience, as a student of economics from 1922 in Dacca, and then becoming a lecturer there starting 1926, that even when economics came to be adopted as a subject for academic study, the influence of early pioneers persisted, and there grew a distrust concerning theory as such. Dasgupta then very

perceptively adds: ‘The fact that contemporary economic thought was dominated by the marginalist theory of value which was too far removed from the needs of our economy added to this distrust’ (Dasgupta, 2009, p,394).

Later in the same 1960 Chandigarh address Dasgupta concedes that the old inhibitions were slowly disappearing. Starting in the mid-1950s, the contributions of some of the post-Independent generations of Indian economists, prominent among them being Amartya Sen, Jagdish Bhagwati, Sukhamoy Chakravarty, and then soon after, Amit Bhaduri, Prasanta Pattanaik, Partha Dasgupta, Avinash Dixit, to name just a few, were already making significant contribution to theoretical issues in areas ranging from social choice theory, pure theory of trade, optimum growth, capital theory, optimum taxation, etc. Indian names were now populating the pages of the most prestigious of Western journals such as *Econometrica*, *Review of Economic Studies* and *Journal of Economic Theory*.

A K Dasgupta’s early engagement with the fundamentals of economic theory were worked out in the portals of the London School of Economics during the two years, 1934-36, he spent there. ‘The desire to go to England for Ph.D. was a daring dream, if only he had absolutely no financial backing or patron’ (see Alaknanda Patel (2009, p xxv) for a scintillating biographical sketch of her father). Dasgupta must have been exceptionally well focussed to complete his dissertation in two years flat. His doctoral supervisor was Lionel Robbins who had recently come out with his highly influential essay on ‘The Nature and Significance of Economic Science’ in 1932.

Those must have been exciting times at the LSE. Other than Robbins, there were Friedrich von Hayek, R H Tawney, and the young J R Hicks, Nicholas Kaldor and Abba Lerner, among others. For his dissertation, Dasgupta chose the topic ‘The Conception of Surplus in Theoretical Economics’ which was later published as a book in 1942 (Dasgupta, 1942, 2009, Vol I). In this study Dasgupta began by examining the foundational notion of surplus in classical economics, by carefully discussing the physiocratic notion of *produit net* and proceeding further on to the Ricardian notion of rent as well as the Marxian notion of ‘surplus value’. He then went on to consider the Marshallian notion of consumer’s surplus and then the notion of consumer’s surplus in international trade. He concluded his comprehensive and magisterial work by examining the notion of dynamic surplus contained in the work of Wicksell.

Throughout his active career which took him from Dacca to Cuttack, Varanasi, Washington, D.C., Delhi and Patna, Dasgupta’s intellectual passion was substantially focussed on issues of pure theory. The topics he wrote on were varied. They could range from an incisive examination of ‘Adam Smith on Value’ (Dasgupta, 1960 2009, Vol. I) or it could be a theoretical formulation of ‘Marshall’s Measure of ‘Net Benefit’ from Foreign Trade’ (Dasgupta, 1954, 2009, Vol II). As time passed his interest on theoretical economics gradually moved more towards the foundations of economic thought and he continued to be active well into his late ’seventies, and,

in fact, came out with possibly his most significant work, 'Epochs of Economic Theory', when he was 82.

Two aspects of A K Dasgupta's intellectual engagement were particularly notable. Even though he had earned his doctorate at the highest citadel of academic learning for economics, the LSE, and continued subsequently to work on issues of pure theory, he was quite comfortable to publish his research work in Indian journals. There was nothing unusual in this for him. He was based in India and he was teaching or researching in Indian universities and research institutions. So it was natural for Dasgupta to publish in Indian journals without being fetishist about publishing in Western journals. It also helped that he was a classmate – from his student days in Dacca during 1922-26 - of that great editor and polyglot intellectual, Sachin Chaudhuri, who dared to start the Economic Weekly from Bombay, now Mumbai, in 1949, with the assurance of active intellectual support from his close friends, of whom A K Dasgupta was undoubtedly the most special.

It is possible that Dasgupta's research publications in Indian journals cost him a measure of international acclaim and recognition that should have been his due. This point has been underlined in the appreciations by Amartya Sen (1994) and Partha Dasgupta (2009) of the lifetime work of A K Dasgupta. Dasgupta had, for example, presented a truly pioneering analysis of the working of underdeveloped economies with surplus labour chronologically before the famous paper of William Arthur Lewis (1954), but this fact has scarcely been acknowledged outside India.

Dasgupta had first given a lecture entitled 'Keynesian Economics and Underdeveloped Countries' (see Dasgupta, 2009, Vol II, pp 302-311) as an extension lecture under the auspices of the University of Lucknow in the autumn of 1949. A version of this was also published in the Economic Weekly in the Special Number, January 26, 1954. Lewis's well known paper on economic development with unlimited supplies of labour went on to become influential while most scholars in Europe or the US were barely aware of Dasgupta's work. Partha Dasgupta (2009, p.2) very rightly laments that even 'Textbooks on development economics currently in use in Western universities (among the most prominent ones being those written by Indian economists!) make no mention of Dasgupta's paper when the Lewis model is presented'.

As mentioned above, after his long engagement, spread over more than a half century, with theoretical economics, Dasgupta published his tour de force, 'Epochs of Economic Theory' (Dasgupta, 1985, 2009), when he was 82 years of age. This was a magisterial account of a dedicated scholar-teacher who had engaged keenly with the classical, marginal and the Keynesian systems of economic thought in all their detail as well as grandeur. Dasgupta's chief contention in the 'Epochs' is the idea that unlike the natural sciences, 'economic theory evolves in response to questions that are provoked by a given set of circumstances in an economy. As circumstances change, or people's attitude to them changes, questions are revised, and a new system springs up. It is wrong to say that the new system is an improvement on an older one; it is different. While in the natural sciences there is cumulative accretion of knowledge, Dasgupta offers the

view that the nature of theorising in economics may be more appropriately categorised as being ‘relativist’ (Dasgupta, 2009, Vol I, p. 201; Nachane, 2009, Vol I, p. 27).

The second aspect of A K Dasgupta’s extraordinary corpus of lifetime work points to a very significant development. After a lifetime of engagement with mainstream economic theory, in the twilight years of his life, he seems to have been attracted to Gandhian economics and the economics of austerity. Very interestingly, most of the mainstream theoretical economists of India in the post-Independence era seem to have shown no special interest in the ideas of Gandhiji. Interest in the social, economic and political ideas of Gandhiji might continue to attract historians, sociologists, political scientists and philosophers, but somehow mainstream economists seem to have been rather tepid towards Gandhiji’s economic formulations. Gandhian economics is certainly not part of most university curricula, and it is possibly only some fringe elements among economists who might have any active interest in this system of thought. It should therefore be not a matter of any small interest to see why Dasgupta’s concerns eventually moved in this direction. In the rest of this lecture it would be our purpose to explore this issue.

II.

Alaknanda Patel mentions in her fond remembrance of her father: ‘My father’s admiration for Mahatma Gandhi, I realise now, went back a long way but we were too much in the modern world to notice it. . . . Anyway, if we had a hero other than ‘Masterda’, Surya Sen of the Chattogram Armoury Raid, it was Subhash Chandra Bose, not M K Gandhi. My father’s way, however, was different; he believed in the path of negotiation, mediation and non-violence’. She goes on to write: ‘In the last years of his life, the Mahatma and the concept of austerity preoccupied much of his thoughts. On March 19, 1991, he wrote to Partha Dasgupta, ‘I have begun writing my promised monograph on a system of economics on Gandhian lines. The progress is inordinately slow. I don’t know when and, if at all, I shall be able to finish it. I feel convinced, with the strife and tension the world is experiencing, that the Gandhian way is the way, if our planet is to survive’ (Patel, 2009, Vol I, p. xl).

Very much in the tradition of his doctoral supervisor Lord Lionel Robbins (Robbins (1932)), Dasgupta regarded himself as a theoretical economist who was concerned essentially with the positive aspects of economic theorising. When it came to normative matters he adopted ‘a broadly utilitarian view of social life’ (Partha Dasgupta, 2009, p. 6), informed by the New Welfare Economics of Hicks, Bergson and Samuelson. He acknowledged the logical difficulty that the Arrow Impossibility Theorem presented at a conceptual level to the process of social decision making but he saw no contradiction in dealing with the immediate choices facing any economy using his version of utilitarianism. As Partha Dasgupta further observes about his father: ‘The closest he worked on the foundations of welfare economics was his book, *The Economics of Austerity* (Dasgupta, A K, 1975), but even there he sought to uncover the instrumental virtues of austerity in a poor world. He would have been embarrassed to preach austerity’.

Partha Dasgupta concludes his essay on his father with the following words: ‘Among political leaders – anywhere and of any period – the one person he admired absolutely was Mahatma Gandhi, and he explained to me when I was a child why it is entirely appropriate to regard Gandhi as a Mahatma. He planned his final work to be on the economics underlying Gandhi’s personal and social philosophy. He left handwritten notes behind. We are all the poorer that he was unable even to begin writing the book before he died in 1992’ (Partha Dasgupta, 2009).

Describing the social and political proclivities of A K Dasgupta, I G Patel (2009, p. 11) observes: ‘One could well imagine that the aversion to “Social Darwinism” and attraction to cooperation would lead Dasgupta sooner or later to Gandhiji and austerity and non-violent struggle’. On the occasion of the Gandhi centenary celebrations in 1969, Dasgupta had written: ‘As one to whom it is pleasure now to recapture the thrill that he derived in his youth from the poetry of the Gandhi movement, I can perhaps best express myself, as we are celebrating the birth centenary of the Mahatma, by recalling the famous lines of Wordsworth:

Bliss was it in that dawn to be alive,

But to be young was very Heaven’ (Dasgupta, 2009, Vol I, p. 82).

Searching through his writings on Gandhi in his collected works we find that there are three important pieces Dasgupta had on Gandhi (Dasgupta 1969a, 1969b, 1987). The first two were lectures delivered in the year of Gandhiji’s birth centenary, when Dasgupta himself was 66 years of age. The last piece was a lecture delivered after the publication of ‘Epochs’ when Dasgupta was 84. Then, of course, there is the very important small book of his on ‘The Economics of Austerity’, published when he was 72 years of age. This book emerged from the Lal Bahadur Shastri Memorial Lectures delivered under the auspices of the Banaras Hindu University in the spring of 1974. The Shastri Lectures, in spirit, bear some affinity with the three other lectures on Gandhi, though, as such, there is no necessary link.

This apparent dichotomy between Dasgupta’s tract on austerity and his serious interest in Gandhi’s conceptual framework should be no surprise at all. The tract on austerity emerges from the writings of classical masters, David Ricardo and John Stuart Mill in particular. Mohandas Karamchand Gandhi had not been a student of economics at all, and by his own admission he had not seriously pored over the corpus of writings of Smith, Ricardo, Malthus or Mill. Therefore one can well see why the lectures on austerity more or less stand apart from Dasgupta’s brief writings on Gandhi’s economics.

While he was still in South Africa, 35 years of age, the young lawyer, Gandhi, had been given a book by his friend Henry Polak in 1904. Gandhi read this book on a long train journey from Johannesburg to Durban. The book was ‘Unto This Last’ by John Ruskin (1903-12). As Gandhi later acknowledged, this book changed his life for ever.

In his book Ruskin challenged the formulations of the classical economists, chiefly Adam Smith, David Ricardo and John Stuart Mill. The foundation stone of Smith’s formulation was based on

the premise that individuals naturally pursue their self-interest. Smith claimed that it is this pursuit by millions of atomistic economic agents, which would ultimately, via, as it were, an invisible hand, have the unintended consequence of social cohesion and harmony. Ruskin believed that just as important as the pursuit of self-interest are the affections of human beings which constitutes an inner force. He believed that classical economic theory is used to deduce the laws of demand and supply which result in misery for workers. In this book Ruskin was advocating a system which brings about the good of all. For Gandhi, the most significant takeaway from 'Unto This Last' was the precept that 'the life of labour, that is, the life of the tiller of the soil and the handicraftsman, is the life worth living'. It is this moral view of the material world which formed the core of Gandhi's political economy.

Gandhi went on to write the 'Hind Swaraj', or the Indian Home Rule, in 1909, on a sea voyage from England to South Africa. This was a political diatribe against Western civilisation, but it also contained Gandhi's core economic ideas. The booklet was proscribed by the British government. Many of his ideas continued to evolve till his end came in 1948, but the core ideas were more or less unchanged. Some of the key propositions may be briefly stated. Gandhi's first thought was to focus attention on Indian villages, for it is there that the bulk of the Indian population lived. He wished to develop these as self-sufficient republics.

Secondly, Gandhi was of the view that the key issue confronting India was to provide gainful employment to each and every individual. The charkha was more than a symbol for him because it represented a concrete way of providing meaningful engagement to an otherwise unemployed individual. In a pure economic calculation this might not be the most efficient way of producing cloth, but it was consistent with the notion of bread labour which enjoined that each human being must contribute some necessary amount of physical labour for his or her own upkeep. This idea was advocated by the Russian peasant philosopher Bondarev and later quite actively espoused by Tolstoy and Gandhi.

Third, Gandhi said that 'machinery is a grand yet awful invention'. But it should be understood that he was not against machinery as such. He was critical of machinery to the extent that it displaced labour. This is far from a trivial issue for economists. Indeed, this was the old, fundamental, question of choice of techniques with which David Ricardo had originally grappled, and which generated considerable interest amongst the best of the mainstream economists of the 1950s and '60s, that included, notably, Joan Robinson, Amartya Sen, Robert Solow, Paul Samuelson and a galaxy of the best minds in the subject.

Fourth, Gandhi was all for limitation of wants. This was the exact obverse of the central idea of mainstream economics which is wedded to the idea of the expansion of the goods space to satisfy unlimited wants. Modern capitalism is substantially about mass consumption of goods and services. It is not uncommon to find more than a hundred varieties of breakfast cereals in an American or West European grocery store. In the Gandhian approach, just a few would do. In a somewhat similar vein, Thorstein Veblen talked of 'conspicuous consumption' - a social waste

- in his 'Theory of the Leisure Class'. But, at the time he wrote the book, 1924, Veblen was dismissed as a crank by the American academic establishment. It is possible to hold the view that it is this Gandhian notion of 'limitation of wants', linked fundamentally to the notion of austerity, which may ultimately be consistent with ecological sustainability in the centuries to come.

Fifth, economics for Gandhi was a normative subject that was necessarily linked to ethics and one's notion of morality. Despite the neat dichotomy between the positive and normative that was demarcated by Lord Robbins, it is fair to say that ethical or normative considerations have come to the fore in the last half century in the theoretical writings of Anthony Atkinson, Amartya Sen, and many others. The Atkinson measure of inequality is a numerical number that assumes different values depending on a society's ethical or normative metric. It is possible to hold the view that the Gandhian idea of looking at economics as necessarily a moral or ethical subject, thought of quite intuitively, and without the engagement with classical and neo classical economic theory, was not totally off the mark after all.

After Gandhi returned from South Africa to India for good in 1915, at age 45, he was advised by his political mentor Gopal Krishna Gokhale to travel the length and breadth of the country to get to know the problems of the people and the country first hand. Gandhi did in fact proceed to do so. There is hardly anyone in the country's firmament in the last hundred years who knew the farm lands and the factories, the peasants and factory workers, of the country as intimately as M K Gandhi.

Gandhi's economic theorising emerged from his own understanding of the Indian objective conditions. To that extent his formulations were entirely *sui generis*. They had nothing to do with the writings of Smith, Ricardo, Malthus and Mill who theorised from the conditions prevalent in the England of those times when the Industrial Revolution had just set in. It is certainly possible to hold the view that, if for this reason alone, the Gandhian mode of analysis called and still calls for compelling attention, even though one might not go along fully with it.

The key, and the most major, dissenter of the Gandhian formations was none other than Jawaharlal Nehru, Gandhiji's chosen political heir. Nehru however never openly confronted Gandhiji on this because he accepted him as his supreme mentor. Nehru was a modernist who had been attracted to Fabian socialism while 'hovering about' London during 1910-12, studying to be a lawyer. Nehru was all for giving emphasis to industrialisation. He had been much taken up with the idea of planning ever since he saw, first hand in his case, the consolidation that the Soviets had been able to bring about after the hysteresis of the October Revolution of 1917. Nehru had visited Russia in 1927, on the tenth anniversary celebrations, at the invitation of the Soviets. The Soviets initiated their five year plans in 1928, and by the early 1930s, the results were quite striking. When, as Congress President, Subhash Chandra Bose constituted the National Planning Committee in 1938, the obvious person to head the NPC was Jawaharlal Nehru.

The Second World War, as well as the political activities, and prison incarcerations, of some of the important members, including the Chair, delayed the proceedings of the NPC, but it did

nevertheless came out with a number of detailed prescriptions in the areas of industry, agriculture, poverty eradication, nutrition, health and education, etc. The assassination of Gandhi in less than six months of the country's Independence made Nehru the supreme leader to steer the economic policy of the country. True to his conviction, the Planning Commission was constituted on 15th March 1950 with Nehru, as the Prime Minister, being the Chairman. During the Second Plan, Nehru backed the Feldman-Mahalanobis strategy of giving primacy to the capital goods sector. But there is evidence that during the last years of his life, Nehru became more appreciative of Gandhiji's emphasis on agriculture and village industries. One only needs to see the first page of the Approach to the Third Five Year Plan, written in 1961, which had Nehru's imprimatur, and was possibly the last major intellectual activity of Nehru in the economic sphere, before he was embroiled in the Chinese debacle and his own physical ailments. For the record, the Approach document squarely put the emphasis back on the agricultural sector in 1961.

Gandhiji had several notable adherents too, not least being J C Kumarappa who had earned his Master's in Economics in 1928 from Columbia, and was a student of Edwin Seligman, the well-known public finance theorist. The coinage of the term 'Gandhian Economics' is attributed to Kumarappa. There were other adherents too, but some of them had differences with Gandhi as well, and that was very much part of the intellectual climate of those heady freedom struggle years. This would be a long list, but some of the notable names would be Jayaprakash Narayan, Achyut Patwardhan, Ram Manohar Lohia, Acharya Narendra Dev, Yousuf Meherali and M L Dantwala. In more recent years there have been several important studies in the field of Gandhian economic analysis (see, for example, Ganguli (1973), Ajit K Dasgupta (1996)).

Two further aspects of Gandhi's thoughts deserve special mention. Gandhi had advocated the notion of 'trusteeship' for the capitalist class who would be expected to utilise their plant and machinery, and their wealth generally, not for their own personal use, but towards the public purpose and the common good of the masses. It was this notion which Gandhi offered as his version of socialism. He thought that this would bring about the Ramrajya of his dreams, which would ensure 'the rights alike of the prince and pauper'. The idea was roundly critiqued by Nehru, Jayaprakash Narayan and many others, including, Gunnar Myrdal. Narayan's response was particularly trenchant: 'A Ramrajya of paupers and princes! Why not? How else will the noble soul get an opportunity to practice deeds of high minded philanthropy...?' (see Zachariah, 2006, p. 167).

In the immediate aftermath of the financial crisis of 2008, even as Lehman Brothers had collapsed, there were a number of top corporate honchos of the Wall Street who had given themselves rather ample bonuses. This had come for some amount of public furore as well as some critical statements from the then US President Barrack Obama. Clearly capitalism needs to operate under several kinds of regulatory checks, but the idea of trusteeship points to the need for certain moral boundaries within which the system must operate. A closer examination of Gandhi's trusteeship idea would reveal that it is perhaps not as outlandish as one might think at first.

The second has to do with the idea of focusing on the poorest and weakest member of society, the ‘daridra narayan’, which is contained in Gandhi’s ‘talisman’. This is among the last notes Gandhi left behind in January 1948, but this was always intrinsic to Gandhi’s moral view of the world from his earliest reading of religious scriptures. This idea of Gandhi was articulated well before John Rawls’s early writings on distributive justice which appeared in the 1950s. However, this by no means should alter the importance of Rawls’s seminal contributions which were to culminate in his path-breaking work ‘A Theory of Justice’ (1971). This was to profoundly alter the course of theoretical welfare economics for all time to come.

III.

Lal Bahadur Shastri was kind, unostentatious, and a deeply austere person. A K Dasgupta’s Shastri Memorial Lectures (1975) were very appropriately focused on the economics of austerity. Consistent with his deep knowledge of the writings of Ricardo, Mill and Marx, Dasgupta dwells authoritatively on how these epochal minds visualised the final destiny of humankind. In the first of the two closely argued lectures Dasgupta identifies two phases in the structure of capitalism. As noted by Marx, in the first phase, the function of the capitalist is to accumulate and ‘it is in terms of the stimulus to accumulation which it offers that Marx recognizes the historical role assumed by the capitalist system in the development of western economies. The capitalist is “personified capital” and accumulation is a passion with him’ (Dasgupta, 2009, Vol III, p. 449).

However in the second stage the capitalist begins to indulge in luxury consumption. This necessarily has to happen because consumption of necessities is biologically limited, and new avenues of expenditure have to be created to keep the wheels of capitalism running. Thus the discovery of luxury goods is an inevitable concomitant of technical progress. The same urge that stimulates accumulation also stimulates the higher levels of consumption. In Marx’s formulation, in the first phase, the desire to get rich – avarice – is a ruling passion, whereas in the latter phase, luxury is part of the cost of keeping up appearances. In the first phase, ownership of wealth in the form of capital is a source of power over the labour of the working class. In the latter phase, the display of luxury consumption by the capitalist is a source of power too, for it is this which distinguishes him from the workers (Dasgupta, 2009, Vol III, p. 449).

As Dasgupta very rightly observes, the foundations of classical political economy, as contained in the writings of Adam Smith and David Ricardo, were formulated in an atmosphere of growth. The average levels of living of even English people in the last part of the eighteenth century were abysmally poor. The founders of the modern study of political economy were first and foremost concerned with how the living conditions could be rapidly improved for one and all. The notions of division of labour or the case for free trade were merely instrumental to ensuring higher living standards for the common masses.

However one must be conscious of the caveats. In Adam Smith’s Society of Perfect Liberty there would, no doubt, be a general increase in the well-being of everyone, but Smith also anticipated that after a time it would accumulate ‘the full complement of riches’ to which it was

entitled by virtue of its resources and geographic placement. At this point accumulation would stop, and growth with it (see Heilbroner, 1993, pp. 122-24). A growing population would divide up the output that would have ceased to grow. Smith's analysis foredooms the working class to the barest subsistence. Perhaps this is also the moral deterioration that Smith also expects from the division of labour. In Smith's own words, "all the nobler parts of the human character may be in great measure obliterated and extinguished in the great body of the people". Contrary to common perception, Smith was possibly the least optimistic about the long run fate of the human condition.

Dasgupta's formulations are centred more on the writings of David Ricardo and John Stuart Mill. At the outset one must remember that Ricardo, possibly the strongest pillar of the 'dismal science', was actually not an advocate of unlimited growth, and favoured some moderation, provided the population was restricted. In a famous letter to one Miss Mary Ann, David Ricardo wrote in 1822: 'Too much wealth would I fear spoil you, too little would make you suffer privation. I like neither extreme'. The greatest of economists always optimised instinctively.

A quarter century after David Ricardo's death in 1823, the darker side of the industrial revolution, with the growth of factory workers living in wretched conditions, was becoming more apparent to a wide array of thinkers and political economists as diverse as John Stuart Mill and Karl Marx. In his 'Principles', published in 1848, Mill saw no point in going continuously for economic growth, and dared to explicitly welcome a stationary state. Mill could also see the devastation that industrialisation was causing to mother nature and he went on to welcome a stationary state, provided that the growth of population was stopped at a point at which, thanks to technical innovations, people in general were assured of a comfortable existence. The other document which was to alter the course of human history was Marx and Lenin's 'Communist Manifesto', also published in 1848.

Rather than seeing the stationary state as the finale for capitalism and economic progress, Mill saw it as the first stage of a benign world where mankind would turn its attention to the serious and meaningful matters of liberty and justice, so that all individuals are able to realise their full potential. Mill looks upon the stationary state as a blissful equilibrium in which the competitive struggle has disappeared, and in which wealth is more evenly divided as a result both of individual prudence as well as social legislation. But, in his view, all this is predicated on restricting population here and now.

It should be a no brainer to realise that Mill's stationary state is more likely to be consistent with a sustainable ecology as compared to anything the growth fetishists may have to offer. This is also possibly where, coming from different directions, Gandhi and Mill intellectually meet. While on the theme of economic policy and social engineering it is possible to hold the view, following Dasgupta, that we must eschew both the production and consumption of luxury goods as well as those developmental options that sharpen the inequalities of income and wealth.

Interestingly, in each of the three pieces by Dasgupta on Gandhi that we have referred to above there is a sense of pessimism that Indian policy makers and the people at large are unlikely to embrace the Gandhian mode of thinking. This is contained both in the 1969a and 1969b pieces, but even in the 1987 piece, a similar sense of despondency is noticeable. From whatever one knows about the thinking process of the dominant Indian citizenry – in the media, in academics and elsewhere – we do not seem to be any closer today to welcoming Gandhian precepts, and if anything, we seem to have moved further away in the last three decades, especially after going in for neo liberal reforms starting in 1991.

In the both the pieces of Dasgupta's dated Gandhi's birth centenary year, 1969, there is articulation of an interesting thought that could come only from a person who has assimilated classical and neo classical economic thought in its deepest essence. I shall quote it in extenso:

'Marxian revolution, let us recall, was originally meant for the industrialised West, but was actually adopted, against Marx's own prediction, by the underdeveloped East. Can it not be that this reversal of venue will be repeated in the case of Gandhian revolution too? It may well happen that it will catch the affluent West sooner than one would imagine. May be that the suitable soil for a peaceful revolution such as Gandhi envisaged is an affluent society and not an immature one. It makes smooth going to settle on a plateau once you have climbed the hill; the journey uphill is arduous' (Dasgupta, 2009, Vol III, p. 82).

We know that A K Dasgupta's final idea of putting together a book on Gandhi's economic ideas unfortunately remained an unfulfilled wish. But we also know that a person so keenly versed in the classical, marginalist and Keynesian modes of thought ultimately had turned his attention on Gandhi and the economics of austerity. There must have been some deeply felt rationale for this in the mind of the great theorist.

Seventy years after India's Independence it would not be incorrect to say that we are far from providing the basic modicum of decent living for the bottom rungs of this vast subcontinent. Poverty, unemployment and growing inequality continue to be a major scourge of the economy we live in. The questions Gandhi had raised still continue to be astonishingly relevant. We end this lecture with the fond hope that some among the present generation of economic theorists may care to turn their attention to examine at least a few of the issues that were of deep concern to Gandhi and see if there could be some real possibility of improving the human condition among the poorest of the poor. The urgency of this task can hardly be overemphasised.

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