

Economic Ideas of Lohia: Some Aspects

(March 23 this year marks the 102nd birth anniversary of that stormy petrel of Indian politics, Socialist leader Rammanohar Lohia. On this occasion we remember him by carrying the following articles.)

Introduction

Dr Rammanohar Lohia (March 23, 1910-October 12, 1967) was one of the most original and self-reflective thinkers of India, a man of action and a freedom fighter who participated in the Satyagraha Movement at the age of ten. He was gentle in manner and wore a unostentatious and simple look. He had qualities of humanism and compassion. Despite having done his doctoral research in Economics and obtaining his doctoral degree in 1932 on the topic 'Economics of Salt Satyagraha' under the guidance of Professor Werner Sombart from Humboldt University (Berlin), Dr Lohia not only had the clearest views in different areas of economics but also on several other political and social concerns. He even went to the extent of attacking Nehru repeatedly at a time when Nehru was god-like, he led a vigorous campaign against English, was an ardent supporter of Hindi and publicly questioned upper-caste dominance. In his views the caste system impairs the thought processes and robs the country of fresh ideas. He opined: "Caste restricts opportunity. Restricted opportunity constricts ability. Constricted ability further restricts opportunity. Where caste prevails, opportunity and ability are restricted to ever-narrowing circles of people." George Fernandes, in his introduction to *Wheels of History* (1955),¹ has rightly observed that Dr Rammanohar Lohia "was undoubtedly the most original thinker, and perhaps the only one produced in India during the last hundred odd years. Unlike most thinkers whose thought remains encapsulated for others to act upon, Lohia was a man of action." Dr Rammanohar Lohia had his own clearest views on capitalism, socialism, use of machines, industrialisation, equality, different economic programmes, local governments etc.

Lohia's Views on Capitalism

ABOUT capitalism, Lohia felt that capitalist development, which is based on the profit motive, cannot take place without colonial or neocolonial exploitation because in developed countries, the crisis is due to no demand, and in developing countries, it is due to lack purchasing power. Therefore, capitalist countries try to create internal colonies and exploit labour, as also destroy natural resources, and use the mechanism of unequal exchange. In the eyes of Dr Lohia, imperialism was the first stage of capitalism. In fact, both grew together. The industrial revolution in Western Europe could not have taken place in America, Africa and Asia without colonies in which increasing poverty of the masses had been witnessed. The history of capitalist development, in the view of Dr Lohia, is the history of increasing poverty of the colonial masses and their reduction into starving and landless labour.² The worst sufferers under capitalism are the colonial masses. In the words of Dr Lohia, "Some areas of the world have created a large part of the material and cultural goods of the world and want to preserve what they have created, and on the other hand, the large part of the world which is not creating such goods but

is striving to create.”³ Lohia argued that capitalism, as it has historically developed, has been destructive and exploitative for a large part of the population. Therefore, Lohia suggested that “those who want to preserve what they have created must help others to create by inventing and supplying to them machines, tools and technology which they would need for their development”.⁴

Lohia’s Views on Socialism

DR LOHIA was a forceful exponent of decentralised socialism better termed as ‘New Socialism’. Lohia tells in his book *Marx, Gandhi and Socialism*⁵ that the socialist doctrine needs to be redefined in terms of the simple truth that all men are equal not only within the nation but among nations. If this is done, a decent and minimum standard of living will be assured for all men, not only within national frontiers but also in the world. Lohia opined that socialism must first achieve the union of mankind before it can be translated into practice.⁶ Lohia placed the idea of socialism on a different plane. His presidential address entitled, “The Doctrinal Foundation of Socialism”, to the Panchamarhi Convention of the Socialist Party in 1952 is regarded among the finest political speeches in post-independence India where he attempted to outline new answers to old questions. In his view, socialism was a newer doctrine than capitalism or communism. Dr Lohia formed the concept of *Sapta Kranti* or seven revolutions which included (i) civil disobedience against violent revolutions, (ii) economic equality, (iii) abolition of castes, (iv) emancipation of women, (v) national independence, (vi) an end to colour discrimination, and (vii) the individual’s freedom of thought which is free from coercion from collectives of any kind. According to him, the attainment of ‘New Socialism’ all over the world depended upon the success of these revolutions. Lohia felt that the only country in the world which can develop evolutionary socialism is India. “Evolutionary socialism can alone harness the pleasure principle of nature (*sukha*) and thus stem the shrinkage of human brain and the ecological devastations that threaten humanity.”⁷

Lohia’s Views on Industrialisation and Machine

ABOUT industrialisation, Lohia opined that industrialisation based on large industries was problematic and it did not solve the employment problem. In his view, both capitalists and communists believe in the progress of the same type of economy. The only difference between a capitalist and a communist economy is that while the former encourages private property, the latter converts it into public property. Both systems advocate big and heavy machines and rationalisation which result in unemployment. Lohia observed that “once you set about rationalisation, hundreds or millions of people in India, as also in other Asian countries, will be thrown out of employment”.⁸ While agreeing that large industries also provide us with a whole range of ‘use values’, Lohia also acknowledged its destructive fall-out on the surrounding population, including the peasantry. Industrialisation requires huge capital, as also cheap labour, the supply of which is ensured through destitution, destruction and dis-possession of the peasantry, rural artisans and such other classes.⁹ Therefore, Lohia suggested that a humane path of industrialisation should be followed where the ‘small machine technology’ could be

made available at low capital cost and which should be easily comprehensible to the people who handle it. This is possible if ownership vests in the cooperatives and communities.

Lohia's Views on Equality

TO Lohia, socialism meant equality and affluence for the people. But he was worried as to how to bring these twin ideals together. Lohia wanted to rescue the idea of equality from the narrow frames of the socialist doctrine and bring out its complete meaning,¹⁰ because, according to him, equality was as high an aim of life as truth or beauty. As a true patriot, Lohia's concept of equality had an Indian flavour. Equality, or Samatva-sambhav, had a very broad meaning for Lohia which included a deeper sense of equity and reciprocity, as much at the spiritual as at material level. Dr Lohia formulated the concepts of equality along two dimensions: (1) inner and outward equality, and (2) spiritual and material equality. Accordingly, his concept of equality had four components—(i) inner material equality (equality within a nation), (ii) outer material equality (equality among nations), (iii) outer spiritual equality (equality as kinship), and (iv) inner spiritual equality (equality as equanimity). Based on this comprehensive concept of equality, Lohia extended the principle of democracy beyond national boundaries for a global fight against poverty which was possible only with the setting up of a World Development Agency wherein each nation would contribute according to its capacity and would be entitled to draw according to its needs.¹¹

Lohia's Views on Road to Financial Crisis

THERE is now a growing recognition that international trade is based on unequal exchange. Much earlier, Lohia showed this by a simple calculation. Assuming that labour power is essentially the same everywhere and that differences in productivity are due to saved labour through the imperial-colonial process, he pointed out that the labour of two crore Indians was exchanged for that of 10 lakh British people.¹² "Behind this fantastic exchange lies the history of layer upon layer of saved labour from generations of tillers and miners of India, China, Jawa, Malaya, Africa, South America, and other lands, which has continually been converted into the gigantic Machines of England, Germany and Japan."¹³ This unequal exchange helps one to understand the recent international financial crisis which has arisen on account of the fact that the balance or trade of the United States of America has been negative for over two decades and has increased with the passage of time. The US has been arbitrarily overvaluing its exports of services which form a major component of its exports. Through its economic, political and military power, the US has kept its dollar artificially overvalued. "This overvaluation has reached to such an extent that the current dollar-rupee rate is almost three times what it should be according to the purchasing power parity theory".¹⁴ Further, the US also has the highest debt in the world and the savings in the US have reached below one per cent during the past few years. Consequently, the Americans have been spending on borrowed money. The obvious consequence was the recent great financial sub-prime crisis which had its effects not only on the developed countries but also on developing economies. In this sense, it would be correct to say that Lohia, writing as early as 1943, was correct in drawing our attention to the imperial and colonial aspects of such crisis. To overcome such financial crisis, Lohia visualised institutions

such as the World Development Agency to which each nation would contribute according to its capacity and would be entitled to draw according to its needs. This, in our view, is the extension of the fundamental principle of Hindu joint family where every member contributes according to his capacity but gets according to his needs.

Lohia's Views on Environmental Concerns

DR LOHIA was also worried about the environmental hazards which are the outcome of modern industrial production. Modern industrialisation requires huge capital and cheap labour, the supply of which is ensured through destitution, destruction and dispossession of the peasantry, rural artisans, and such other classes. Such industrialisation also requires extraction and destruction of natural resources on a large scale which creates environmental problems. To produce more goods, capitalists need more raw materials and sources of energy such as coal, oil, hydroelectric and nuclear power and equipments to capture energy from rivers, tidal waves, wind, sunshine etc. As these are available in limited quantities (because our earth is a finite body), the faster we grow the closer we come to the day when nothing would be left. The present trends of modern industrial production and patterns of consumption have resulted in expanding volumes of lethal pollutants—resulting in unmanageable environmental hazards. He was greatly pained when he found that the great rivers of the country, Ganga, Godavari and Narmada were polluted with effluents from factories and city drains. To overcome such problems, Lohia wanted a compromise between the giant machine technology of the West and Gandhiji's economy of khadi which emphasises on limiting man's needs.¹⁵

Lohia's Views on Local Governments

DR RAMMANOHAR LOHIA had clear-cut views on local governance and local government. In Lohia's view, decentralised planning was the only way to plan various schemes taking into account local resources and he wanted decentralisation upto the grassroot level. Dr Lohia pleaded for making the panchayats the unit of self-government by vesting in it the power to oversee law and order. He advocated the idea that the government should be near the people so that they have easy access to it and can see the functioning of their government.¹⁶ For local governance, Dr Lohia suggested a 'four-pillar state' comprising of the Centre, State, district and village as framework for decentralised policy and development. The views expressed by Dr Lohia in the early 1950s seem to have been incorporated in the 73rd (Constitution) Amendment Act which has prescribed a three-tier structure of the village panchayat as the lowest tier, the panchayat samiti as the intermediate tier, and the zilla parishad as the apex tier of the panchayati raj system in the country. Dr Rammanohar Lohia also dealt with programmes and actions for local development. When he was deliberating on the policy of the Praja Socialist Party in November 1953, he suggested a scheme of local development which included (i) reclamation of wasteland, (ii) equitable distribution of land, (iii) abolition of land revenue, (iv) establishment of a bhoomi sena or land army, and (v) emphasis on small and medium irrigation. On tackling the food problem, Dr Lohia opined that this problem could only be solved if the monopoly of some people on land was broken and the land was given to the tiller of the soil. These points suggest that Dr Lohia wanted to create an India with greater equality and social justice.

Lohia's Socialist Programmes

DR RAMMANOHAR LOHIA was greatly influenced by Gandhiji and his socialist ideas were based on Gandhi's ideas of decentralised economy and village government. Accordingly, the bulk of the programmes of the Socialist Party led by Dr Lohia emphasised on achieving economic equality in various sectors of the economy. He wanted to tackle the man-woman inequality and also banish inequality based on skin colour. He was also against economic inequality which was the product of private capital. Some of the important programmes suggested by Dr Lohia were as follows: 1. Lohia favoured a humane path to industrialisation. He thought of the 'small-machine technology' which could be had at low capital cost and would be simple enough so as to be easily comprehensible to the people who would handle it. But he had doubts whether the small machine technology could prove adequate in the fields of space or defence technology. In fact, Lohia was for a compro-mise between the giant machine technology of the West and Gandhiji's economy of khadi. 2. Lohia, in his socialist programmes, proposed nationalisation of all big industries, a ceiling on personal expenditure (kharcha bandho), a fixed range of fluctuations in the prices of food and essential commodities (daam bandho), a ban on owning more than two houses, regulation of urban land prices, ban on production of private cars and eliminating different classes on passenger trains.¹⁷ 3. Lohia evinced a special interest in agricultural economics from the very beginning. His special demands for agriculture included effective land distribution (not more than three times of an economic holding), an end to sharecropping with the produce going entirely to the tiller, remunerative prices for farmers and living wages for agricultural labourers, not collecting land revenue on uneconomic holdings (lagaan maafi), providing free or affordable irrigation to cultivators and creating a 'food army' to increase production, especially that of milk. 4. As an exponent of decentralised socialism, Lohia wanted to organise the state mostly on the lines Gandhiji suggested. He called his socialist state a four-pillar state¹⁸—the village, the Mandal (district), the Province and the Central Government. The main features of this state, according to Lohia, would be: (1) one-fourth of all governmental and plan expenditure should be through village, district and city panchayats, (2) the police should remain subordinate to the village, city and district panchayats or any of their agencies, (3) the post of Collector should be abolished and his functions should be distributed among various bodies in the district, (4) agriculture, industry and other property, which is nationa-lised, should, as far as possible, be owned and administered by village, city and district panchayats, and (5) economic decentralisation should be brought about through maximum utilisation of small machines.¹⁹

Relevance of Lohia's Ideas in Modern India

DR RAMMANOHAR LOHIA, a visionary leader and thinker, who preferred to break rather than compromise with anybody at the cost of his policy and principles, propounded several economic ideas which are of immense relevance today. While it is true that the ideas of Dr Lohia have been implemented only in piecemeal ways without adopting a holistic approach, never-theless, his ideas have formed the basis of several policies in post-independence India. The relevance of small and medium schemes of Dr Lohia cannot be doubted at the present level

of agricultural development in India. His idea of wasteland development has already been trans-planted through the Drought Prone Area Development Programme (now called Integrated Wasteland Development Programme). Common guidelines for watershed development have also been drawn up to provide a focused approach to wasteland development. Dr Lohia pressed the people to construct canals, wells and roads voluntarily and he himself volunteered to build a dam on river Paniyari which is called 'Lohia Sagar Dam'. Some premier institutes like Dr Rammanohar Hospital (Delhi), Dr. Rammanohar Lohia College of Law (Bangalore), Dr Rammano-har Lohia National Law University (Lucknow), 18th June Road in Panjin (Goa) etc. have been named after him as a tribute to his contributions in the freedom movement and post-independence India.

Concluding Remarks

DR RAMMANOHAR LOHIA was a visionary leader who could think ahead of his times. The time has now come for the Third World countries to make a departure from the erstwhile system of international trade, exchange and finance and lay emphasis on self-reliance, decentralisation and diversity. Within a country, local markets, local crafts, local needs, local rights and local cultures need to be given preference and importance. We need to create an alternative society in which the basic human needs are met. This does not mean that there would be no trade or exchange. Instead, there is a need to downsize, decentralise and [Paper resentedvdemocratise the state so as to bring it closer to the people. at the International Seminar on 'Lohia's Vision and Challenges of the 21st Century' (October 10-12, 2011)]

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