

Gandhian Economic Thought: The Concept of Economy of Permanence by J.C Kumarappa

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ABSTRACT

Gandhian Economic thought has greater significance than ever before. In the current scenario of marketbased, neo-liberal world, his contributions of a sustainable mode of development is more relevant and unparalleled. Gandhi's economic thoughts are pronounced through his disciple J.C Kumarappa. Kumarappa's notion of "Permanence of Economy" discerns the economies of various natures. The paper tries to trace J.C Kumarappa's economic model in its various aspects with a focus on "Economy of Permanence".

1. Introduction

Joseph Cornelius Kumarappa's (1892-1960) economic ideas were significant for propounding an economic philosophy wholly inspired from Gandhian socio-political thought and ethical discourse. Kumarappa was completely involved in significant economic surveys and soon developed the All-India Village Industries Association (AIVIA) which was committed to the upliftment of village industries. Kumarappa's goal and perspectives were led by a keen interest in freedom and justice in its comprehensive sense. He believed that village economy was an essential element of India's social well-being. However, Kumarappa's strong moral based economic thought is moulded by a wider ecological milieu. Hence, in the realm of contemporary environmental debate and discourse, Kumarappa has been designated as the founding father of 'green thought' in India. Kumarappa's economic thought has a unique blend of theoretical and practical dimensions especially in the economic life of a vast majority of citizens. This paper seeks to look into the economic philosophy of J.C Kumarappa and its implications on the lives of the impoverished.

Born in Thanjavur in Tamil Nadu in 1892, Kumarappa was trained as a chartered accountant and worked in that line in London in 1910's. Kumarappa was not keenly interested in the national movements against the colonial rule by the British. His professional engagements prompted him to concentrate on his work (Govindu: 2005, p.1). In 1927, Kumarappa left for United States where he had tremendous exposure to new ideas. As a student at Columbia University, he was apprehensive about the colonisation and impoverishment of Indian society.

The above persistent concern of Indian situation forced him to study the British financial policy in colonised countries. He began to comprehend that the taxation policy adopted by the British in India was impecunious and its implications were disastrous for India as the substantial part of the revenue was extracted and the revenue had been spent either on administrative structure or transferred out of the country (Govindu: 2005,p.2) In order to explain this fiscal policy he made a comparative analysis in which in 1925-26, United States of America had spent 48.8 % on debts, military and

administrative expenditure, on the other hand, the British India spent a huge amount of 93.7% of revenues on the same, leaving behind nothing for public works (Govindu: 2005,p.2). Kumarappa was also observed that the establishment of British bureaucracy and a huge standing army to control the colony were also unjustified expenditure, the civil administration was found to be five times as expensive as in the United States. He also felt that foreign industry is highly subsidised thereby weakening the local industries.

Public debt remained a significant issue in the 1920s and in 1931; a resolution at Karachi demanded a Select Committee to be constituted to look into the debt problem incurred by the British Raj and Kumarappa was appointed as the convener. The Committee investigated the transactions of East India Company till 1858 and eventually of the British crown. The Committee was found that Rs. 1100 cores of Public debts, and out of which Rs. 729 cores were incurred in Indian account. The costs of external wars and annexations were incurred to the Indian account. Even the mutiny of 1857 was suppressed incurring a cost of 40 corers (Govindu: 2005, p.2).

Albeit the thorough understanding of finance and economics in 1929, Kumarappa was not familiar with the rural India. But his spontaneous induction to Gandhi had a profound impact on him on perceptions of harsh realities of rural India.

2. Critique of Nehruvian Model

One of the cardinal aspects of Kumarappa's economics was his fervent criticism on Nehruvian model. Nehruvian economics focused on heavy industry based on borrowed high technology advisers, capital and unequal international trade. He believed that Nehruvian economics was in direct contradiction to the Gandhian economics and those who advocated for self-reliance and village development programmes. Kumarappa perceived in the early years of independence that economic policies adopted by the Nehru Government would lead to the devastation of the vast majority of the people and enhance the dependency of national economy on external more powerful forces (Jacob: 2010, p.1). When India was colonised, India had rich resources and a

growing economy based on indigenous pattern. The colonisers had a deliberate intention to destroy such economy. It was based on the needs of British capital and industries which needed raw materials and markets for finished products (Jacob: 2010, p.2). Kumarappa and Gandhi had realised the trajectory of the British motive of devastating the indigenous industries and mode of development.

3. Village Industries and Planned Economy

The Gandhian ideology has its source in Truth and Non-violence. Hence, Gandhian Economics must be economics purified of untruth and violence (George and Ramachandran: 1992, p.64). Gandhian idea of economics considered economic activity as a moral and ethical one. It embraces the issue of a system in which man could satisfy his needs without harming his fellow citizens and if possible helping the fellowmen. The discipline of economics in its conventional sense is reduced to the question of satisfying one's own needs thereby disturbing the fellow citizens.

Kumarappa had a great admiration for Gandhian ideals. Gandhi's support for indigenous industries inspired him greatly and he very often admires village industries and rural crafts. His inclination of village industries is apparent in his words. In his opinion, the culture of India was fundamentally rural and hence the future of India lies in rural well-being. He argues that village industries are the only way by which village self-reliance is achieved. He contends that the basic thrust of any planning is self-sufficiency in food and clothing. According to him "if every village cannot be self-sufficient in food and clothing, it is no use having swaraj. We want to assume to everybody enough food and clothing. And unless we do that, it is no plan for our country"(Kumarappa: 1983,p.10). The nature of village industries to be established was also prescribed by Kumarappa. He considers the following types of industries:-

- Those that manufacture indispensable articles needed in villages and for villagers.
- Using processes within the easy reach of villagers.
- With the help of tools and implements falling within the financial capacity of villagers carrying on the industry.
- Utilising local raw materials.
- With the aid of human and animal power.
- Meeting the demand of local or nearby markets.
- Not causing displacement of labour or unemployment among wage-earners (George and Ramachandran: 1992, pp. 84-85).

With regard to the use of machines and tools, Kumarappa recommends that duplication and regimentation is not desirable as it requires modern tools, only answer is village and cotton industries which do not call for large scale machines (Kumarappa: 1983, p.20). It was found from Kumarappa's writings that "the greatest handicap from which village industries suffer from is the utter resourcelessness of the artisans. Being unorganised he is unable to stand against the competition from his resourceful and organised rivals, the mills" (Kumarappa: 1983, p.147).

4. The Economic order as conceived by Kumarappa

Kumarappa's ideas on economic structure challenge the very notion of Capitalism and Communism. Both the systems have their own inherent shortcomings. The Capitalism is based on profit motive of individuals and individuality is taken care in a big manner. On the other hand, Communism is characterised by the suppression of individual inclinations for the sake of societal goals. Kumarappa argues that we need to devise a system in which men may be guided to some extent by the profit motive and yet will not exploit the weaker sections of society (George and Ramachandran: 1992, p.103). The economic order that Kumarappa conceives is maintaining a balance between Capitalism and Communism by averting profit motive and suppression of individual interests.

5. The Cow Economy

Kumarappa's perceptions of an ideal economy, taken care the protection of cows. He was aware of the evils of cow slaughter to the moral and ethical life of the people. He prescribes a "cow centered economy" similar to the one existed in Europe as "horse centered economy". However, soon England shifted to a "coal centered economy and later to an oil-centered economy. Kumarappa vehemently criticised such a transformation. According to him "in the cow and horse centered economies we have unlimited sources as we could breed as many bullocks and horses as we needed, there is no big restriction on the amount available, it does not arouse anybody's greed or envy; but coal and petrol being limited in their supply and quantity, the use of such resources power leads to friction amongst nations as the source of supply dry up" (George and Ramachandran : 1992, p.108).

6. Economy of Permanence

The concept of economy of permanence is a significant contribution of Kumarappa. It truly reflects the Gandhian perspectives on nature, sustainable development. Kumarappa begins his views on permanence of economy by questioning the transient nature of all species except the God. God according to him has no beginning and end. Such a definition of God explains that it is transcending time and space. The laws of God, truth and love are absolutes not amenable to change and permanent in character. Kumarappa believes that within the constraints of time and space, nothing is permanent. Everything has a beginning and it terminates somewhere and some point of time. The interval may vary from species to species. In some cases it is short and in some it is long. Hence, Kumarappa contends that permanency is a relative term in which a tortoise may live longer but a flower may last only for hours. In that sense, tortoise has comparatively longer permanency than a flower (Kumarappa: 1957, p.6).

Similarly, nature (when it is not convertible with God) is limited by time and space (Kumarappa: 1957, p.6). It came into being once in distant past and ceases to exist somewhere in the future. Human beings on the other hand may live up to a maximum age of hundred years. Hence, in comparison to the life of human being the life of nature is permanent. In that context that one has to derive the meaning of economy of permanency.

7. Permanency of natural resources

According to Kumarappa, natural resources can be categorised into two on the basis of the permanency of its character. This implies that some resources such as coal, petrol, gold, copper, iron etc. are not permanent in manifestation because they are exhaustible once we use them indiscriminately. However "a timber or water flowing in a stream or a river can be considered 'permanent' in the sense that their stock is 'in exhaustible'" (Kumarappa: 1957, p.9). In nature also, Kumarappa argues that in the animated life, the secret of nature's permanency lies in the cycle of life by which the various factors function in close cooperation to maintain the continuity of life (Kumarappa: 1957, p.9). In this context, he brings out the example of the growing of a plant and the falling of leaves which again being used by the plant for its nourishment and growth. In this manner, life of nature goes on, indicating its permanent character.

8. Work and Wages in nature

According to Kumarappa, the work in nature denotes to the efforts on the part of the various animate and inanimate to complete the life cycle. In case the cycle broken, violence would result. When violence crops up, growth and progress would stop resulting in waste and destruction. Hence, Kumarappa believes that "self-interest and self-preservation demands complete non-violence, co-operation and submission to the nature to the ways of nature if we are to maintain permanency by non-interference with and by not short circuiting the cycle of life" (Kumarappa: 1957, p.10).

He demonstrates the work and wages phenomena by citing the example of an earthworm. Earthworm, by its movements in the earth, loosens the soil allowing it to absorb water and air (Kumarappa: 1957, p.10). When it feed on earth containing vegetable matter, its excreta mixed in the soil is found to be a good source of nourishment for plants. It is a manifestation of vital cooperation soil, plant and animal life. In this cycle, each element animate and inanimate gets its wages for the work done. This would lead to a situation which nature, animate and inanimate function harmoniously in perfect cooperation and violence does not break the chain culminating in economy of permanence.

9. Types of Economies in Nature

However, according to Kumarappa, this perfect situation of cooperation does not always exist as the elements short-circuit the long process and resort to violence as a means to survival. Kumarappa gives out the following categories of economies of above nature.

1) *Parasite Economy*

Kumarappa talks about a parasite economy and he cites the example of some plants live on others and became parasites (Kumarappa: 1957, p.12). This paves the way for violence and destruction. Similarly, in the animal kingdom sheep survive on water and grass which is non-violent in nature, however, the tiger eats the sheep thereby short circuiting the process of nature. Here, violence has become an integral part of a tiger's life.

2) *Predatory Economy*

A predatory economy, according to Kumarappa, is when a unit in nature benefits without conferring to a corresponding advantage to another unit (Kumarappa: 1957, p.12). Here, Kumarappa cites the example of a monkey; it acts in self-interest without any contribution. This form of economy is less violent than the previous one but destructive.

3) *Economy of Enterprise*

This is an ideal situation. According to Kumarappa "Some creatures take what they need while performing some distinctive service to the unit from which they derive their benefit, and while thus contributing to their product, they take something that is of their own effort and making" (Kumarappa: 1957, p.12). These creatures are neither parasitic nor predatory as they help the unit from which gain benefits instead of destroying it and contributing their own share as well.

4) *Economy of Gregation*

In this particular context, creatures are functioning not for self-interest but for the group interests. It is an extension of self-interests to group interests and from acting on the immediate urge of present needs to planning for future needs.

5) *Economy of Service*

The highest form of economy in nature is the economy of service; this could be seen in the relationship between a mother and child. Kumarappa borrows the example of a mother bird which protects its kids by feeding and protecting them from enemies. Kumarappa says, it functions neither for its present need nor for its personal future requirement, but projects its activities to the next generation, or generations to come without looking for any reward (Kumarappa: 1957, p.13). This comes to the nearest to what may be called non-violent economy of permanence (Kumarappa: 1957, p.13).

Kumarappa then tries to apply the various economies to man in his or her various kinds of engagements.

6) *Parasite Economy*

Kumarappa contends that the following attributes of parasite economy. Today's neo-liberal economy around the world has characteristics of a parasite economy.

1. Selfishness motivated by greed.
2. Benefitting himself regardless any injury his actions may cause to others.
3. Harming, if not destroying the source of benefit.
4. Emphasis wholly on one's own rights.
5. Absence of recognition of one's duties.
6. Absence of altruistic values.
7. Productive of violence.

7) *Predatory Economy*

The predatory economy is characterised by the following values.

1. Selfishness motivated by desires.
2. Intent on his own benefit and attempt to attain it, if possible without much harm to his victim.
3. Emphasis wholly on rights.
4. Little or no recognition to one's duties.

5. Absence of altruistic values.
6. Productive of violence (Kumarappa: 1957, p.25).

8) **Economy of Enterprise**

1. Motivated by enlightened self-interest and motivation.
2. His sense of self-respect demands his contributing his personal labour, thought and effort, taking only the benefit so occasioned.
3. Venturesomeness and willingness to take risks.
4. A desire to benefit co-workers and others too if possible.
5. An attempt at a balance of rights of all.
6. An increasing recognition of duties to others.
7. Based on sense of Justice and fair play.
8. May occasion violence (Kumarappa: 1957, p.25).

9) **Economy of Gregation**

It is in the nature of a joint family working for the overall good of the family. Kumarappa also compares such economy to a Village Panchayat or a cooperative society for group it represents.

1. Motivated by not by individual self-interest but by the common interests of the group.
2. Submission to the will of the group leading perhaps top even self-abnegation and sacrifice of personal interests.
3. Emphasis on duties to the group.
4. One's contribution being regarded more important than one's share of benefit.
5. Based on altruistic values.
6. May lead to violence to those outside the group (Kumarappa: 1957, p26).

10) **Economy of Service**

This particular model of economy is an ideal one based on non-violence and sustainable development.

1. Motivated by good of others even if the work be seemingly detrimental to self-interest.
2. Pressing forward to perform one's duties unconscious of one's rights.
3. Based on love and deep desire to serve without reward.
4. Brings non-violence and peace and makes for permanence (Kumarappa: 1957, p.28). According to Rajni Bakshi "an economy that is based on monetary and material standards of value, does not take in realistic perspectives in time and space. This shortcoming leads to blind alley of violence and destruction from which there is no escape" (Rajni: 2014).

10. Conclusion

Kumarappa's contribution to the discipline of economics is immense and rich. His analysis of various kinds of economies illustrates to 'sustainable development' and 'inclusive markets' concepts. The economy of permanence as conceived by J.C Kumarappa may not be feasible in contemporary world as today's world with its endless striving for economic growth, accompanied by an environmental devastation and social turmoil is an economy of transition- the exact opposite of economy of permanence. However, the concept is significant because he has given certain insights into the dangers inherent in the predominant economic culture. Kumarappa had also given a new narration to the discipline of Economics in the form of an egalitarian society and indigenous mode of development. The interpretation of 'economy of permanence' in a sublime manner is a remarkable contribution of Kumarappa to the realm of Economics.

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