

HINDU ECONOMICS : A FRESH EXPLORATION

Compilation of expository and critical lectures delivered at a meeting organised by MANTHANA at Bangalore on 9th May 1993 for release of the book *Hindu Economics* by M. G. Bokare.

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I THE RELEVANCE OF 'HINDU ECONOMICS' *

BY

DR. M.G. BOKARE **

Holy Vedas are the first books of knowledge in the history of mankind. Hindu Economics is the manifestation of Holy Vedas in economics. Hindu Economics is for mankind, on the same lines as argued by classical economics, Keynesian economics, Marxian economics, etc. In the exploration of the past, *Hindu Economics* discovers, inter alia, three facts : (1) Economics as a discipline of market had been conceived in ancient Bharat (B.C.) for the first time in the world history of economic thought. (2) The first books of economics in the world were written in ancient Bharat (B.C.). (3) The first definitions of economics were presented by Shukracharya and Kautilya in the world history of economics.

Holy Vedas have clear references to market, supply and demand, price, trade, interest and profit, and tax. By interpretation we can deduce lease-rent and wages also for people without property or income. Mercantile laws governing the economy are codified. The history of economic thought flows from Holy Vedas to Mahabharata – especially Shanti-parva and Vidura-niti. Then follow the Smritis of Yajnavalkya, Gautama, Manu, and the compilations of Shukracharya, Kautilya, etc. Smritis contain codification of economic activities with some measure of quantification of the variables. Cost of production, market price, percentage of profit, percentage of tax, wage-rates, interest-rates, etc., are stated in the codified Smritis. Competition and monopoly are clearly identified. Foreign trade has been explained. The codification in Smritis is the last phase. Kautilya's Arthashastra is the last book on economics in ancient Bharat (B.C.).

The cornerstone of modern economics was laid by physiocrats in the 18th century. They dichotomised the society into productive and sterile classes. This classification was broadened by Adam Smith by including industrialists. The frame of Political Economy was thus articulated

* Extracted from the book *Hindu Economics*.

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again into productive and unproductive classes in the society. In this scheme, they tried to discover laws of distribution. This is how Ricardo came to occupy a place of honour. Marx followed the same schemata for his scientific socialism.

The weakness of the European and American schemata lies in the limitedness in cognising economic activities. The society as a whole cannot be studied, if 'non-productive' people are left out. Workers on wages tend to become unemployed people from the forces of competition in the market. The prices of labour, i.e., wage-rates are, however, governed by the supply, i.e., people available for work on wages. This is the organic interconnection between unproductive people and productive people.

Malthusian iron law of wages and Marx's industrial reserve army are examples of the *whole* deciding the market price of the *part*. The whole decides the economic categories of the part. Yet the whole is not studied. It cannot be studied in the schemata even in modern economics. This is like the limitation of Euclidean geometry. Non-Euclidean geometry is the transcendence of knowledge. **Hindu Economics** studies the **WHOLE** of the economy. In a competitive economy, how do we get the results of the theory? Is there a valid economic theory to study the 'whole' which also studies the 'part'?

There is an impression in Europe and America that ancient Bharat did not possess any economic thoughts. This is not true. The first book of the civilised world is Rig Veda. The other Holy Vedas are contemporary texts. Their periodisation is about 4000 B.C. The period of Rig Veda is still disputed, but its being the first book in the history of mankind is beyond doubt. The Holy Vedas have disclosed all the economic concepts which are comprised in modern economics: resources, population, production, market, prices, wages, interest, profit and loss and tax are indicated. They have, however, not been theorised.

Modern economics is facing the dilemma of stagflation. Is the dilemma soluble in Hindu Economics? This inquiry is exciting. The Holy Vedas and the Vedic literature being the study of the **WHOLE**, its lessons in economics are useful to solve the dilemma. They are statements only. The methodology to theorise the statement has been fully developed by Western economists. The tool-box of micro-economics emanates in value-addition. If this is used in Hindu Economics, it endows a paradigm of new civilization. **Hindu economic system is the paradigm of the theory. It is fully consistent with Rig**

Veda and the guidance of Mahatma Vidura of the Mahabharata era. It is in the theory of self-employment. All have income in their family enterprises. It can be consummated in theory. This is employment of all work-force. The prices move downward in competitive market in Hindu Economics. Thus, stagnation is removed and inflation is transformed into deflation. This is how stagflation is dissolved. The taxless budget is one of the feasibilities of Hindu Economics.

One fails to understand how and why the physiocrats and the classical economists used the adjective "political" to the study of economics. Perhaps they were exploring taxation for the State. This is onesidedness in the exploration of the whole of the economy. Later, economists removed the adjective without explanation. There is no discussion in the European history of economic thought in this regard. The new term economics, however, remained like old wine in a new bottle. The break-through is in national income. Economic analysis in the framework of economics still follows political economy. National income and economics are not reconciled, because the former covers all activities to earn income, while the latter includes profit-oriented enterprises. This bondage of the latter is steadily loosened, in border-line areas, unconsciously. People earning salaries and wages in non-profit organisations are also included in the definition of employment. No economist in the West questions this departure from theory of wages in Political Economy, i.e., economics. The State is needed to arrest the crisis of profit-oriented economic enterprises. Political Economy of the last century and the interference of the State in this century in the economy is an antinomy in the definition of economics. Hindu Economics is free from such onesidedness. It is Political Economy. An Ideal State is needed for the Hindu Economic System. All income-earners are studied including paid employees of the State.

The historico-psychological mind in decision-making in economic affairs will preclude people without craze for gold and accumulation of property. This is *aparigraha* in Vedic philosophy. *Aparigraha* is the state of mind which does not impel accumulation of property.

Hindu economic system and democracy are coherently synchronised. Holy Vedas have ordained that if there are two centres of power, they should work unitedly. There should be no shade of distrust between the President and the Prime Minister of the country. Parliamentary procedure can be modified to accomplish this unity.

The Virat-Purusha is like the Parliament of Bharat, allegorically. Parliament is a single authority of people whom the citizens have voted to govern the society. Directly elected parliament, assemblies, gram panchayats, etc. and indirectly elected centres of power like the President and the Prime Minister can be regulated such that they harmonise the unity in democracy.

Holy Vedas have ordained that people shall not live in the kingdom of corrupt people whose duplicity and bad demeanour are tolerated by the State.

Hindu Economics subsumes all conflicting ideologies like capitalism and socialism. It also subsumes emerging ideologies like Gandhism and interest-free Islamic economics.

Hindu Economics engenders a Political Economy which is the exact opposite of the Political Economy in Western economics. The State has the role of omnipotent power in economic development. It is unlike laissez faire in Europe. It is also unlike the command economy of the socialist state.

This is in brief the vision of the new civilisation emanating from Hindu Economics. The suggestions in Western economics were occasional and were proposed to protect capitalism. We can benefit from some suggestions, which have relevantly been used in the corpus of Hindu Economics.

II

A SYSTEM NOT SHACKLED BY FINITENESS

BY
DR. N. S. IYENGAR*

At the outset I must say we have all been brainwashed for too long because of our early exposure to Western economics.

The book *Hindu Economics* by Dr. M. G. Bokare aroused my basic patriotic instinct. It is encouraging to learn that so many concepts widely used today were known to our ancients – law of demand and supply, statecraft, etc. It appears as if a good deal of such knowledge, over a long period, moved out of Bharat and got planted in other distant lands.

There are many types of economics – monetary, micro, macro, etc. Economics means those activities which involve (with or without money) exchange transactions among people: a study of how people choose to use limited productive resources like land, labour, capital, technical knowledge, goods, etc. Economics is a study of people in their ordinary business of life. It does not deal with black money.

Economics cannot be practised in a vacuum. It operates in a certain socio-political, anthropological and historical set-up.

Mere facts never tell their own story. Powerful tools of analysis will be needed. Using wrong evidence could result in grave injustice. Study of statistics, probability, etc., becomes important in modern economic analysis of production, unemployment or prices. **The description must be more than a series of disconnected narrations: they must be fitted into a systematic pattern in order to constitute true analysis.**

Because of the complexity of human and social behaviour, we cannot expect in economics the precision of physical sciences.

Western economics assumes the world to be deterministic. It is only in some of the most recent writings that Western economists emphasize the role of chance, uncertainty, etc.

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The economic man is assumed to be completely rational, have complete information and knowledge of environment and have the capacity of choosing from many alternatives as basis for action, with full awareness of consequences. The economic agent is expected to have a consistent system of preferences, which is fundamental for economics. **The economist often has to deal with not merely the past and the present but the future also. A lot of subjective elements thus go into decision-making. Thus ideologies are born.**

Dr. Bokare's book tells us that Hindu Tradition prescribed informed decision-making. In Kautilya's scheme, the King knew everything about every household; naturally laws and tax-fixation were rational. Perhaps the kingdom was not very big then, and society was homogeneous. In the modern context, completely accurate and reliable data may often not be available, hence the ever-present uncertainty and risk.

Basically the Hindu approach to economics is totally different from the Western approach. In the Hindu view, what we give to others becomes our capital; what we acquire and hoard becomes others' capital. Redistribution is God's prerogative.

Another distinctive aspect of Hindu economics is that there is nothing like a finite life. Western economics assumes a finite horizon and time-limit for decision-making. **For Hindus, time is not a constraint at all. One can give or take even after one's present life.**

Such elements make Hindu economics distinctly different from Western economics, where the emphasis is on material acquisition and wealth. **In contrast, in the Hindu system, wealth is material as well as intangible.**

I hope that economics teachers and students, in particular, will read this book by Dr. Bokare to understand the larger dimensions of economics.

III

AN ALTERNATIVE PATH FOR ACHIEVING ALTERNATIVE GOALS

BY

DR. ABDUL AZIZ*

There is a feeling in recent years that the Western economic theory has failed to resolve the problems of stagflation and external imbalances. In view of this, attempts are being made to develop alternative theoretical structures. One such attempt has resulted in the production of a body of Islamic economics and the other has given us a body of Hindu economics.

Actually, one does not readily find a body of Hindu economics as one does in respect of Western economic thought in books and articles. However, several ideas are found in the Vedas, Upanishads, Shukra-niti, Vidura-niti and Kautilya's Arthashastra. These ideas are in scattered form and it goes to the credit of Dr. M. G. Bokare to have pieced them together to arrive at a coherent account of Hindu economics. In that sense the work under review is original and deserves attention of all concerned. Indeed, as one reads through the book, one cannot help but admire the vast reading the author has made of various economic systems and economic constructs. He has successfully harnessed all his knowledge about the subject to persuasively build, as also to argue in favour of, the Hindu economic system.

What the Hindu economics is about, is a question of great interest. In simple terms, Hindu economics is about a body of principles of an economic system which helps produce abundant goods and services. The term 'abundance' here should not be understood in the sense in which the non-economic goods like air, sunshine and water are understood; the term should be understood to mean the availability of goods and services in such huge quantities that their prices tend to decline rather than increase.

The author of the book very succinctly develops a model of the economic system which gives us an economy of abundance in the

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above sense. Thus, he begins the construction of the Hindu economics or structure by first picking up the idea of competition from Rig Veda and using this principle as the foundation of Hindu economics. For, according to him, under competition and in the absence of any restrictions on production, the output will be maximum. The continuous rise in output produced to full capacity would cause prices to show a declining trend. The falling price-level is the other cardinal principle of Hindu economics because when the general price-level shows a continuous declining trend, the real value of the amounts saved keeps on rising, thus reversing the time-preference. In such a reversed time-preference condition, where a rupee of tomorrow is preferred to a rupee of today, there does not arise a need for rewarding the savers by offering interest-payments. Therefore, this gives rise to an interest-free economy. **Since moderation in consumption is practised in the Hindu economy, abundant financial resources will be available to the State through savings made by the people.**

Drawing upon the principle of self-employment enunciated by Mahatma Vidura, the author argues that people under the above circumstances can borrow funds free of interest and start self-employment activities to employ themselves and the members of their family. Since there is no bar on entry and since funds are made available by the State to whomsoever is interested in starting an economic activity, employment is available to everybody. **Hence, in the Hindu economic system, unemployment disappears and poverty is reduced. As the prices also keep falling, the problem of stagflation is resolved.** Further, since everyone is engaged in self-employment activity, there is no room for exploitation of labour. Only a small number of workers are employed in the government sector; but since they are paid fair wage for their service, even the wage-employed workers are not exploited.

It follows from the above analysis that the Hindu economic system not only ensures full employment but also prevents exploitation of labour. **Hence, it can be said that the system produces a full-employment and exploitationless condition.** The Hindu economy can also be a taxless economy in the following sense. Once the State builds its budgetary resources by taxing, borrowing and earning surplus from its economic activities, the purchasing power of the money with the State will increase in successive periods. As a result, the same outlay of personnel employed by the government and the programmes undertaken by it will require less money in successive years. Under the

circumstances, the State may consider gradually eliminating taxes and depending for its resources on the other two sources, viz., borrowing and surpluses from its activities.

The question of distribution does not arise in Hindu economics, because whatever is produced is claimed by the producer. The producer is both the employer and the employee ; he supplies his own labour, his own entrepreneurship and his own land for his enterprise. Only one factor of production, viz., capital is borrowed from the State. **But no interest-payment needs to be made for the capital borrowed. Therefore, determination of factor-incomes out of the value added becomes unnecessary in the Hindu economics.**

The Hindu economic system as conceived by Dr. Bokare is unique on account of the following reasons :

- (a) It incorporates the good features of all other systems such as Gandhian decentralisation, Islamic interest-free lending, Marxian classless system, and Capitalist competition;
- (b) Hindu economics negates the doomsday thesis developed by the Western economists; and
- (c) Hindu economics arguably represents an eternal economic order in the sense that the system does not revert back to capitalism, nor is it superseded by any other better system. According to the author this is facilitated by the removal of class-contradictions and the establishment of class-harmony.

The Hindu economic system as sketched by the author is neat and logical, but it raises certain questions which need to be answered. These questions are as follows:

How much of the Hindu economics presented by Dr. Bokare is really Hindu in content, and how much of it comes from other systems? Is the Hindu economics an alternative theory? Is it a theory at all, considering that it is based on religious and mythological ideas? Would that be a sufficient basis for theory-building? Would Hindu economics provide solutions to the modern economic problems? In other words, will it work in the present context? It is indeed very difficult to answer these questions. Nevertheless, it is proposed in the following paragraphs to examine Dr. Bokare's *Hindu Economics* in the light of these questions.

A theory can be evaluated for its strength by applying two criteria: (a) the nature of the process of theory-formulation; and (b) the use that

such a theory is capable of being put to. Normally speaking, a body of theoretical propositions are derived by means of deduction using deductive logic. Also, theoretical propositions can be derived by using inductive logic and thereby abstracting from real-life situation. Such a body of theory can be used for (i) explaining empirical situations, (ii) predicting future behaviour of the economic units or the future course of events, and (iii) deriving policy recommendations.

Hindu Economics of Dr. Bokare, no doubt, contains a body of propositions which are derived from the principles enshrined in the Vedas and other Hindu scriptures. Hence his *Hindu Economics* can be regarded as a deductive science. In that sense, it qualifies to be called a theory. However, *Hindu Economics* as presented in the volume under review is not based on the ground realities and hence not the result of abstraction of what is happening in the society and the economy. So much so, the Hindu economic theory as developed by Dr. Bokare is incapable of explaining the empirical situations and predicting the future behaviour of the economic units. Under these circumstances, such a theory also cannot help deduce policy recommendations. However, since it is based on religious ideas and is value-based in content, Hindu economics allows itself to draw some policy recommendations. But since these policy recommendations are prescriptive, it is difficult to implement them unless the socio-cultural system conforms to the prescriptive guidelines such as righteous consumption, interest-free lending and preference to self-employment activities. Such a set of preconditions are difficult to obtain in the present society and economy. Hence whatever policy implications originate from Hindu Economics would become unimplementable.

Since it cannot explain the empirical situations, cannot predict the future behaviour of the economic units, and since its policy recommendations are prescriptive in nature, Dr. Bokare's *Hindu Economics* cannot be regarded as an alternative theory either. If it is not an alternative theory, what else is it? Like Islamic economics, it just sketches an alternative economic system – an economic system where you have class-harmony, where people resort to righteous consumption, seek spiritual satisfaction, take to self-employment activities, live in a taxless economy and so on. It is, therefore, obvious that the Hindu economic concepts presented by Dr. Bokare cannot give us an alternative approach or path to achieve the modern economic goals such as rapid growth rate, mass consumption, rapid industrialisation, modernisation and globalisation.

The conclusion is: the Hindu economic system does not suggest an alternative path to achieve the modern economic goals; it suggests an **alternative path for achieving alternative goals which are entirely different from what are accepted today as desirable.** And these goals are far removed from reality. This only means that the Hindu economic system is an utopian idea which is good to dream about but difficult to create given the prevailing socio-cultural context.

IV QUINTESSENTIAL ECONOMICS

BY

DR. P. R. BRAHMANANDA*

I should like to draw your attention to the struggle which ancient Hindu economists had to undergo in order to establish their identity. The predominant view was that the only Purushartha that mattered was Dharma. Let us leave aside Moksha in this context. Dharma was a means as well as an end. As a result, in course of time, the ordinary mundane needs tended to be neglected. But ordinary people needed ordinary goods and services. In order that these could be produced, there had to be a good king or kingdom. When there was only pursuit of Dharma, i.e., an area in which the 'quid-pro-quo' did not exist, problems arose; material life suffered. As a reaction, some economics arose. Charvaka figures prominently. For being a rebel he was killed, it is said. But the questions Charvaka raised remained – namely, should one neglect *iha* for the sake of *para*?

Among ancient philosophical treatises Brihaspati Sutras (Shukra-niti) stands out. It was published by Gustav Oppert in the last part of last century. Shukra-niti has statements like 'Your occupation is your caste', etc. However it appears to be really a recent work, according to historians – some four hundred years old. It is probably not a very ancient work.

Garudapurana also contains a portion called 'Brihaspati-Niti'. It has many profound statements such as 'He who looks after you is your father'.

The question which needs answering is – why Bharat did not prosper. My analysis is that the reason was the neglect of economics. Hence the strong statement in Kautilya (occurring also in Brihaspati Sutra):

"*Arthamoolam Dharmah*" - "Economy is the root of Dharma."

And economy can occur only in a good State. A State is a

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desideratum for order in society as otherwise "the bigger being eats the smaller being" as the Shanti-parva says. But Kautilya propounds the necessity of the State for the reason that economy is the basis of life and only a good State can provide for it. When you have economy, you have Dharma.

Here is the definition :

"Yatah sarva-prayojana-siddhih tad arthah."

What is of utility to all is Artha — economics.

Dr. Bokare too has used the term 'use-value'.

The text goes on :

"Aihika-vyavahara-prasadhanah lokayatikah."

What concerns this world is the 'lokayatika' — the exchanges, the tangible benefits, etc.

And what is Arthashastra ?

"Prithivyah labha-palanopayah

Shastrah Arthashastrah."

"Economics is that science which tells you how to secure *labha* (= surplus of profit)."

You must maintain yourself in viability, and also have something more than viability. (Let us not think of the trader's profit; what is intended in this context is mere surplus of profit.)

Kautilya also speaks of '*alabdha-labha*', i.e., you should get some yield from something that does not on its own give yield; and, secondly, '*labdha-parirakshinee, rakshita-vivardhinee*' : see that the yield is safeguarded and protected and does not get dissipated; and increase what is protected. How? '*Vridhdhasya teertheshu pratipadinee cha*'. 'Vridhdha' here means increase; 'teertha' means good purpose.

These prefatory statements of Kautilya are very meaningful. You should strive to get surplus of profit, and put it to noble use. This is quintessential economics.

Kautilya's stand that Artha is the root of Dharma is a revolutionary statement. As I said earlier, our country did not achieve prosperity because of the neglect of this principle. Dadabhai Naoroji's attack on British rule was also on that score.

There was in the past no industry in the sense in which we talk about it now. The word often used for economics is 'varta', i.e., what comes from 'vritti' or occupation. ('Artha' has a much broader connotation – 'wealth'). 'Varta' is the source of 'Artha'.

Development of such maxims of economics was the exception rather than the rule in our tradition. In fact Kautilya's Arthashastra deals more with statecraft (rajya) than with economics proper.

Dr. Bokare pleads for a normative society. It is not an actual society. Some of the norms may even appear anachronistic. For instance, the King can do no wrong; the welfare of the people is the only function of the King; the collection of tax (up to sixth portion in normal times) mentioned by Manu is only for that purpose – namely the welfare of the people.

A limit was fixed for taxation. This is an important point.

Economics had to grow more or less as an underworld discipline, and was not part of the mainstream.

Very largely our country was poor in today's sense. Hence the repeated prayer in the Vedas: Give us this, give us that.

The tradition does not appear to have addressed itself to the problem of resource-population balance – a principle which is now accepted by all. Dr. Bokare does not appear to have analysed this aspect sufficiently.

Strangely, even *Yoga-vasishtha* at one place mentions the problem of excess population. But no theory appears to have developed around it.

As we know, until very recently, economics in our country did not enjoy the status of a science. "If you desire wealth, call the Lokayatika" – this seems to have been the prevailing attitude. We have a large number of maxims and statements, but no rigorous formulation of a theory.

Therefore my submission is : do not look upon the past; look to the future. The past can provide guidelines, but should not become an absolute frame. As I indicated, the past has not been very happy. Acharya Vinoba Bhave too said the same thing : look to the future.

Kautilya was certainly not popular in his time. In fact he was mocked at, as we find in Bana's *Kadambari*.

Likewise Brihaspati and Charvaka too were reviled. They were great sages; but they had to swim against the current.

This partly explains why there was no prosperity for the common masses during vast periods.

Dr. Bokare, in his book, has described a normative, ideal system which deserves to be established; there should be full employment; there should be self-employment; there should be no interest; there should be a falling price-level. One however doubts whether such a society existed here at any time.

A falling price-level cannot result from mere abundance; there should also be monetary management; supply of money needs to be regulated. Abundance of goods also does not mean low prices; low price depends upon the cost of production. Competition (Spardha) is occasionally mentioned. But competition and guilds do not go together. The guild is an enemy of competition. There must be mobility of labour. **Mobile finance, mobile labour force, mobile capital are all required. For these conditions to be established, we need a rigorous economic theory. Dr. Bokare's book may provide scope for it.**

I have in the past used an expression 'Dharmanomics', i.e., the link between Dharma and Economics: a marriage between the societal code (Dharma) and pursuit of material well-being. Dharma is dynamic and also comprehends the 'Kali-varjya' principle: some old norms may need to be discarded; some new principles like equality, removal of oppression, population regulation etc. may need to be incorporated. **If Dharma is not modernized, there will be problems and conflicts. Dharma itself is defined as what is good for the people and what can last for a long time.**

Let me give an idea of what I mean by Dharmanomics.

First and foremost, **the principle of overlapping time.** Western economics reckons only with the present and the future. In the Hindu view the past too has to be accommodated. We are preoccupied not only with elders, the old people, etc., but also with those who are dead. **The desire to establish harmony among the three time-denominations is a hallmark of Hindu tradition.** Exclusive pursuit of material wealth may result in neglect of old people, widows, etc. This harmony can be established only by a societal code. If families do not observe it, the State may have to enforce it. Those who are not maintained by others may have invisible entitlements.

According to Brihaspati, Somadeva and other codifiers, when Artha and Kama are in conflict, Artha must take precedence. Likewise, between Dharma and Artha, Dharma must predominate. **Artha is placed above Kama, and Dharma above Artha.** This is the hierarchical principle.

Keynes had said that the economic space is independent of other spaces. Modern economics has grown by this principle, but it has also suffered by this principle.

This is an area where the Hindu tradition offers a contrast: when there is a trade-off between Dharma and Artha, Dharma gets precedence, because **Dharma is what holds the society together.** If Dharma is neglected, the principle which holds the society or nation together is eroded. The need for some such unifying principle is recognised even in modern times. Jawaharlal Nehru swore by socialism; for Lal Bahadur Shastri it was poverty-eradication; Indira Gandhi made social justice her main plank. Unfortunately today we find no such binding or unifying concept.

To some of these essentials Dr. Bokare's book draws attention: no-inflation, falling prices, etc. **What he calls 'abundance', I have called the 'wage-goods model'.** Such normative principles can be a binding force. Dr. Bokare deserves to be congratulated for identifying and emphasizing these aspects. It may sound like a dreamworld. But dreams are the stuff that societies are made of!

A wholly market process being talked about today misses many important dimensions. Not only is Dharma neglected; several whole categories of people are neglected. By Dharma I do not mean ritualistic Dharma but societal Dharma. **Society is held together only by Dharma.** My criticism of Manmohanomics is also on the score that it provides for no principles which can bind together large sections of society such as the poor, the unemployed, the dependants, etc.

Workable social hierarchies cannot be established by economics. Reconciliation between Dharma and Artha is beyond the capability of economics.

There are many essential values which economics does not comprehend: e.g., the survival of the country as a nation; the importance of 'para' or the Unseen. These are highly important values, though they cannot be seen or quantified. 'Para' is the macro-world. Nobody can see it, but it has a value. In other words, 'para' implies those activities

which do not comprise a quid-pro-quo, but which benefit the whole society or nation.

As the Smritis say, all life's activities fall into two categories – *Ishta* and *Poorta*. The former are normal everyday household activities. *Poorta*, in today's parlance, includes the various public utilities, protection of the helpless or oppressed, etc. *Poorta* also entitles us to Moksha.

'Vishti' or contribution of labour to the common good is another distinct Hindu contribution to economic thought.

Dharma is made up of many such altruistic principles.

According Dharma an exalted place is the only means through which mass poverty and other problems can be solved. Unfortunately leaders today do not think about it.

To summarise : **A most important principle of Hinduism is that of overlapping time: past, present and future as one continuum.** After all, it is out of a sense of devotion to his father that Rama willingly underwent such trials. Balance among several generations was achieved. The next important principle is that of Dharma which prescribes a whole lot of activities not involving a quid-pro-quo. These have '*para*' value. These principles ought to be made the yardsticks for evaluating all activities including those which have no apparent economic value. This, in my view, is the level at which Dharma and Economics may be linked. **The doctrine of trusteeship** is derived from the Upanishadic saying "*Ishavasyam idam sarvam*" – "Everything belongs to God." **This principle presents the alternative to Capitalism and Socialism.**

But today there is Dharma violation – as evidenced by unionized workers and people in white-collar jobs who show little concern for the rural poor, the oppressed, the dispossessed, etc. Even parliament members – who ought to be sympathetic to the common people – are more interested in claiming more and more perquisites for themselves.

We should also respect the principle of the just price in terms of the service one gets in return.

These principles are all distinctive to Bharat. These, if implemented, will certainly make a better society than what we now have. In order to pave the way for it, we must set out the principles with rigour.

In this view, I congratulate Dr. Bokare for providing in this book the ideals of a normative society. Naturally, the logic, the theoretical formulations etc., still remain to be worked out in detail.

V

“LET US IDENTIFY THE GOAL AND THE GUIDING PRINCIPLES”

BY

DATTOPANT THENGADI*

This is a very happy occasion for me. I should explain why I am here. My role is that of a catalytic agent. Itself remaining inactive, the catalyst accelerates some chemical process.

I am sincerely grateful to Dr. Brahmananda, Dr. N. S. Iyengar and Dr. Abdul Aziz for so kindly coming over here and for having expressed themselves frankly. That my expression of gratitude is more than a mere formality will be appreciated when the actual purpose of the book *Hindu Economics* by Dr. M. G. Bokare is understood. That purpose is to initiate a national debate on the subject of Hindu Economics. The aim is not to present a series of conclusions on the subject or to provide a theory or 'ism', but to initiate a debate.

In our country the tradition is “*Buddheh phalam anagrahah*”: “The consequence of intelligence should be absence of dogmatism.” It is also said — “*Vade vade jayate tattwabodhah*”: “Through discussion you arrive at the real principles.” We too are not scripturalists.

“*Tarko-pratishthah shrutayo vibhinnah, naiko munir yasya vachah pramanam.*” No single rishi can claim to be a prophet whose word will be accepted as final. There is always dialogue, ‘shastrartha.’ Someone has said that shastrartha is based on the dialectical process. I do not know much about it. But shastrartha is prescribed in our tradition for settling all academic matters.

A national debate will provide what may be regarded as the final truth for the present. It may not be the final truth for all time.

For the purpose of initiating such a national debate, we sought the help and co-operation of eminent scholars; and they have been kind enough to respond. I am therefore deeply grateful to them.

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To attempt to utter the final word of wisdom is not our tradition. Dr. Bokare, author of the book, has also said his is not the final word of wisdom.

Dr. Abdul Aziz listed several questions requiring answers. He will be happy to know that when there was a meeting similar to this at Bombay, Dr. Bokare himself mentioned most of these questions, and said : "All of us realised that these questions are very important. When I decided to write this book, I had a discussion with Shri Thengadi. While he agreed that all these are very important questions, he said we need not tackle them at this stage; that the first and prime requirement is that the overall goal and guiding principles should be set out. After debate, when some kind of consensus has been arrived at by a sizable section of scholars in regard to the goal and guiding principles, only then will it be proper to address ourselves to questions like those which have been raised concerning theoretical formulations etc. The questions are no doubt extremely relevant."

We are today faced with an unprecedented catastrophe. I am reminded of a poem which seems to summarise the present situation. It is a poem by one Berschte.

"Do I know what is rice?

Do I know who knows it ?

I don't know what is rice,

I only know its price !

Do I know what is man?

Do I know who knows it ?

I don't know what is man,

I know only his price !"

These lines describe very accurately the situation in which we are placed now.

While we were fully aware of the importance of questions relating to formal theorizing etc., we thought that the goal and the guiding principles should be set out first. There should follow some debate on these. After some kind of consensus emerges, we may then address ourselves to aspects of formalization. This approach explains the present form of the book by Dr. Bokare.

Dr. Brahmananda mentioned Brihaspati and Charvaka. Hindu philosophers have always accepted them as part of their tradition. Brihaspati was the first philosopher of materialism, centuries before Democritus. Western scholars have also accepted that Brihaspati's Sutra '*Asato sad ajayata*' – "From non-existence emerged existence" is the very first sutra of materialist philosophy in the world.

Dr. Brahmananda's concept of overlapping time too is consistent with our traditional thinking. It means that futurology without a sense of history is rootless, but history without futurology will be fruitless!

Dr. Brahmananda has rightly emphasized Dharma as a central concept. Dharma is for the dharana of society. As it is said,

Prabhavaya hi bhootanam

Dharma-pravachanam kritam

"Dharma is narrated for the prosperity of the beings."

Yat syat prabhava-samyuktah

Sa Dharma iti nishchayah

"What is accompanied by prosperity – that indeed is Dharma."

(Vyasa)

For the purpose of understanding we may divide Dharma into two parts : (i) Universal Laws which are eternal; (ii) ever-changing socio-economic order, deriving guidance from unchanging laws. As time passes, some practices and theories may have to be cast aside because of obsolescence. As Tennyson said,

"The old order changeth, yielding place to new,

and God fulfils Himself in many ways

Lest one good custom should corrupt the world."

(*Idylls of the King*;

'The Passing of Arthur')

We should note that Tennyson has not said merely 'custom', but 'good custom.' What is 'good custom' today may cause harm to the world in course of time.

Problems change; new socio-economic order becomes necessary. That is why we have such a large number of Smritis. There is no one

standard order prescribed for all people for all time. The approach is pragmatic, elastic, flexible.

Sometimes the question is asked, what is the ideal form of government. We had various forms of governance – “*Samraajyam bhojyam swarajyam vairajyam parameshthyam rajyam maharajyam adhipatyam.*” Human genius may add many more forms of government. No final word is claimed to have been uttered by any sage or seer.

There appears to be some misunderstanding about the purpose of Dr. Bokare's book.

We are now in a critical stage. We find ourselves in a blind lane. At the international level, communism has collapsed; capitalism is on the verge of collapse. People are wrongly saying that communist countries are taking to the capitalist path. They have no doubt craved for market economy. But they are aware of the defects of that system. They are therefore groping for a third way – which may be the only way. Capitalism too is showing signs of cracking. I may make bold to say that by the year 2010 A.D. the USA will cease to be the number-one country of the world. This is what Americans themselves are prophesying.

Thus, one system has already collapsed; the other is on the verge of collapse. So what is the third alternative ?

This is being discussed in the West and also in our own country. When a book like *Hindu Economics* appears in such a context, naturally some will feel, “O, the author wants to provide a blueprint of the third way.” That is a wrong impression.

No wise man has ever given the world a blueprint; it is the followers who have talked about blueprints. There is a saying: When God wants to punish any great man, He gives them followers! That is the fate of all great men.

Marxists in our country pretend that they have a blueprint for the country.

Some of you might have read about this. Some youngsters in the French Communist Party wrote to Friedrich Engels saying he has to approach Karl Marx and secure his permission to them to call themselves as Marxists instead of communists. Secondly they thought that a time had come when Marx should come out with a picture of an ideal communist society.

Marx replied that these people seemed to be romantics. To the first question he responded : "All that I know is that I am not a Marxist." To the second question his reply was : Do they think that when communism becomes successful, and the stage of implementation arrives, those who will build up the communist society will consult stage by stage whatever we have written in our textbooks and then conduct the work of reconstruction ? It will not be like that at all. They will act on their own; they will have their own policies, suited to the circumstances.

And I am quoting Marx's sentence verbatim – "They will care a rap for what we write today."

Pandit Deendayal Upadhyaya was once asked, "Why don't you give us a blueprint of the Hindu Nation?" He replied, "Do you want to tie down the hands of the future generation ?"

I remember a third incident. It happened on 20th February 1940. There was an all-Bharat Conference of Gandhi Seva Sangh at Dhaka. Gandhiji was to speak. There was a demonstration by Bengali youth against Gandhiji saying 'Gandhiji go back !' Gandhiji reached the spot where those adolescents had gathered and he also joined them in shouting slogans 'Gandhivad down down !'

The boys could not understand what was happening. Gandhiji then climbed the dais and said, "I do not know why these young men are agitated and want me to go back. I have no enmity for them. But with their slogan I am in agreement : down with 'Gandhivad'. '*Vada*' Means '*vivada*' and '*vivada*' results in '*vikhavada*', i.e. disintegration. So I do not want the term 'Gandhivad' to gain currency."

Thus, while Gandhiji himself was not in favour of using the term 'Gandhivad', his followers brought it into currency.

On another occasion, talking privately to Dada Dharmadhikari, Gandhiji explained his way of thinking. Gandhiji said : Thinking is dynamic; when it is crystallized it becomes a thought; when fossilized it becomes an 'ism'.

When thought ceases, an 'ism' is born.

A most interesting discussion took place with M. N. Roy. As we know, he was an intellectual giant. His Radical Humanist Group had a study camp in Dehra Dun. One disciple of his asked :

Dis : "You have given us the principles of radical humanism. You

should now give us a picture of the ideal radical humanist society."

Roy: "You mean utopia?"

Dis: "Yes, utopia."

Roy: "Should utopia be defined?"

Dis: "Yes, why not? We can then explain our stand to the people."

Roy: "You have not understood my position. To give the final picture of an ideal society – that would be the final stage. Suppose we reach that final stage. Should the society then become stagnant? Should it not progress further?"

Dis: "Of course it will have to progress further."

Roy: "If it has to progress further, then it cannot be called an utopia or the final picture of an ideal society!"

What Roy meant was that an ideal should be like the horizon. As we proceed towards it, it also recedes.

Therefore the ideas of an ideal or of a blueprint are wrong. No wise man has come out with it, but the followers somehow always insist on having a blueprint.

But common people understand realities and will be satisfied with some general guidelines.

The same holds good for implementation also. We assume that implementation will follow textbook prescriptions. Implementation will mean constant improvisation through trial-and-error method.

When Lenin formulated his 'new economic policy', it was called as revisionism. Someone asked him: "What is the nature of your communism in Russia today?" He replied, "It is simply Sovietization plus electrification of Russia."

So we need to have a flexible, pragmatic, elastic approach both at the academic level and at the practical level.

In such a view, our suggestion to Dr. Bokare was that the rigorous theoretical formulation should come later, but that the first priority should be identifying some general principles. We need to reach some kind of a consensus about these. In this process we have been seeking the co-operation of many eminent thinkers. We are happy and grateful to them for taking time out to respond to our request.

I should like to assure them that the approach of Dr. Bokare is certainly not that of a prophet. The purpose of the book is not to give a blueprint.

As many of you do not know the author, I should say a couple of words about him. He is not a politician, so he does not have to tell a lie; he need not pretend. He is truthful. He is a person of transparent sincerity. Whatever he is fully convinced about, he writes. His intellectual honesty is unquestionable. I recall the words of Walt Whitman:

"Camerado ! This is no book.

Who touches this, touches a man.

It is I you hold, and who holds you.

I spring from the pages into your arms."

As the book is from such an author, our only request is that due consideration be given to his thoughts. Debates must be there; doubts must be expressed. To quote Tennyson again:

"There lives more faith in honest doubt,

Than in half the creeds, O believe."

(In Memoriam)

For this reason, I am immensely grateful to the scholars who have spoken today, who are leaders of thought. I feel that the purpose of initiating a widespread debate has been amply fulfilled.