

GANDHIAN ETHICS for a SOCIALLY RELEVANT MARKET ECONOMY[@]

“I claim to be an economist though not of the academic sort. I understand the roots of misery and [poverty] of India.”¹

I. INTRODUCTION

‘Ethics’ is a person’s or a group’s set of substantive beliefs about what is good/right or bad/wrong in relations among peoples. ‘Ethics’ and ‘morals/morality’ are often used interchangeably.²

The usual scope of economic ‘efficiency’ includes only the goal of production or consumption and not that of ‘distribution’ or equity. Hence, ‘economic efficiency’, as such, means acceptance of the existing distribution of monetary power, only a partial estimation of economic impacts as economy, society and environment deeply affect each other, and a mistaken view that monetized values *per se* represent human values. If ‘quality of life’ is the goal, one has to look beyond market values (e.g. GNP) to broader ethical issues of participation and fairness. Tacit variants of ‘economic efficiency’, such as Pareto Optimality criterion, and maximization of utility, too fall short of the goal as these omit inter-personal comparisons, and social costs.^{2a} Self-assertive values—competition, exploitation, domination—do usually fetch economic and political rewards, but a beneficent social structure comes not through such pyramids but by networking.³

Adam Smith’s ‘invisible hand’, which linked individual self-interest with social need, was a favourable initial state of liberal capitalism, as full market participation was confined to a minority and the system operated on the pre-capitalist social order. But successful operation of liberalism itself spreads demand for participation and erodes the societal basis of the self-interest principle operating in a ‘free’ market. Hence public policies have arisen to supplement the ‘market’ behaviour, by constraining it by law or by adjusting market opportunities. A critical omission in this approach is that of the ethos of social obligation as the principle of self-interest operates well only in tandem with ethics. This dictum, taken for granted by Adam Smith and John Stuart Mill, has been lost sight of in modern ‘market’ economics.⁴

In due course, many economists did recognize the shortcomings that the complexities of markets and externalities such as limitations of resources and ecology and human desires create. In 20th century, while Keynes revolutionized macro-economics, some of the other economists stressed the need for ethics as the social conscience to qualify people’s pursuit of selfish interests. Most of such assertions, however, never got integrated into the mainstream economics.⁵

Gandhiji was not an academician but still has covered an astonishingly wide ground while dealing

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with the varied economic issues. The essence of his critical approach to modern/liberal 'market' economics is that economics must sub-serve social good, i.e. be 'ethical'. Issues such as equality/equity, efficiency, and social justice are inherent in the Gandhian ethical approach to economics.

II. ISSUES in the PREVALENT MARKET ECONOMY

If the economic objective is narrowly defined as the maximum satisfaction of individual wants within the constraint of limited resources, more resources do not necessarily increase welfare as wants and tastes too evolve and grow along with the development of means of production.⁶

The utilitarian-consumerist view banished the moral content explicit in Christian philosophy and sought after in Marxist/ socialist thought. As capitalism has become more mature and more 'managed', the stresses due to social dichotomy have grown. In fact, the more a market economy is regulated by State, the more dependent its functioning becomes on certain elemental moral standards among both the controllers and the controlled.⁷

Fruits of the bourgeois revolution were passed down in a notably different degree for different classes. Equal civic and political rights have gone together with marked economic inequality, and political rights have got translated into political power only to a limited extent. Economic success in the normal course contributes thus to frustration and tension.⁸

Friendship and love, inherent in human relations, do involve a degree of *altruism*: well-being of others adds to one's own. Felt obligations to act in mutually supportive ways have a definite economic content, as public goods. Yet as the subjective cost of time spent in social relationships rises, sociability tends to decline.⁹ In situations requiring social co-operation, individuals can attain self-interested objectives only if they behave *as if* they were altruistic. Such restraints grow more necessary as communities become physically larger and socially more transient. In the liberal market approach, taxes, subsidies and legal restrictions tend to supply the necessary incentives, but at the cost of an additional problem—that of policing.¹⁰

More and more of goods and services being traded as 'commodities' implies an excessive part of human activity becoming a part of 'market economy', as against some other basis of exchange, such as informal exchange, mutual obligation, altruism, love, trust, or service.¹¹ As Marx said: "Finally, there came a time when everything that men had considered as inalienable became an object of exchange, of traffic, and could be alienated."¹²

Economic power is increasingly gained by the distortion/ manipulation of free market forces. It flows from some combination of productivity, talent, scarce information, good contacts, and luck, as well as from some degree of collective or monopolistic domination.¹³

Gross domestic product (GDP) —or GNP/GNI--was meant to gauge only monetary transfers. Simon Kuznets, who devised a way to measure economic activity at the end of the Great Depression, had warned: “the welfare of a nation can - - scarcely be inferred from a measure of national income.” Natural disasters, oil spills, accidents, riots, crime, wars, nuclear arsenals: anything we pay to fix, will boost GDP. Helping others, household work, and leisure do not. GDP tallies the price of an item, but not its social or environmental costs. In addition to using GDP as an index of ‘economic’ growth, we need to adopt more inclusive measures of human well-being, such as Human Development Indices, Human Rights and Human Development Goals.¹⁴

Economic ‘reforms’ introduced in 1990s in India released the initiative and enterprise of those with adequate resources, skills and influence. Post-reform policy has relied on ‘trickle-down’ mechanism and led to economic polarization. The Naxalite insurgency is one of its effects. India today has world’s largest number of undernourished and deprived persons. High GDP growth need not have led to rise in income inequalities if the provision of physical and social infrastructure and governance were more ethically oriented.

Legal and systemic measures to provide a social safety net have proved inadequate as these lack the ethical under-pinning. Hence, science and technology too have become a potential danger to the very human existence. The basic orientation of present market capitalism is to identify economic capacity—the ability to maximize profit and wealth—as the main basis of human worth, and desire and intellect have broken free of an ethical framework.¹⁵

Corporate economists treat as free commodities, not only air, water and soil, but also the web of social relations, and the market economy allows private profits being made at public costs through deterioration of the environment and the quality of life. This goes against the concept of partnership as being an essential basis of sustainability.¹⁶

The final Report (2009) of National Commission for Enterprises in the Unorganized Sector (NCEUS) says that the “over-arching problem” is the “lack of adequate employment at a fair wage for the large segments of work force around the bottom of the informal sector of economy.” 77% of India’s population in 2004-05 which made do, on average, with less than Rs. 20/ capita-day, is poor and vulnerable. In the period of neo-liberal ‘reforms’ from 1993-4 to 2003-4, nearly all growth in employment was in informal sector wherein decent work conditions are rare.¹⁷

III. ROLE of MAINSTREAM ECONOMICS---as a ‘Dismal Science’

Thomas Carlyle, in mid-19th century, had devised the term ‘dismal science’ for orthodox economic theory. His admirer, John Ruskin (1819-1900), in a booklet (1860) titled, ‘*Unto This Last: Four Essays on the Principles of Political Economy*’ sought to supplant the doctrine of

'invisible hand' by affectionate co-operation and a sense of social justice promoting prosperity better than greed and raw competition do.¹⁸ Gandhiji read it in train in 1904 on way to Durban. He recorded later: "I discovered some of my deepest convictions reflected in this great book of Ruskin - - - The teachings of *Unto This Last* I understood to be:

1. That the good of the individual is contained in the good of all.
2. That a lawyer's work has the same value as the barber's inasmuch as all have the same right of earning their livelihood from their work.
3. That a life of labour, i.e., the life of the tiller of the soil and the handicraftsman is the life worth living."¹⁹ [CW 39:239]

In 1908 he paraphrased it into Gujarati with the title '*Sarvodaya*' ('Welfare of All').

Much later he wrote: "An economics that inculcates mammon worship and enables the strong to amass the wealth at the expense of the weak, is a false and dismal science."²⁰

IV. The GANDHIAN ETHICAL APPROACH to ECONOMICS

Mahatma Gandhi is universally accepted as an exemplary model of ethical/moral life, lived as a series of 'Experiments with Truth'. His aim was "service of God and humanity".²¹ [CW 25:260] He claimed to be "a practical idealist"²² [CW 18:133] He treated life as an integrated whole. He used ethics, morality, virtue, *dharma*, and religion as interchangeable terms. He believed that morality was learned through tradition modified by reason and 'inner voice'. Even ordinary expressions of his have an ethical basis. However, of his writings, those most relevant to his conception of ethics may be taken as: '*Sarvodaya*' (1908); '*Ethical Religion*' (1907); '*Hind Swaraj or Indian Home Rule*' (1909); '*An Autobiography: My Experiments with Truth*' (1925-29); '*Anasakti-yoga: The Gospel of Selfless Actio*' (1929-30); '*From Yervada Mandir: Ashram Observances*' (1932); and '*Constructive Programme: Its Meaning and Place*' (1941/1945).

In his first seminal work, *Hind Swaraj*, he had made profound ethical statements, such as:

- "We who seek justice will have to do justice to others."²³
- "Civilization is that mode of conduct which points out to man the path of duty. - - - the mind is a restless bird; the more it gets the more it wants, and still remains unsatisfied. - - Our ancestors, therefore, set a limit to our indulgences. They saw that happiness was largely a mental condition."²⁴
- "By patriotism I mean the welfare of the whole people - -."²⁵

He considered "politics without principles, wealth without work, pleasure without conscience, knowledge without character, commerce without morality, science without humanity, and

worship without sacrifice” as ‘Seven Social Sins’.²⁶ An outline of Gandhian ethics, from the eternal to the more applied principles of human behaviour, would include: Truth, Non-violence, Right Means for Right Ends, Primacy of Duties over Rights, The Deed and not the Doer, True Religion, *Aparigraha* or Non-possession (Voluntary Poverty), and *Satyagraha* or Non-violent Conflict Resolution. Just three days before his assassination, he had warned: “The Congress has won political freedom, but it has yet to win economic freedom, social and moral freedom. These freedoms are harder than the political, if only because they are constructive, less exciting and not spectacular. - - In its difficult ascent to democracy, it has inevitably created rotten boroughs leading to corruption and creation of institutions popular and democratic only in name. How to get out of the weedy and unwieldy growth?”²⁷

The Constitution of India was meant to embody the ideals of the freedom struggle led by him. However, it created a hiatus by dividing their fulfillment in two different ways--Part III: Fundamental Rights, and Part IV: Directive Principles of State Policy. The former largely cover political and civic rights, while the limited coverage of socio-economic rights too has mostly gone by default, as vide Art. 37, “The provisions in this Part [IV] shall not be enforceable by any court - -.” Hence, during past 60 years, the disparities have grown, and basic human rights and equal opportunities remain denied, particularly in areas of education, health, and income.

In recent times, adverse social and environmental effects of the neo-liberal market economy and the collapse of the communist order have led to a growing interest in the Gandhian correctives. Gandhiji was not a theoretician, but has given enough concepts, values and an underlying philosophy for a humane, egalitarian, sustainable and prosperous ethical socio-economic order. Modern economics evades such ethical issues as unemployment, social disparities and alienation in the name of efficiency, productivity or profit. But his concern was ethical: how, without exploiting others and nature, to fight against poverty, inequality, and violence.

To Gandhiji, Jeremy Bentham’s ‘utilitarianism’ was “the doctrine of the greatest happiness of the greatest number” He sums it up thus: “Happiness is taken to mean material happiness exclusively, that is, economic prosperity. If, in the pursuit of this happiness, moral laws are violated, it does not matter much. Again, as the object is the happiness of the greatest number, - - it is secured at the cost of the minority.”²⁸ Bentham did realize the problem with two maximands and revised his phrase to “the greatest happiness” without reference to the number, Gandhiji’s points remain: it still does not say how the happiness is distributed, and human welfare means more than just pleasure or preference as moral aspects of human actions too matter.

The ethical basis of the Gandhian economic thought is clearly seen in his primary concepts of Swaraj ('self-rule') and Gram Swaraj, Swadeshi ('economics of neighbourhood'), Bread Labour ('duty and right to work'), Non-possession ('need-based economy'), Trusteeship, Constructive Programme, and Sarvodaya ('welfare of all'). Present market economy contradicts his inclusive definition of democracy itself: "Democracy must in essence, therefore, mean the art and science of mobilizing the entire physical, economic and spiritual resources of all the various sections of the people in the service of the common good of all."²⁹

He was all for generation of 'wealth' but as a means of social good—attained through his concept of 'Trusteeship'. It means: "(Enjoy thy wealth by renouncing it. [*Ishopanishad*, 1]) Expanded, it means: 'Earn your crores by all means. But understand that your wealth is not yours; it belongs to the people. Take what you require for your legitimate needs, and use the remainder for society.'³⁰ He explained it further thus: "My social theory is that, although we are all born equal, that is to say, that we have a right to equal opportunities, nevertheless we have not all the same abilities. - - - Those who are capable wish to acquire more - - - Those people will be 'trustees' and nothing more. I should allow a man of intelligence to gain more - -. But the surplus of his gains ought to return to the people, just as the earnings of the children, whose work goes to the common family fund."³¹ He wanted everyone to behave as a trustee of the society at large. That would include the modern concept of 'Corporate Social Responsibility'.

Following excerpts from his work titled '*Ethical Religion*' (1907) throw further light on his insistence that ethics must inform economics if the latter is to be socially relevant and useful:

- "The different sciences show us the world as it is. Ethics tells us what it ought to be. It enables man to know how he should act."³²
- "In our crazy pursuit of wealth, we seldom think of the harm we cause - - to others. - - Mr. Rockefeller, said to be the richest man in the world, violated many rules of morality in amassing his fortune."³³ [CW 6:274]
- "[A]ll morality involves social relations. - - - every man has a claim over us, as it is our duty always to serve him."³⁴ [CW 6:330-1]

His concern for the ethical--social basis in economics comes out perceptively in his famous talk on '*Does Economic Progress Clash with Real Progress*' in 1916, delivered soon after his return to India from South Africa: "If therefore material progress does not clash with moral progress, it must necessarily advance the latter. - - - No one has ever suggested that grinding pauperism can lead to anything else than moral degradation. Every human being has a right to live - - - In a well-ordered society, the securing of one's livelihood should be and is found to be the easiest

thing in the world. Indeed, the test of orderliness in a country is not the number of millionaires it owns, but the absence of starvation among its masses.”³⁵

He similarly insisted in all contexts that economics and ethics--social concern--were inseparable:

- “Indeed, - - a religion which is in conflict with fundamental economics is bad, and that, in the reverse way, economics that are in conflict with fundamental religion are also equally bad.”³⁶
- “There is no doubt that a union of dharma and *artha* is possible for an individual, the society and the nation.”³⁷
- “Genuine *artha* [wealth] is that alone which includes *paramartha* [the supreme good].”³⁸

Gandhiji regarded human beings as trustees of all creation, animate and inanimate. His ideas of minimization of wants and economic equality, and his concern for hygiene and sanitation and against any wastage—even a drop of water or a scrap of paper or a minute of time--and his values of life, made him an environmentalist well before such concern became a common issue:

- “We have no right to destroy life that we cannot create.”³⁹
- “The Earth provides enough to satisfy everyman’s needs, but not everyman’s greed.”⁴⁰
- “A time is coming when those who are in the mad rush today of multiplying their wants, vainly thinking that they add to the real substance, real knowledge of the world, will retrace their steps and say: ‘What have we done?’”⁴¹

According to Arne Naess, the originator of the concept of ‘Deep Ecology’, “Gandhi’s utopia is one of the few that shows ecological balance and today his rejection of the Western world’s material abundance and waste is accepted by the progressives of ecological movement.”⁴²

Gandhiji repeatedly defined ‘*True Economics*’ as that which is also ethical—socially responsive:

- “Tens of millions go about begging while a hundred or two become millionaires. The true economics is that by which every man and woman gets a living by physical labour.”⁴³
- “[M]an, blinded by his selfish greed, grabs and consumes more than his requirements - - and thus brings down no end of misery upon himself and his fellow-creatures. - - - The religious principle requires that the debit and credit sides of one’s balance-sheet should be perfectly square. That is also the truest economics and therefore true religion.”⁴⁴
- “True economics never militates against the highest ethical standard just as all true ethics to be worth its name must at the same time be also good economics. - - - True economics, - - stands for social justice, it promotes the good of all equally, including the weakest, and is indispensable for decent life.”⁴⁵

As India became free, he gave a perfect ethical *mantra* to guide those who deal with public policies: “I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest 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 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 for the hungry and spiritually starving millions? Then you will find your doubts and yourself melting away.”⁴⁶

His ethical approach is best exemplified by his uniquely successful efforts to revive and develop *khadi* as the vanguard economic agenda during India’s freedom struggle. He even related it to Adam Smith thus: “You know how Adam Smith in his *Wealth of Nations*, after laying down certain principles according to which economic phenomena are governed, went on to describe certain other things which constituted the ‘disturbing factor’ and prevented economic laws from having free play. Chief among these was the ‘human element’. Now, it is this ‘human element’ on which the entire economics of khadi rests; and human selfishness, Adam Smith’s ‘pure economic motive’, constitutes the ‘disturbing factor’ that has got to be overcome.”⁴⁷

This also helps explain why Gandhiji who was devoted to the cause of cow protection, regarded running of tanneries on sound economic lines as essential for the cause to succeed. That included possibilities of profitable export, and putting bones, hides and intestines of dead cows to practical use. Similarly, he opposed a proposal that cotton spinners should also be encouraged to weave as he believed that “this involves an economic disadvantage. Whatever is basically harmful on economic grounds is also certainly harmful from the religious point of view.”⁴⁸

He extolled many actions because these served human good but condemned acts of ‘misplaced benevolence’ such as free meals for able-bodied poor without some obligation to work in return. He was also aware that a conflict may arise between one ethical principle and another: “But one’s life - - is a bundle of duties very often conflicting. And one is called upon continually to make one’s choice between one duty and another.”⁴⁹ He faced such situations as when he had to choose between saving crops or not hurting monkeys. He, however, insisted that certain moral ends are non-negotiable, and refused to draw any sharp distinction between means and ends. He was convinced that some consequences could be *infinitely* good or bad—such as, extreme disparities or poverty had infinitely immoral consequences. Thus, while he did not subscribe to utilitarian ethics, his consequential ethics merge into deontology.⁵⁰

V. ETHICAL APPROACHES of SOME WELL-KNOWN ECONOMISTS

The ethical-social views, similar to the Gandhian views, have been a persistent approach parallel to the classical-liberal mainstream in economics from Adam Smith onwards.

As Professor of Moral Philosophy (1752-63) in University of Glasgow, Adam Smith (1723-90)'s lectures comprised four parts: i) Natural Theology (Religion); ii) Ethics (the basis of his *The Theory of Moral Sentiments* (1759)); iii) Justice (including matters of Property); iv) Political Regulations: institutions of commerce, finances, and military (the basis of his *An Enquiry into the Nature and Causes of the Wealth of Nations* (1776)). Thus, Adam Smith treated economics and ethics as parts of the same 'Moral Philosophy'.⁵ His economic analysis in *The Wealth of Nations* rested to a substantial extent on his social analysis in *The Theory of Moral Sentiments*.

His true subject was the friction between the individual desire and societal norms. He held that the answer lay in our ability to judge the merits of a case as an 'impartial spectator' would do. Cheating is a primordial economic act—getting more for less. Yet, a vast majority does not cheat, and the theme of Smith's *The Theory of Moral Sentiments* was the innate human honesty. Men could be trusted to pursue their own self-interest without undue harm to the community not only because of legal restrictions but also due to the built-in restraint derived from morals, religion, custom, and education. J.S. Mill too had written in his '*Principles of Political Economy*' [bk.iv, ch.vii]: "The idea is essentially repulsive of a society held together only by relations and feelings arising out of pecuniary interests." But modern economics has kept ethics outside itself.⁵¹

With Mercantilism (1450-1750), pursuit of wealth became respectable. In due time, under the influence of Newtonian physics and Cartesian worldview, economics was reduced to a logico-mathematical science. And, after Lionel Robbins's 'scarcity definition' as related to unlimited wants, it was not considered logical to associate ethics and economics. Similarly, the collapse of the communism was hailed as validating the neoclassical paradigm. The traditional economics of welfare and public policy was dominated by utilitarianism. Mainstream economic theory assumes self-interested human behaviour, its rationality being seen as internal consistency of choice and maximization of self-interest. However, sympathy, sacrifice, love, commitment and other such values show that self-interest alone does not reflect human behaviour. This is the ethical question of ends and means, and of intrinsic and instrumental values.⁵²

Leo Tolstoy, like Gandhiji, strongly linked economics to social good: "It is unjust to receive from people more than the labour which you give them. - - - three ways to obtain riches: by labour, begging, or theft. Those who do not labour are therefore beggars or thieves. - - - The fault of

greed (covetousness) is in securing many things or money of which others are in need - - - the presence of wealth necessitates the presence of poverty - - - - If in addition to inequalities of mind and strength, there also existed inequalities of rights, the oppression of the weak by the strong would be even worse.”⁵³

John Rawls’s ‘*A Theory of Justice*’ (1971) deals with the requirements of social justice through his concept of ‘Justice as Fairness’, involving two principles:

- a) Each person has the same indefeasible claim to a fully adequate scheme of equal basic liberties, which scheme is compatible with the same scheme of liberties for all; (the ‘Liberty’ Principle) and
- b) Social/ economic inequalities should satisfy two conditions: be attached to positions open to all under conditions of fair equality of opportunity; and be to the greatest benefit of the least advanced members of society. (the ‘Difference’ or the ‘Maximin’ Principle)

However, the problem remains: how should institutions of the basic structure be regulated so as to maintain “a fair, efficient, and productive system of social co-operation”.⁵⁴

Amartya Sen’s ‘*Ethics and Economics*’ (1987) stresses the inevitability of ‘ethics’ (moral sentiments/ the Socratic question: ‘How should one live?’) in economic behaviour. Modern economics is ‘self-consciously non-ethical’ even though economics had been for long as something like a branch of ethics. Sen talks of two political origins of economics, ‘ethics’ and ‘engineering’. Both are essential, and the growing distance between economics and ethics has impoverished the former, and stunted the growth of ethics.

“Universal selfishness as a requirement of rationality is perfectly absurd” as the ‘economic man’ may not fully represent human conduct. Also, utility at best—and that too not adequately--reflects a person’s ‘well-being’, but one is also an ‘agency’ with his/her values not necessarily the same as ‘well-being’. Further, a person’s ‘advantage’ may be better represented by the ‘freedom’ one has and not the ‘achievement’ due to that freedom. This takes one towards Rights, Liberties and Opportunities.⁵⁵

In his later work, ‘*Development As Freedom*’ (2000)⁵⁶, Sen perceives ‘freedom’ broadly “in the form of individual ‘capabilities’ to do things that a person has reason to value” as the means and ends of ‘development’, as being central to the concept of justice in a democracy. Famines, poverty, ill-health, gender injustice, denial of democratic rights are ‘un-freedoms’ that arise due to inadequate processes or/and opportunities. Sen, however, omits the issues of sustainability.¹⁴

During his long association with Gandhiji, J.C. Kumarappa (1892-1960) had coined the term 'Gandhian economic thought'. His best-known work is '*Economy of Permanence*', with an 'Introduction' by Gandhiji. In it, he draws a prophetic distinction between non-renewable (transient/destructive) and renewable (permanent/creative) sources of energy and raw materials. He distinguishes five "simple forms of economies" in nature as well as in human society:

- i) Parasitic Economy: no contribution, destruction of source of benefit.
- ii) Economy of Predation: no contribution; or, share in excess of contribution.
- iii) Economy of Enterprise: benefit and contribution correlated.
- iv) Economy of Gregation: benefit to the group rather than to individual members.
- v) Economy of Service: contribution without regard to any benefit.

He speaks of three types of human groups: a) Animal: predatory/ parasitic empire builders; b) Human: "content with their own labour without injuring their neighbour"; and c) Advanced: with a "sense of duty - - to all creatures."

Kumarappa's writings reflect ethical values, which are very relevant for today's market economy.⁵⁷

According to Fred Hirsch's '*Social Economics*'⁵⁸ (1977), as average consumption rises, an increasing portion of it takes on a social aspect. To a hungry person, food is a pure private good, but clean air in a metropolis is a public good. 'Social scarcity' expresses the idea that the good things of life are restricted by both physical and social limitations, and the socially preferred outcome may be attainable only through a collective approach. While 'material goods' ('democratic wealth') increase in availability through growth in production over time, 'positional goods' ('oligarchic wealth') suffer from absolute scarcities, both physical and social.

In its ever-growing incorporation of collective goods—from distribution of incomes and scarce goods to common access to schools, health services, and public conveniences—the market economy becomes ever more dependent on ethical standards for its efficiency. The policy implication is the need for a change in the orientation of individuals' behaviour so that they act *as if* they put social interest first. But, collective/ ethical means may be necessary through which the changed social need is transmitted to the individual actions. The liberal school provides equal access but not equal opportunity and a just outcome. The problem can be tackled by partially removing the positional goods from commercial sector through their greater availability by public access or allocation on a non-market basis.

The Millenium Development Goals: The UN Millenium Declaration adopted on 6-8 September, 2000, accepted "a collective responsibility to uphold the principles of human dignity, equality and equity at the global level", and affirmed: "We will spare no effort to free our fellow men, women

and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected.” The Declaration adopted eight MDGs: Eradicate extreme poverty and hunger; Achieve universal primary education; Promote gender equality and empower women; Reduce child mortality; Improve maternal health; Combat HIV/AIDS, malaria and other diseases; Ensure environmental sustainability; and Global partnership for development. It also laid down 18 ‘Targets’, such as “Halve, between 1990 and 2015, the proportion of people with income less than \$1/day and of people who suffer from hunger” for the first MDG. However, the progress on these during the first ten years has been uneven and below targets.⁵⁹

VI. CONCLUSION

The prevalent liberal model of market economy gives an unrealistic sense of resource availability and leads to an unsustainable set of wants. While the limited state regulation does provide some relief, on the whole, the market economy continues to suffer from its own inherent greed and anti-social and anti-environment tendencies. The presence of endemic poverty, deprivation, corruption, violence, and preparations for war are its obvious symptoms.

The world today needs to reorient itself towards a social/ethical view of market economy in which ‘the last’ human being becomes an equitable participant. Gandhiji has given extensive guidance for an ethical basis to economics and, fortunately, there has been also a parallel tradition of ethical approaches within the discipline of economics itself, but which has been so far ignored in ‘mainstream’ economics. Ethical approaches must suitably transform the utilitarian approaches which aim at individual maximization of ‘utility’ as the ‘rational’ behaviour. In a globalizing world, there will remain enough space for individual initiative along with the growing role for social-ethical approaches, but little space for social Darwinism and exploitation.

A more detailed study is necessary to translate Gandhian ethics into policy guidelines for the market economy. In very general terms, it would mean an increasing pursuit of the Gandhian concept of ‘Trusteeship’ in economic relations; accounting for the external costs, both social and ecological; meeting the basic needs of all before diversion of any resources for non-basic goods or relative luxuries; strict controls on production, sale and ownership of weapons and other products of ‘death’ industries; provision of scarce ‘positional’ goods, such as education, health and transport services on a collective basis to all as far as possible; strict control on unearned and speculative incomes; production, consumption, and distribution functions in the economy being guided by what the society can afford, and social waste being minimized; provision of equal opportunities and equitable outcomes, not merely an equal access among rank unequals; and indices such as GDP being taken as a measure of only monetary transactions and not of well-

being, particularly as these exclude the vast non-monetized sectors of economy including household production and shared activities. Growth should be inclusive and well-distributed, as a 'bottom-up' and not a 'trickle-down' mechanism. The need to adopt a socially relevant market economy is based on principles of human dignity and ethics, which are the same as those enshrined in the Indian Constitution as well as in international covenants.

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Abstract

GANDHIAN ETHICS for a SOCIALLY RELEVANT MARKET ECONOMY

Under the neo-liberal economics regime, which holds sway in the present globalizing world of production, trade and technology, not only economic but also social, political and cultural relations are being increasingly determined by market forces, which recognize no worth other than the individual gain. Excessive concern for ‘private’ wealth and consumption and thereby for monetized economic ‘growth’ of national economies, is being satisfied at the cost of social good, engendering more and more of social disparities and exclusion, withdrawal of the state from its inherent functions, ecological stress and waste, and violence within and among nations.

The long parallel tradition of social--that is, ethical--concern in economics, starting from Adam Smith and Karl Marx, right up to Amartya Sen and John Rawls in present times, has somehow not sufficed in ensuring necessary correctives towards making market economy also subserve essential social objectives and needs. Collapse of the communist regimes and the growing clout of international capitalist forces has further led to a state of increasing privatization of economic activity even while its social implications—for the ‘losers’--have been growing.

It is in this context that the Gandhian ethical concepts, which were especially evolved in the field of political economy for an ‘India of my dreams’, can be truly effective in bringing back today’s market economy to its right path of being much more inclusive in its social attainments while at the same time leaving enough scope for individual initiative and well-being. As Gandhi wrote, “The different sciences show us the world as it is. Ethics tells us what it ought to be. It enables man to know how he should act.” Hence, too, in his conception, ‘true economics’ and ‘true ethics’ are inseparably interlinked. Further, Gandhi’s vast writings as well as his ‘experiments’, as expressed through his concepts of swaraj, swadeshi and appropriate technology, ‘bread labour’ (the duty and right to work), ‘non-possession’ (need-based economy), trusteeship (a thesis of social ownership, including ‘corporate social responsibility’), constructive programme, and sarvodaya (welfare of all), provide the only comprehensive approach which can make today’s market economy deliver not only private good but also social good.

While considering the relevance of Gandhian ethics in modern economics, an attempt has also been made to correlate the ethical views of well-known economists such as Adam Smith, Karl Marx, JC Kumarappa, Amartya Sen and John Rawls and other such sources. The Paper concludes with a brief note on ‘what to do?’ towards giving an increasingly ethical orientation to the modern market economy so as to make it more socially relevant.