

**DEVELOPMENT PROBLEMS OF THE THIRD WORLD
AND THE GANDHIAN PERSPECTIVE**

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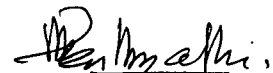
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(ANSARI M.K.)

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I N T R O D U C T I O N

The period after the second world war has witnessed the liberation of many poor countries from the colonial yoke. These countries are chiefly situated in Asia, Africa and Latin America and are popularly called as the Third World countries. Even after several decades of existence as independent states, their political liberation did not coincide with economic development and as a result, there exist wide disparities in the economic well-being of the countries of the world. Due to this reason the problems of economic development of the Third World have come into sharp focus and have been a matter of serious concern for academics, statesmen and decision-makers. Several systematic approaches have been made by both western and socialist scholars and the essence of their approach is that the real path for Third World development lies in adopting and following their respective developmental experience. Although there exist fundamental disagreement between these two major approaches regarding the causes of under-development and the nature of the ownership of the factors of production, the model they prescribed consist of the strategy of industrialization and the ultimate goal of material affluence.

The Third World countries, as a rule have adopted an eclectic mix of the prescriptions given by the Eurocentric

liberal and socialist models, and have been striving to catch up with those who seem to be more 'developed'. Consequently GNP growth has become the major concern of development thinking in the Third World and the question of equitable distribution has been neglected. As a result, despite impressive growth in the national income, they continue to be poor, and in a state of 'dependency' vis-a-vis the industrialised nations. Unemployment, poverty, inequality, disease and starvation are on the increase, while the offshoots of industrialization and modernization of agriculture have produced environmental pollution, resource depletion, harmful impact of chemical additives and serious ecological imbalances unknown hitherto. In short, the developing countries have miserably failed in their development experience and find that there exist a great divergence between the development theories and the actual and desired course of development in their countries and that meaningful development is still far away. The basic cause for this failure lies in the fact that the development model adopted in the Third World does not give due weightage to their peculiar or special problems that have little in common with the problems of the industrialized nations.

Of late, there has been a realization that the industrialization and the consequent chase for the material standards of the Western nations, is unsuitable for handling problems as complex and as deep-rooted as those faced by many developing countries. It suggests that mere cosmetic treatment of the existing model would not help. Rather, what is required is a profound re-structuring of the existing development model so as to attack the problems directly and to achieve a decent living standard for all rather than affluence for a few. Such a perspective was put forward by Mahatma Gandhi years ago. Gandhi through his various speeches and writings had shown the distortions and unsustainability of capital intensive industrialisation and the pursuit for ever higher material standards, and projected the framework of a sane alternative. The essential components of his approach to development consist of need-based production and equitable distribution. The strategy was based on rural, small-scale industrialization through appropriate technology, self-reliance and economic and political decentralization. His idea was to build development around people rather than vice-versa or in sum building from bottom upwards.

Looking from the perspective of Gandhian development approach the goal and meaning of the concept of development would be re-defined. The goal of sheer material affluence

and mere increase in the national income should give place to satisfaction of basic needs and the welfare of all. The strategy of development should be such as to help create an egalitarian society, aiming at the "greatest good of all".

The major thrust of this study is to stress the need for the adoption of a development strategy in the Third World that is addressed to its own problems, with stress on local resource utilization and self-reliance. The feasibility of a Gandhian model is discussed in this context.

The chapterization of the study has been organized as follows: in the first chapter an objective analysis of the various development problems of the Third World arising from internal and external factors has been made. The second chapter critically analyses the 'dominant' contemporary approaches to Third World development. The failure of the existing development model in the Third World has been examined and the need for the adoption of an alternative approach has been discussed. The next chapter attempts to outline the Gandhian perspective on development and its applicability to the Third World. Also a re-assessment of the basic causes of underdevelopment in the Third World has been examined from a rational view point. The fourth and the final chapter embodies an overall assessment of the necessity for the adoption of a development model in the Third World comprising elements of the Gandhian development perspective.

The definition of the Third World as used in this study covers all poor countries of Asia, Africa, Latin America, the Caribbean, the Pacific and parts of Europe. The term Third World has been inter-changeably used with other terms such as 'developing countries', 'under developed countries', 'poor countries', 'Afro Asian and Latin American (AALA) Countries' and the 'South'.

The study is analytical in nature and is presented on the basis of primary and secondary source materials, e.g., published reports of United Nations and international organizations/agencies, plan documents and Gandhi's writings and works on Gandhi and related subjects.

Chapter I

MAJOR DEVELOPMENT PROBLEMS OF THE THIRD WORLD

What is the Third World?

Today the world is divided between the rich and the poor by levels of economic prosperity. Though it has always been so, the disparity has never been as wide as it exists now. This disparity between nations arose chiefly as a result of the Industrial Revolutions, the benefit of which was mostly pocketed by the rich nations. Thus the world that was not part of the economic transformation of the nineteenth century remained deprived of the benefits which came with the industrial revolution. They were underdeveloped in terms of the application of technology and economic organization and did not experience the upsurge in production. Consequently they became poorer in material terms. Most of these poor countries were Chrysalis of colonialism and were variously described as 'primitive' or 'backward' by the newly rich world. Although, the political status of these countries have changed during the period after the Second World War their differences with the rich world over the distribution of world's economic resources became all the more wider.

The terms used to describe the poor world are several, of which the most common is the 'Third World'. This term was first coined by a French scholar, Alfred Sauvry in 1952.¹

¹See Philips L.Wolf, "Why Third World?" Third World Quarterly (London), vol.1(1979), pp.105-16.

Sauvry, however, used the term to mean a third force, a political force in a world where the North Atlantic community represented the first force and the Communist bloc led by the Soviet Union, eastern Europe and China a second force. It was a distinction based upon ideological preferences rather than conditions of economic attainment. Later in the early 1960s, the term 'Third World' came to mean countries economically less developed than the industrialized nations of North America, Europe and the Soviet Union and so the 'Third World' included China also. In this sense the term Third World has been used as a synonym for other phrases such as 'underdeveloped world', 'developing countries', 'former colonies', 'Afro-Asian and Latin American (AALA)² countries' and the 'South' in the North-South divide. Underlying all these labels are the perceived levels of poverty and wealth and a belief that "there is a process called development during which the condition of poverty is removed by one of comparative affluence".³

Although the term 'Third World' is used as a concept and category and has been in extensive use for the past

²This abbreviated nomenclature has been coined and supported in preference to the 'Third World' by Professor S.C.Gangal in his recent writings on the subject. cf. his article "The Third World and the Gandhian Alternative", Gandhi Marg (New Delhi), vol.1, no.9, December 1979, pp.575-82.

³E.S.Simpson, The Developing World: An Introduction (Singapore, 1987), p.4.

three decades, the manner in which it has been defined and categorized differed fairly widely. Different scholars approached it from different perspectives and introduced their own definitions. Accordingly the term Third World has been used in three ways: (a) as a residual category after the abstraction of the old world and the new; (b) as another residual category after the abstraction of the Communist East and the Capitalist West; (c) and as a shorthand for describing those parts of the world with the lowest standard of living.⁴

It follows from the above statement that the classification of the Third World is vague since it is defined differently, based on different criteria. The Third World will comprise different countries depending upon the chosen definition. Usually the categories overlap and decision about inclusion and exclusion of countries will always be arbitrary. Thus there is "no sharp defining edge"⁵ to the Third World.

In fact the Third World is clearly not one single unit in terms of the difficulties it presents nor in terms of the stages of development through which the nations will have to pass. Hence, Thomas Sowell argues that the Third World as a concept is a creature of vague and inconsistent

⁴M.E.Yapp, "What is Third World History", History Today (London), vol.35, September 1985, p.37.

⁵Ibid.

definitions and several countries that are highly disparate in economic, cultural, political, racial and ethnic terms are lumped together. He stresses the difficulty in defining the concept of Third World according to any specific criteria:

Poverty is supposed to be the defining characteristic of the Third World, but substantial geographic regions and social classes in the Third World are far from poor, and some whole countries of the Third World are closer to the living standards of Western Europe than to those of other Third World nations. Sometimes the Third World is defined racially, with the White nations being rich and the non-White poor. But non-White Japan has a higher per capita income than Great Britain, the Soviet Union and various other nations of eastern and western Europe; as well as such predominantly White South American countries as Brazil and Argentina. Saudi Arabia and Kuwait likewise have higher per capita incomes than various White nations. Moreover, when the Third World is conceived in terms of people rather than nations, it so happens that it contains more Whites than Blacks.⁶

Moreover, there is no natural division of the countries of the world into different socio-economic strata. Instead there is a continuum of levels of development from the very poorest and underdeveloped countries to the richest and technologically most advanced. Brian Berry examined 43 indices of economic development and concluded that instead of any natural division into different socio-economic strata

⁶Thomas Sowell, The Economics and Politics of Race (London, 1983), p.123.

what is existing is a continuous transition between levels of development. Hence developing world is still a somewhat nebulous concept; and no well-defined boundary is existing to divide countries into different economic strata.⁷

Despite these differences a viable approach to the concept of Third World has been evolved on the basis of the overall level of development viewed in a comprehensive sociological perspective. Based on this approach the Third World should be viewed within the comparative frame of the first and the second worlds, and the Third World exists only when there are the first and the second worlds.⁸ Viewed accordingly the Third World includes nearly all countries of Asia, Africa, Latin America, Caribbean, the Pacific and a few countries of Europe. What binds them together is that they have certain specific and unique problems and broadly similar experiences in the process of development.⁹ It includes about three quarters of the population of the world and is larger than the first and the second world combined. It should be noted that the expression 'Third World' neither denotes an inferior value structure, nor a descending

⁷See B.J.L.Berry, "Basic Patterns of Economic Development", in N.S.Ginsburg, ed., Atlas of Economic Development (Chicago, 1961), pp.110-19.

⁸See I.L.Horowitz, Three Worlds of Development: The Theory and Practice of International Stratification (New York, N.Y., 1972), edn.2.

⁹S.D.Muni, Arms Build-up and Development: Linkages in the Third World (New Delhi, 1983), p.15.

numerical order.¹⁰ In fact, major Third World countries like Egypt, China and India have great civilizational background and had flourished as highly developed societies long before the present highly industrialised societies attained its development. Thus,

although the poor countries of Asia, Africa and Latin America (AALA countries) saw the dawn of civilization much before the Western countries, the erstwhile colonial rulers of these AALA countries gave them the rather embarrassing label of the 'Third World'.¹¹

In short, the term Third World covers the poor countries of the world having not only a low per capita income compared to the industrialised world but lagging behind in all other recognized indicators of socio-economic development like per capita protein consumption, energy consumption, literacy, availability of physicians, life expectancy etc. As a result their standard of living is considered poor compared with the standards existing in the industrialized countries. Their number is more than a hundred, comprising a substantial portion of the world's population living in desperate conditions. Thus the Third World is an important reality, and the reasons for its backwardness and the possible ways and means of overcoming it have been a subject of concern of scholars and leaders for years.

¹⁰ Ibid.

¹¹ S.C.Gangal, n.2, pp.575-82.

Features of the Third World

It is generally agreed that the Third World countries differ widely with respect to their available resources, climate and terrain, and in the social and cultural spheres. Some of the poor countries are very large and highly populated rich in natural resources, while some others are micro island communities or mini landlocked states with small populations and very little natural resources. Some are politically stable while many others are not so, while a few are extremely primitive and have hardly anything beyond traditional subsistence agriculture; others have sophisticated industrial urban and social patterns. Some have shown rapid growth in national income and per capita income in the recent past while others have been stagnant. There are countries that experienced sharp social and political changes when others have remained bound by ancient traditions. Regarding their economic system, some are ultra capitalist, whereas a few are centrally planned with a majority of them maintaining mixed economies of varying degrees.

The significant differentiating factors in the economic structure of the various segments of the Third World are noteworthy. At one extreme are countries like Ethiopia and Bhutan with a per capita income of less than \$150 and with negative growth rates. At the other extreme there are the oil-rich

countries like Kuwait and United Arab Emirates with per capita incomes of \$13,890 and 14,680 respectively which are higher than even of most of the industrialized countries.¹² Yet another group of developing countries have an average annual growth rate higher than that of the average of the rich countries, e.g., South Korea, Taiwan and Singapore. These countries are known as Newly Industrializing Countries (NICs), and their per capita income is approximately \$2,000, with some of them, since the mid nineteen sixties, having an average annual growth rate almost double that of the average of the industrialised world. During 1973-80 the average annual percentage change in growth of real Gross Domestic Product (GDP) for the industrialized world was 2.8 while that of the newly industrialising countries was 6.0. Again it was 2.5 and 6.3 respectively during 1980-87.¹³

Despite these differences in the structure, their economic problems exhibit certain basic common characteristics which transcend the boundaries of the individual countries. These common features consists of a low level of fundamental disequilibrium of the economy caused by an uneven distribution of income and adverse balance of payment, existence of a parallel economy and other difficulties coming out of the

¹²World Development Report, 1988 (New York, N.Y., 1988), p.222.

¹³Ibid., p.37.

structural weakness of the economy. This has been the general feature of the economy of the countries of the Third World ever since their colonial subjugation. However, the strategies adopted to overcome these problems are not identical. By and large all of them have taken to economic planning, at varying patterns, with a view to 'catch up' with the West. The importance of indigenous resource mobilisation has not received enough attention and as a result they resort to deficit financing and internal and external borrowing. The pumping of this 'created' or borrowed money does not in all cases, match the developmental needs of the economy, but instead, in most cases, results in an inflationary spiral. Consequently the actual extent of economic growth achieved is considerably diluted.¹⁴

Moreover although most of the Third World countries have achieved some degree of economic growth, at least in absolute terms, it has not resulted in the betterment of the living standards of the poor. Taking the Third World as a whole a considerable portion of its population lives in acute poverty and misery. According to the Brandt Commission Report 800 million people are destitute, 40 per cent of all people in the Third World.¹⁵ Further describing the plight of the

¹⁴S.K. Ray, Economics of the Third World (New Delhi, 1983), pp.221 ff.

¹⁵Willy Brandt, North South: A Programme for Survival (London, 1980), p.50.

Third World people Robert S. McNamara, former President of the World Bank observes:

...two thirds of mankind - more than two billion individuals - remain entrapped in a cruel web of circumstances that severely limits their right to the necessities of life. They have not yet been able to achieve the transition to self-sustaining economic growth. They are caught in the grip of hunger and malnutrition of high illiteracy and inadequate education of shrinking opportunity and corrosive poverty.¹⁶

This rising misery of the poor despite the economies showing signs of growth has been attributed to the fact that the benefit of growth has generally been pocketed by a very small section of the population resulting in the concentration of wealth in a few hands. Invariably, the benefits of growth in most cases, do not reach anything more than ten to twenty-five per cent of the population. Consequently, in almost all the developing countries there exists an affluent section enjoying a living standards comparable to that of the upper classes in the developed world. It has been observed that in most of the poor countries about seventy five per cent of the wealth generated goes around twenty five per cent of the population while the remaining seventy five per cent has to make do with the other twenty five per cent of the produced wealth. Again, the distribution of land is highly skewed.

¹⁶Robert S. McNamara, One Hundred Countries, Two Billion People: The Dimensions of Development (New York, N.Y., 1973), p.30.

In India, for example, twelve per cent of the rural families control more than half of the cultivated land and in Brazil less than ten per cent of the families control seventy five per cent of the land.¹⁷ This apparent inequality in the distribution of the productive resources and the benefits of growth as they exist in the Third World families, is a major obstacle in achieving overall economic growth with social justice.

In the developing countries the growth rate of population is high compared to the developed countries and this also nullifies their growth in real terms. Due to the higher birth rates nearly half of the population is under fifteen and almost two third is under twenty five. As a result the poor countries are in a compelling position to devote much of their resources to the task of raising a new generation of producers, besides providing services of a given standard to an enlarged and rapidly, rising population.¹⁸ In addition certain common population characteristics are also evident. Life expectancy in the poor countries is very low and according to the latest data, it is 46 in Ethiopia, 50 in Bangladesh and 57 in India while it is 75 in both the United Kingdom and the United States.¹⁹

¹⁷Ibid., p.54.

¹⁸Hans W.Singer and Javed A.Ansari, Rich and Poor Countries: Consequences of International Disorder (London, 1988), edn.4, p.42.

¹⁹World Development Report, n.12, pp.222-23.

Similarly, literacy rates are very low and education is regarded as a luxury for majority of the Third World population. While the estimated proportion of the literate adult population is more or less hundred per cent in the developed countries, since nineteen sixties it is around fifty per cent for the Third World in general.²⁰ In the health conditions of the population also the developing countries lag far behind the developed world. It is a distressing fact that most of the populations in the Third World is disease ridden and undernourished. The average daily calorie intake per capita is very low in the poor countries compared to the developed world. The average food consumption of a person in the rich world is almost double to the average consumption in the poor countries. Again the physicians - population ratio is also very high. In 1981 it was 1:88150 in Ethiopia, 1:9690 in Bangladesh, and 1:10120 in Kenya while it was 1:550 for the industrialised world as a whole.²¹

Another important common feature of the Third World nations is that they have a high proportion of subsistence agriculture with very limited technological application. Mostly they are producers of raw materials and primary commodities. "Almost the whole of the economic spectrum, from

²⁰Stuart Sinclair, Third World Economic Handbook (London, 1982), p.3.

²¹World Development Report, n.12, pp.278-79.

agronomy to industry, does not rise beyond the production of what are called the primary goods".²² Manufacturing industry is insignificant except in a few countries and usually they rely on the export of one or two cash crops. The percentage of agriculture products in the Gross National Product (GNP) is high, with forty to forty five per cent, while in the developed world it is about five per cent.²³

The under-utilisation of all factors of production is a central feature of the economy of the poor countries. The under utilization of labour acts as a cause and consequence of the distortion of the consumption and the investment patterns and that of high and rising inequalities of income distribution. It happens because the investment in the most essential uses does not match with the demand structure arising out of a highly unequal income distribution. The result is a low investment in the socio-economic infrastructure. In the poor countries, such conditions are often justified on the pretext that it is necessary to create an investible surplus which, in turn, would lead to economic growth benefitting the masses in due course. Such structural bottlenecks of the economy will not help to evolve and use a technology that caters to its own resource endowments and needs. As a result most of the developing countries are technologically dependent on the industrialised nations.²⁴

²²Ray, n.14, p.257.

²³World Development Report, n.12, pp.226-27.

²⁴Singer and Ansari, n.18, pp.42-43.

Thus it can be seen that despite widely divergent characteristics as regard the economy, society and the geographical situation, there exist important aspects of similarity and homogenous attributes which give most of the countries of Asia, Africa and Latin America a separate identity in the comity of nations.

Major Development Problems

The developmental problems of the Third World are wide and varied and arise out of the protracted influence of a number of economic, social and political factors both internal and external. Generally, their developmental problems are common though certain problems are concentrated to a visible degree in one country or one continent more than others. The issues confronting most of the Third World countries are of rapid rate of population growth, technological dependence, wasteful investment and production, mounting external debt, ecological crisis and last but not least the global arms race and rising military expenditure. In one way or the other most of these developmental problems can be attributed to the decades of colonial rule and exploitation and its continuing presence in the form of what is known as neo-colonialism.

Rapid population growth is widely regarded as a major impediment to development in the poor countries and a major

global economic and political problem. As the Pearsen Report suggests, no other phenomenon casts a darker shadow over the prospects of international development (the latter a synonym in the Report of development of less developed countries) than the staggering growth of population.²⁵

Robert S. McNamara warns us of the impending disaster when he says:

The greatest single obstacle to the economic and social advancement of the majority of peoples in the underdeveloped world is rampant population pressure is very much like the threat of nuclear war.... Both threats can and will have catastrophic consequences unless they are dealt with rapidly and rationally.²⁶

Population increase is merely the excess of birth over deaths. For thousands of years, world population grew at a slow pace, and it took more than one million years for population to reach one billion. This was until two hundred years ago. Later, the pace quickened and in a relatively short period of one hundred and twenty years the population doubled and reached two billion. And it took only thirty five years to reach three billion and merely another fifteen years to add yet another billion people to the world.²⁷

²⁵Lester B. Pearson, Partners in Development (New York, N.Y., 1969), p.55.

²⁶McNamara, n.16, pp.31 ff.

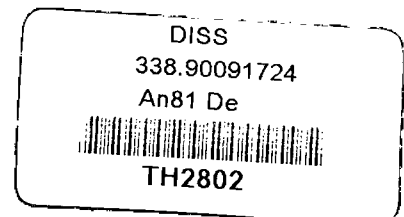
²⁷Allen C. Kelley, "Economic Consequences of Population Change in the Third World", Journal of Economic Literature (Tennessee), vol.26, no.4, December 1988, pp.1685-1728.

Currently the world population is tending to reach five billion and the most notable feature of this population increase in modern times is that it has taken place mostly in the Third World countries.

In 1986 the developing countries together had a total population of 3,528 million. Their current average annual growth rate of population is 2.1 per cent while it is only 0.5 in the developed countries.²⁸ Thus population is heavily concentrated in the poor countries where it has been growing in rapid rate. This problem is particularly serious in Asia where 45 per cent of the total Third World population is concentrated in four countries - India, Pakistan, Bangladesh and Indonesia.

A heavy concentration and a rapid growth of population have had many serious consequences on the Third World, the most important being poverty. Their poverty simply does not end with hunger alone, but it ranges through the whole spectrum of human deprivation and results in the chronic insufficiency of virtually every necessity of life. Poverty is a condition of life lacking minimum needs and is characterised by malnutrition, illiteracy and disease. As Paul G. Hoffman pointed in 1962, "Two out of every three people alive today eke out a marginal existence struggling against the four malignant

²⁸ World Development Report, n.12, p.187.



curses of our time, hunger, poverty, ignorance and chronic ill health."²⁹

Malnutrition is common in the poor countries and it is a major cause of high mortality rate among children. It seriously cripples the physical as well as mental growth of children and acts as a major obstacle to human development. Death rate among children in the Third World is uncomparably higher than in the developed world. In Egypt, for example, during the seventies, death rate among children between the ages of one and two was hundred times higher than it was in Sweden. In Pakistan and Bangladesh, the percentage of death of children between the age group of one and four was forty times more than that of Japan.³⁰ In addition, now it has been established that poverty also causes high fertility rates. Thus, in the poor countries poverty contributes to higher mortality and high fertility and thereby creates a vicious circle; the slow pace at which development reaches the poor contributes to rapid population growth, making the elimination of poverty more and more difficult.

As a result of the rapid population growth, poverty is on the increase in the developing countries. Between 1970 and 1980 the number of people with inadequate diets in

²⁹Paul G.Hoffman, World Without Want (New York,N,Y., 1962) p.12.

³⁰McNamara, n.16, pp.56-57.

the developing countries (excluding China) increased from 650 million to 730 million.³¹ Since 1980 matters have turned from bad to worse. Economic growth rates have slowed, real wages have dropped, and growth in employment has faltered in developing countries. The governments have reduced their real spending on social overheads, thus contributing to the further deterioration in the social conditions in many of these countries.

This situation in the poor countries is seriously undermining their developmental efforts. The governments in these countries are forced to divert a large share of their limited national savings away from productive investment in order to maintain minimum living conditions for the rapidly expanding population. Each additional child must be provided with food, cloth, medical facilities and minimum education. This eats up the capital which could otherwise be invested in other productive sectors of the economy. Usually the percentage of children in the total population is high and they cannot contribute to the economy of the nation since they are simply consumers rather than producers. Moreover, the rapid rate of population growth results in low per capita income in the developing countries despite some of them showing impressive growth in national incomes; and this impedes the generation of investible surplus for developmental plans.

³¹World Development Report, n.12, p.4.

The growth in population also contributes to the rising unemployment rate in these countries. Although statistics on the rate of unemployment in developing countries are inadequate, there is growing evidence that very few of them have expanded fast enough to absorb growth in their labour force despite a considerable growth in their Gross Domestic Product (GDP).

Though the problem of unemployment is more acute in the urban sector, it exists very seriously in the rural sector also. Estimates of total open unemployment in most Third World countries are in the range of 5 to 10 per cent of the total labour force, and the percentage of unemployed is high among youths. This carries a very heavy social cost and the lack of opportunity to acquire productive skills and steady work habits which creates frustration that can eventually lead to a highly explosive situation.³²

The problem of underemployment also exists to a high degree on both the urban and rural areas. In the urban areas it is a situation where far more people stretch out in inadequate living conditions in unproductive and excessively duplicated service areas than what is required. In the rural areas, it exists where more and more members of the same family share work in tiny farmlands. Both these conditions

³²McNamara, n.16, p.62.

result in immense waste of productive resources and act as a heavy burden on the developing economies.

Thus it can be seen that a large population with a rapid growth rate results in poverty, unemployment and underemployment and acts as a major obstacle to the development of the poor countries. However, a recent development in development thinking refutes the view that rapid population growth is a major developmental problem. P.T.Bauer, for example, holds this view and argues that rapid population growth has not been an obstacle to sustained economic advance either in the Third World or in the West.³³ He brings out evidence from the development history of a large number of countries to establish that rapid population growth has been associated with economic development in the past.³⁴ Now many scholars in the Third World countries also hold the view that it is the modern process of development that creates the population problem rather than that the population hinders development. Thus Rajni Kothari writes:

Technology (the hallmark of modern development) is generating forces that deny opportunities for a meaningful life to a large number of human beings and condemns them to a state of dependence and indignity.... Indeed, if there were not this technology, there would not have been this surfeit

³³See P.T.Bauer, Equality, the Third World and Economic Delusion (London, 1981), pp.42-65.

³⁴Ibid.

of human beings either. To continue to talk of population control, without controlling this technology indicates how little have people thought about this problem.³⁵

Similarly Sugata Dasgupta writes that "Development is itself creating poverty.... It is in the nature of development to consume resources (inequitably) and to create poverty".³⁶ Moreover, it is argued that it would be unrealistic to say that a specific country had reached or exceeded its optimum population level because this level is a limit that recedes continuously with increases in the efficiency of factor utilization and technological progress.³⁷ This argument should be seen in the light of the historical differences between the nineteenth and twentieth century development conditions. In the nineteenth century, population was held down by epidemics and poor public health services and hence work force grew by less than one per cent a year. The growth was successfully absorbed and held down by the technology of the time. Agricultural productivity rose and land was opened up for production all over the world. Today, however, the conditions are quite different. Population growth has become much more rapid as a result of fall in mortality rates and due

³⁵Rajni Kothari, Footsteps into the Future: Diagnosis of the Present World and a Design for an Alternative (New Delhi, 1974), p.92.

³⁶Sugata Dasgupta, "The Population Explosion and Development: Some Myths, Fallacies and Remedies," Gandhi Marg, vol.5, no.1, April 1983, p.8.

³⁷Singer and Ansari, n.18, p.42.

to various other reasons. Although work force has been increasing by 2 per cent per year, technology has become less and less labour-intensive; and despite the growing sophistication in technology its productive capacity does not match with rise in population in the poor countries. Consequently over-population is acutely felt (unlike in the developing countries of the last century) and population growth pre-empts the growth in productive capacities.³⁸

Thus it can be seen that what makes the size of population an obstacle to development is the developmental strategy following in the poor countries and the goal they seek to achieve. In other words, population growth can be a potential source of growth if right policies are adopted to utilize their growing labour force. But as the conditions exist in the Third World today with its neglect of the agricultural sector and adoption of capital-intensive technology, the population growth is felt as a major obstacle to development. Thus it is the modern concept of development that makes population a developmental problem.

Though majority of the population in the Third World depends on the agricultural sector for their livelihood, it has been an area of continued neglect in these countries. Public investment often favours urban areas where industries are concentrated and trade policies, exchange rate policies

³⁸Pearson, n.25, p.25 ff.

often discriminate against agriculture. 'Excessive export taxes and rigid price controls restrict farm earnings and squeeze the farmer to buy manufactured inputs and consumer goods from protected high cost domestic industries.'³⁹

This discrimination against agriculture has resulted in a stagnation in agriculture and thereby food deficiency.

It is important to note that it is not the shortage of capital that is responsible for the backwardness of agriculture. Rather it is the political preference for investing the bulk of the capital in the industrial sector that is responsible.⁴⁰ The developing countries' expenditure on agricultural research in relation to the size of the sector is much lower compared to the developed world. While most of the developed countries spend on agricultural research the equivalent of between two and three per cent of the agricultural commodity value, most of the developing countries spend only about one-tenth to four-fifth of one per cent of their agricultural commodity value.⁴¹ Besides land in the poor countries is being put into 'export' crops at an alarming rate because of the high profits from the export of cash crops. In this process, more and more peasants

³⁹McNamara, n.16, p.64.

⁴⁰Robinson Ronald, ed., Developing the Third World: The Experience of the Nineteen Sixties (London, 1971), p.41.

⁴¹McNamara, n.16, p.65.

are being dispossessed of their lands creating unemployment in the agricultural sector also. Such a situation often happens because the economic system is geared to profit maximization and it is this motive that determines what is to be produced in the economy.⁴²

Adoption of Capital Intensive Modern Technology

The adoption of capital-intensive modern technology in the Third World and the consequent technological dependence on the industrialised world is a major source of problems for the Third World development. This dependence is a direct result of its internal structural weaknesses as is reflected in its basic inability to evolve and use a technology that caters to its own needs, resource potentials and in its failure to effectively deal with its own problems. Accordingly the application of modern technology in the Third World has high social and economic costs. It leads to the concentration of economic power in the hands of a few city elites and it converges poverty, illiteracy and 'militancy' among large sections of growing population. This produces

a class of subproletariat that flocks to the cities and adds to the numbers of slum and pavement-dwellers, squatters, beggars, urchins and merceneries that join 'militant' causes for primarily pecuniary reasons. The result is a demographic and economic picture that is becoming explosive both at the top and at the bottom of the social structure.⁴³

⁴²F.E.Trainer, Abandon Affluence (London, 1985), pp.222-23.

⁴³Kothari, n.36, pp.92-93.

Today, practically all the world expenditure on science and technology takes place in the industrialised countries that are naturally directed to develop appropriate technologies for their own specific requirements. The poor countries import these technologies without giving consideration to their own specific technological requirements. The poor countries have to invest in research and development with a view to design simple products, orientate production for simple markets and, above all, develop a production process that can utilize their excessive labour force. Despite these compelling needs emphasis is being placed on space research, atomic research, destructive weaponry, sophisticated machinery and production is biased towards the interest of the rich consumers. In addition there is a continuous drive towards processes that substitute capital for labour.⁴⁴

The accumulation of knowledge in directions broadly irrelevant to Third World conditions involves tremendous waste of resources in the poor countries and in the long run cause damage to them by upsetting the growth of their own time tested indigenous technology which is found in most cases to be more appropriate than their imported modern technologies. This in fact narrows down the scope of the

⁴⁴Singer and Ansari, n.18, p.44.

application of technologies instead of widening them. The poor countries are mainly responsible for such a situation since they often confuse suitable with 'modern' irrespective of the fact that this 'modern' is labour saving and does not fit in with their conditions.

Due to their technological dependence, the poor countries (with a view to develop a modern production sector) often allow private foreign investment in their economies. In most such cases, all the forces of production work in favour of the investors, especially the transnational corporations at the cost of the resource drawn from the poor countries. Similarly foreign aid and technical assistance also are generally on terms dictated by the rich and often work against the long term interest of the poor countries. Aid is available mostly for imported capital goods and much less for local employment-generating expenditures, while technical assistance often fails to adapt to varying local conditions. Training fellowships for the Third World nationals in most cases are also not productive as the training is imparted in methods which cater to the productive mechanism of the rich countries. In many cases, such technological assistance and manpower training turn out to be counter-productive as it often upsets the indigenous productive process.⁴⁵

⁴⁵Ibid., pp.44-45.

Increasing External Debt

The accumulated debt of Third World countries also acts as a major hinderance to their developmental efforts. Though the relative importance of this problem has been brought into sharp focus only recently, of late it has become a matter of serious concern to all the Third World countries. According to the 1988 World Development Report "one of the most urgent tasks facing the international community is to find ways of reducing the drag exerted by the continuing debt overhand on economic growth in the development world."⁴⁶

The outstanding debt of the poor countries began to increase in alarming proportions since 1974 and it rose four-fold in nominal terms from about \$140 at the end of 1974 to about \$560 billion in 1982. Currently their accumulated debt stands at over \$1,000 billion and the debt service ratio has increased so substantially that there is a net outflow of capital from many of the poor countries.⁴⁷

The interest rate variations have been the major cause of the rising debt service burden. The implicit interest rate rose by one-third during 1978-79 and it accounted for over half of the debt service transactions. Besides the

⁴⁶World Development Report, n.12, p.27.

⁴⁷Singer and Ansari, n.18, pp.218-26.

average debt servicing ratio for developing countries doubled from ten per cent in 1974 to twenty per cent in 1979. As a result, debt servicing in the poor countries takes away a substantial percentage of their earnings from the export of goods and services. The percentage loss is twenty-six in Ethiopia, forty in Malawi, sixty-two in Somalia, thirty-seven in Mexico and eighteen in India.⁴⁸

A major share of the debt accumulation since 1979 has been used to compensate for the declining export earnings and rising debt servicing obligations. Long-term debts are increasingly being financed by short-term debts and, as a result, the borrowed money has had little direct impact on productivity growth within the borrowing countries. This can be seen in the rising debt-GNP ratio which increased by about 50 per cent over the period, 1978-83.⁴⁹ The debt servicing ratio also rose over this period. This was due to various reasons like increase in interest rates, falling commodity prices and stagnant export earnings. Although, for the majority of the less developed countries, the growth of accumulated debt has declined significantly since 1982, the debt service obligation measured both in absolute terms and

⁴⁸World Development Report, n.12, p.258.

⁴⁹Singer and Ansari, n.18, p.226.

as a ratio of exports has continued to grow despite re-scheduling and conversion of official loans into grants. These trends have led to a situation whereby, since 1985, most Latin American countries have been exporting more capital to the rich countries in the form of interest and principal repayments than they have obtained as grants or loans. This has meant a substantial loss of development finance and has very serious adverse effects on the economies of the Third World.⁵⁰

Inequalities in the Present International System

Soon after their political liberation from the colonial powers the poor countries of the world have realized that the existing international arrangements and policies that govern the international economic system is largely guided and manipulated for the benefits of the rich nations. Despite their political independence, economic dependence upon the rich countries is continuing, and the distribution of wealth and power between countries have generally been to the disadvantage of the developing countries. This continuing economic domination by the former colonial masters is being perpetuated by the working of multinational and trans-national corporations. Jan Tinbergen, observes that

⁵⁰Ibid., p.227.

this economic dependence is rooted in the main institutions of the international system created largely by the industrialized countries to deal essentially with their own problems at a time in which the voices of the poor are unheard in the international fora.⁵¹

One of the most evident faults of the present international system is that it maintains wasteful production. The rich countries waste vast quantities of resources, energy, time, talent and effort to produce and consume many goods and services that are far from necessary or useful and are quite inexcusable in view of the world resource scarcities and the unmet needs of millions of poor people. What is more unfortunate is that the wasteful productive process has acquired a momentum of its own, and it cannot accommodate a significant reduction on the wasteful production without radically altering the existing system itself.

People in the developed world produce and consume much more than what is actually required. They have made affluence and extravagance a way of living; and in this process a large quantity of world resources, which otherwise could have been used to meet the essential needs of the poor countries, have been wasted. Rich countries channelise resource for their use by outbidding the demand of the poor in the international market by their effective demand. As a

⁵¹Jan Tinbergen, Reshaping the International Order (New York, N.Y., 1976), p.15.

result, production of essential commodities in the Third World suffers and the result is large scale poverty.

The affluence of the developed nations is a direct cause of third world poverty. The developed world's commitment to high material living standards and their sort of economic system cannot be realised without depriving the third world of its fair share of the world's resources. Satisfactory development for most people in poor countries will not be possible until existing economic relations between rich and poor countries are radically altered.⁵²

A major share of the world's annual resource use is accounted for by the developed countries. About half of the materials they use are imported from poor countries and the proportion is increasing. The developed countries are rapidly consuming world's non-renewable resources to provide themselves high consumption standards. This follows from the weak position of the poor countries in the global resource distribution and also due to the fact that it is the market forces rather than human needs that determine the uses to which resources are put. As a result:

There are even net flows of food, talent and indeed money from poor to rich countries. In many poor countries large proportions of the best land grow luxury crops for export to rich countries while most of the people live in poverty and millions are hungry.⁵³

⁵²Trainer, n.42, p.6.

⁵³Ibid.

The nature of the present economic system in the rich countries is that it can remain healthy only if almost all available factors of production are kept producing and consuming whether or not there is need for it. Unless they do this, the economic system will collapse. Thus it is the "deliberate creation of artificial needs that permits the industrialised culture to continue."⁵⁴

Over-production in most of the industrialized countries has reached such a stage that despite all their best efforts they fail to find markets for all the goods produced at home. This points to the level of consumer saturation reached in developed countries. An obvious fallout of this is that they discourage imports from other countries. This directly hits the Third World exports to developed countries as is evident from the difficulties encountered by the Newly Industrializing Countries (NICs) in their export led strategy.⁵⁵ For example, the Multi Fibre Agreement (MFA) restricts the import of textiles by developed countries. This came at a time when the NICs started exporting textiles to developed countries on a large scale. In this case, the developed countries imposed restrictions on free trade and international institutions like

⁵⁴V.O.Packard, The Waste Makers (Harmondsworth, 1961), p.184.

⁵⁵Trainer, n.42, pp.221-22.

International Monetary Fund and the World Bank favoured the rich.⁵⁶ Thus it can be seen that the free market is in fact not free, but works to the advantage of the industrialized nations who are using it to construct a protective wall around their affluent life style.⁵⁷

The production and consumption style in the rich world has its unavoidable influence on the developing countries also. Almost all the developing countries have an affluent section of population which also follows wasteful consumption patterns and maintain an affluent life style. Since they have effective demand they can command resources for the production of luxury goods for their use at a time when millions are not getting essential goods. Thus when production is guided by profit motivations, resources flow in favour of the rich few and it make the life of the poor further miserable. As a result of this misdirected production, the efforts to improve the living conditions of the poor become more and more difficult.

Two direct and dangerous consequences of over-production are: resource depletion and environmental pollution.

Resource depletion and environmental pollution are two major dimensions of the global environmental problem and are together linked with modern industrial and agricultural production.⁵⁸

⁵⁶Singer and Ansari, n.18, p.13.

⁵⁷Trainer, n.42, p.222.

⁵⁸S.C.Gangal, Gandhian Thought and Techniques in the Modern World (New Delhi, 1988), p.18.

Today it is well known that world resources are getting depleted, posing serious limits to growth. This will have serious consequences for the Third World as their already disadvantageous position in the global resource distribution will further worsen. They are yet to achieve a decent level of living and many fear that they may be never be able to achieve meaningful development if the present rate of resource depletion continues.

Besides, the high industrial production threatens atmospheric conditions. It is believed that within a few decades the release of carbon dioxide through the burning of fossil fuels will raise the temperature of atmosphere to such an extent where serious climatic effects will begin to occur.⁵⁹ Another serious problem arises from the destructive effects the present agricultural practices have on the soils: the present agricultural production, with its practice of mechanical ploughing of the soil results in the loss of huge quantities of topsoil through over-exposure. These methods involve the routine application of large quantities of pesticides causing enormous destruction on the micro organisms in the soil. Consequently, soil fertility in many regions including the Third World are declining further necessitating larger and larger quantities of fertilizer

⁵⁹D. Hayes, Pollution: The Neglected Dimension (Washington, 1979), p.6.

inputs. In Japan, this pollution has passed into the food chain in many areas, causing a serious health hazard. This shows a bleak future for agriculture, and it will affect the poor countries to a high degree since their economies are primarily agriculture-oriented.

Arms Race and Rising Military Expenditure

Arms race, a product of the modern international system has a multiple and, on the whole, negative effect on all important aspects of life in the developing countries.

It affects the economy; saps its strength, limits development possibilities, conserves backwardness and places affected countries in dependant positions in the system of international division of labour.⁶⁰

Today, an estimated six per cent of the world's total public spending goes for military purposes. In 1985 alone more than \$900 billion was spent on this purpose.⁶¹ Taken the investment as a whole, currently it accounts for about twenty four to thirty per cent of the world GNP.⁶² In the Third World, over the years, military expenditures have been rising at a fast pace. Major weapons and arms exports to the

⁶⁰Anatoli A.Kutsenkov, "The Arms Race and Development Problems of the Third World," Development and Socio-Economic Progress (Cairo), January 1987, p.67.

⁶¹World Development Report, n.12, p.106.

⁶²S.Lydenberg, Weapons for the World Update: US Corporate Role in International Arms Transfers (New York, N.Y., 1977), p.78.

Third World from the super powers have increased from \$928 millions in 1960 (at 1975 prices) to \$6019 million in 1980. From 1965 to 1975, the United States transferred to developing countries \$27514 million in current dollars and the Soviet Union transferred \$14260 million. This represents seventy-five per cent of all arms transfers. Not only is the amount large and increasing but the context of the transfers have also changed over the period between 1960 and 1980. From 1960-70 the arms transfers were mainly in the form of military aid, but from 1970-80 it became mainly cash sales.⁶³

The super powers have their own reason for escalating the arms race to the Third World. Cole noted that "In terms of the operation of their economies in the world market, an arms race between the United States and the Soviet Union becomes mutually advantageous only when other nations are drawn into the competition".⁶⁴ Thus economies of scale are an important factor in promoting sales abroad. In fact Cole claims that Third World conflicts may be manipulated by the super powers to increase arms sales and to test designs of

⁶³Anita Kemp, "The Third World Impact on Super Power Military Expenditure: Links to Militarization and Poverty", Current Research on Peace and Violence (London), vol.7, nos.2-3 (1984), p.108.

⁶⁴Sam Cole, "The War System and the New International Economic Order: Directives for Disarmament", Alternatives (New Delhi), vol.6, no.2, 1980, p.252.

armaments and weapons system without jeopardizing lives of their own people. Similar observations have been made by others also: "Super power strategic manouvers coupled with the drive to ensure raw material sources have expanded East-West confrontation to the point where not a single region of the world is spared of penetration".⁶⁵ As a result, the Third World is getting more and more militarized. Though a major portion of the armament expenditures is incurred by the industrialized countries themselves, the arms race have strong adverse impact on Third World developmental efforts.

The arms race leaves fewer resources for the developmental efforts of the Third World and helps perpetuate the exploitative 'Old Economic Order'. War-related production increases the demand for such commodities as fuels and ferrous and non-ferrous metals. The developing countries being the major suppliers of such commodities are compelled to step up their production and export thus "consolidating the colonial monoculture structure of their economies and their unequal positions in the international division of labour".⁶⁶ Consequently the Third World countries are facing a situation whereby they are deprived of their rich resources which could otherwise have been used for their own industrialization and developmental efforts.

⁶⁵Peter Lock, "Armaments Dynamics: An Issue in Development Strategies," Alternatives, vol.6, no.2, 1980, p.163.

⁶⁶Kutsenkov, n.60, p.81.

The Third World countries forced by the prevailing tension in the international system are building up armaments industries which involve tremendous diversion of human and material resources which, if invested productively, could help alleviate poverty in most of their countries. The number of technical personnel engaged in military production are far higher than those engaged in the other sectors of production. Another aspect of the problem is that about 15.6 million people in the prime ages are under arms in the developing countries. These men do not take part in economic production and their maintenance has become a heavy burden on the economies of the developing world. They consume wealth produced by civilians in a proportion that on average the maintenance of one soldier in a developing country costs the total domestic product of 13.5 civilians.⁶⁷

With its insufficient investment in the social overheads, on an average, the developing countries' military expenditure is twice as much as their allocation for social needs, and it has been calculated that during the early eighties every soldier cost an amount equal to that spent on education and medical services of 116 in Latin America, 146 in the Middle East, 385 in Africa and 464 in South Asian countries.⁶⁸

⁶⁷Kemp, n.63, p.76.

⁶⁸Ibid.

From the above analysis, it becomes evident that the global arms race, and the consequent military expenditure, takes away valuable resources from developmental investments and acts as a serious hindrance to Third World development.

Chapter II

CONTEMPORARY APPROACHES TO THE THIRD WORLD DEVELOPMENT AND THE RELEVANCE OF ALTERNATIVE APPROACHES

The problems in and prospects of the Third World development have been a matter of continuing concern of academicians, statesmen and decision-makers ever since the liquidation of the colonial power structure began after the end of the Second World War. Several approaches to the analysis of developing economies have evolved during this period. However, there seldom has existed a consensus among them regarding the meaning and problems of development as well as the ways and means to achieve it. This is so because development is a 'value laden' concept, the meaning and definition of which is highly responsive to such value preferences as, where, how, for whom and by whom, it is handled. Different aspects of this concept such as its goals, patterns and strategies have always been conditioned by factors of time, space and culture.¹

The post-war attempts to look into the problems of Third World development have been dominated by two major approaches, namely the liberal or Western and the Marxist or Socialist. Mostly, these efforts did not arise out of any genuine concern for Third World developmental problems. Rather it was because the emergence of the cold war conditions made the fate of the poor countries an important matter of

¹S.D.Muni, Arms Build Up and Development: Linkages in the Third World (New Delhi, 1983), p.9.

foreign policy concern for the developed countries.² Consequently their ideological preferences and strategic considerations often reflected in the debate between these two approaches.³

The Western and Marxist theories of development, which are known today as neo-classical and neo-Marxist theories respectively, are attempts to adapt systems of thought that were initially formulated for the industrial societies to the developing countries. Both are attempts to "derive an abstract and universal formulae for growth from a very specific historical experience".⁴ The Western scholars put forward the concept of modernization and development and the prescriptions offered to achieve modernization in Third World was only an imitation of the development model of the Western industrialised countries.⁵ They have identified the needs of the underdeveloped economies in terms of what they lacked in comparison with the Western industrialised nations. Similarly the early Marxist approach was also prone to universalising the particular experience of the USSR.⁶ According to them the basic prerequisite for development was the socialist revolution.

²Gunnar Myrdal, Asian Drama: An Inquiry to the Poverty of Nations, abridged edn. by Seth S.King (New York, N.Y., 1972), p.4.

³Muni, n.1, p.9.

⁴Rajni Kothari, Rethinking Development: In Search of Humane Alternatives (New Delhi, 1988), p.121.

⁵Muni, n.1, p.9.

⁶Kothari, n.4, p.122.

The Western or Neo-classical Approach

The neo-classical approach broadly derives its strength from Adam Smith and holds that nations can acquire wealth by following four basic rules: first, the private ownership or control of the means of production (those things required to produce goods and services such as labour, natural resources, technology and capital), second there must exist a free market in which the means of production and the goods and services produced are freely bought and sold; there must be capital firms which mould the means of production into goods and services; and, finally, there must be free trade at the local, national and international levels.⁷

This approach stresses the importance of providing adequate infrastructure to modern industry and encourages entrepreneurs to set up business to produce and sell whatever yields the greatest return on investment. When this process is allowed to operate initially the benefits will go to a rich few and inequalities will grow as they become more rich. According to this approach, a certain level of initial inequality is a necessary precondition for creating a considerable level of savings and investment in order to generate further growth. However, as business expands more jobs will be created, more people will begin to take home wage packets

⁷See John L. Seitz, The Politics of Development (New York, N.Y., 1988), pp.2-3.

and, therefore, the wealth being created will start to 'trickle down' to the masses. This trickling down will result in more demand and in this process an expanding cycle will be set up. Thus what they envisage is a circular linkage between savings, investment, output and growth. Each increase in output increases the investible surplus and this lays the basis for increased growth in a widening spiral. With increased growth income levels will rise and with it the capacity to save. Thus growth, once initiated is seen as having an inherent, self propelling logic.⁸

In this 'capital-intensive industrialization model', foreign investment and foreign aid are seen as valuable additional sources to compensate for the capital scarcity of the poor countries. The importance of foreign trade is emphasized by assuming a comparative advantage. It means that if a nation concentrates on producing those products in which it has a comparative advantage over other nations (advantages which climate, natural resources, cheap labour or technology give it) and if it trades with other nations which are also concentrating on those products that they have the greatest advantage in producing, then all will benefit.⁹

⁸See G.M.Meier and R.E.Baldwin, Economic Development: Theory, History, Policy (New York, N.Y., 1957).

⁹Ibid.

The above approach gives only a limited role to the government, namely, to maintain an environment in which economic activities can flourish. On the other hand, they largely rely on the assumed successful interplay of market forces and the existence of free competition. According to their view, some nations are poor because they are deficient in one or more of the means of production, or they do not follow the basic rules pointed out earlier. In case of the deficiency of one or more items, the injection of that particular item into the market is suggested.¹⁰

The proponents of this 'capital intensive industrialization theory' point to the wealth of the Western industrialized nations as evidence of the validity of their approach. The emergence of nations such as Japan and West Germany as powerful economies from the devastation of the World War II, by following the basic principles of this liberal approach, are cited as examples to prove the point. Again the recent successful growth stories of certain South-east and East Asian developing countries like South Korea, Taiwan and Singapore have been cited as examples to prove the viability of the Western industrialization model.¹¹

¹⁰Seitz, n.7, p.4.

¹¹Ibid.

The Neo-Marxist Approach

The Neo-Marxist approach to development is derived from the writings of Marx and Lenin. It has more to say about the causes of underdevelopment rather than describing how development takes place. The backwardness and the distortions in the developing countries, according to their view, arise chiefly from the past and present colonial exploitation. Consequently the problem of the Third World development consists of a revolution against imperialism and colonialism and the ultimate transformations of the feudal mode of production into socialistic pattern.

According to the Marxian view, the development process is a dialectical one. This means that development produces not only equilibrium but its opposite-disequilibrium. Similarly discontinuities, social conflicts, imbalances and stagnation are produced along with continuity, social harmony, balances and growth. In this view, economic growth contains within it anti-growth forces, which will lead to the inevitable breaking up of the existing state of things. So the development process cannot be a gradual, steady, harmonious movement towards equilibrium, as seen by many advocates of neo-classical doctrine.¹²

A particular version of this general Marxist view is the notion that the capitalist accumulation produces both

¹²See John G. Gurley, "Economic Development: A Marxist View," in K.P. James and C.K. Wilber, eds., Direction in Economic Development (Indiana, 1979), pp.201-10.

wealth and poverty. Marx originally formulated this proposition in the first volume of 'Capital' as the "general law of capitalist accumulation".¹³ This thesis has been accepted by generations of Marxists, though it has been modified one way or another, and it has been applied in numerous ways including applications to problems associated with developing countries.¹⁴

A major approach that is generally associated with the Marxist framework is that of 'dependency'.¹⁵ The general field of study of the dependency analysis is the development of Latin American capitalism. Its important characteristic is its attempt to analyse underdevelopment from the point of view of the interplay between internal and external structures. Paul Baran, one of the first proponents of this approach points to the contradictory character of the needs of imperialism and the process of industrialization and the general economic development of the backward nations. As he explains "What is decisive is that economic development in underdeveloped countries is profoundly inimical to the dominant interests in the advanced capitalist countries."¹⁶

¹³See Karl Marx, Capital, vol.I (New York, N.Y., 1967), pp.644-45.

¹⁴John G. Gurley, n.12, p.201.

¹⁵See Gabriel Palma, "Dependency: A Formal Theory of Underdevelopment or a Methodology for Analysis of Concrete Situations of Under-Development?" World Development, vol.6, (New York, N.Y.), 1978, pp.899-902.

¹⁶Paul Baran, The Political Economy of Growth (New York, N.Y., 1957), p.28.

It holds that advanced nations will inhibit the economic development of the dependent countries to gain easy access to domestic resources and to extract the surplus out of the poor countries. Within this context economic growth in dependent countries would be extremely difficult. Their surplus would be exploited in large part by foreign capital and otherwise squandered on luxury consumption by traditional elites. This reduce the resource destined to investment for industrialisation and would necessarily lead to economic stagnation in dependent countries, and the only way out from such a condition is political.¹⁷ Andre Gunder Frank expanded and formalised this substantive theme into a theory of underdevelopment, and the solution he suggested was a revolution of an immediately socialist character, for within the context of the capitalist system there would be no alternative to underdevelopment.¹⁸

It follows from the above discussion that the dependency approach attributes the underdevelopment in the Third World today to the colonial exploitation of the past and present. However, it neither clearly defined what development is, nor does it suggest strategies to attain economic development.

¹⁷Gabriel Palma, n.15, p.899.

¹⁸See, A.G.Frank, Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil (New York, N.Y., 1967).

From the analysis of both Western and Marxist approaches, it can be seen that their main difference lies only in explaining the causes of underdevelopment. According to the Marxists, once the socialist revolution - the pre-requisite for development is achieved - heavy industrialization is the broad answer to development. Kothari observes that "While these were major theoretical differences regarding the choice of instrumentalities, there was a basic agreement between the Marxist and liberal schools regarding the fundamental importance of capital accumulation, industrialization, growth and technology."¹⁹ Consequently, their prescriptions for Third World development are based on the imitation of industrialization model of Europe. Thus it is obvious that both approaches are Eurocentric and, hence, not based on the realities of the developing world.

The Gap Between Theory and Practices:
Experience of the Third World

It is generally believed that the approaches to the Third World development have been mainly dominated by capital intensive industrial model as propounded by the neo-classical theorists. The material success of the industrialised West has been a powerful incentive to the Third World to adopt elements of Western experience that are conducive to accelerated growth. The success of countries with different

¹⁹Kothari, n.4, p.122.

historical backgrounds and economic and political systems has served to reinforce this objective. As a result, many Third World countries have adopted the prescriptions given by the neo-classicists for development. Apparently, these prescriptions essentially amounted to imitating the model adopted by the West in their developmental process. Lack of financial resources and industrialization was identified as the major obstacles to development and to surmount them the following remedies were offered: speedy industrialization, mechanization of agriculture, arrest of population growth etc. For this the importance of foreign trade and foreign aid were emphasized. Although the strategies adopted for development in the Third World have been mainly influenced by Western prescriptions, in practice as Kothari observes, it has been an eclectic mix of liberal and socialist strategies as "substitution policies were instituted whereby the state was called upon to make good the absence of entrepreneurship, adequate levels of capitalisation and infrastructure".²⁰

The concept of industrialization and development have considerably influenced the developmental strategies for the Third World prescribed by the world organizations such as the United Nations and the World Bank. Accordingly, the first and the second UN development decades stressed the importance of import substitution industries and GNP growth respectively.

²⁰Ibid., p.123.

But these strategies have had disappointing results for the Third World as they found that they continue to be poor and progressively even poorer compared to the developed countries.

The ruling philosophy of development over the past decades as Schumacher states, has been "what is best for the rich must be best for the poor."²¹ Development has been conceived in terms of an increased commercial activity, and the supreme goal of development is taken to be raising the GNP. It was assumed that by simply increasing production the welfare of all will automatically be improved. It is true that GNP has increased considerably in many developing countries over the past decades, but it was not associated with improved standards of living of the poor. The assumed 'trickle down' of growth did not take place and income disparities still widened. Thus many developing countries have experienced high growth rate with increasing poverty. For example, Kenya during the period between 1963-75 had achieved an average growth rate of around six per cent. However, during the end of this period half of the Kenyan population had no jobs, over twenty five per cent of child population suffered from malnutrition, and illiteracy stood around eighty-five per cent.²² This is a typical example of

²¹E.F.Schumacher, Small is Beautiful: A Study of Economics as if People Mattered (London, 1974), abacus edition, p.139.

²²Omo Fadaka, "Development the Third Way", Alternatives, vol.1, no.1 (1975), p.7.

the growth without justice, and this is more or less a common experience in all Third World countries. It can be seen from the findings of a recent study summed up in the latest World Development Report.

The number of people below the poverty line increased at least up to 1983-84 in Brazil, Chile, Ghana, Jamaica, Peru and the Philippines. It also found that there has been a sharp and widespread reversal in the trend toward improved standards of child health, nutrition and education. Other sources show that in twenty one out of thirty five low income developing countries, the daily calorie supply per capita was lower in 1985 than in 1965. Between 1979 and 1983 life expectancy declined in sub-Saharan African countries. In Zambia death from malnutrition among infants and children doubled during 1980-84, and in Sri Lanka the calorie consumption of the poorest tenth of the population fell 9 per cent between 1979 and 1982. In Costa Rica falling real wages during 1979-82 increased the incidence of poverty by more than two-thirds. Real per capita public spending on health and education in low income developing countries stagnated between 1975-84. For six low income countries the number of physicians per capita decreased between 1965 and 1981 and enrolment ratios for primary education declined in twelve low income sub-Saharan African countries.²³

It follows from the above statement that the living conditions of the masses have worsened over the years and that what is visible is not development but lack of it.

Besides, the gap between the rich and the poor nations have been increasing over the years. It is estimated that the

²³World Development Report, 1988 (New York, N.Y., 1988), p.4.

difference between the average incomes of people in industrialised Europe and non-industrialized countries was 10:1 in 1951, 15:1 in 1960. This ratio is expected to increase 30:1 by the end of this century.²⁴ Similarly a widening income gap has occurred within the Third World countries also, between cities and villages, and between rich and poor. Thus a major offshoot of the modernization process in the Third World has been the creation of a 'dual economy'. As Kothari states:

The system that prevails in the world today is structured not simply along a division of the world between dominant and dependent states but also along deep divisions within the latter. The widely accepted ideology provided by the modernization model has produced a basic schism between a tiny modernist elite and the people at large, between the urban centres and the rural periphery and between the educated and the uneducated, cumulatively producing a privileged class that reiterates the gospel as preached by their political and academic mentors, that concentrates power in its hands, and that turns into willing agents of the metropolitan powers of the world by suppressing the demands and aspirations of the rest of their countrymen.²⁵

The real benefit of industrialization in the Third World has been mostly accrued to the urban elites, leaving the society at large at a miserable below-subsistence level.

²⁴Lynn H. Miller, Global Order: Values and Power in International Politics (Colorado, 1985), p.129.

²⁵Rajni Kothari, Footsteps into the Future: Diagnosis of the Present World and a Design for an Alternative (New Delhi, 1974), p.4.

Cities grew at the cost of rural sectors, while the latter remained either untouched or adversely affected by development. Economic development, as far as the majority of the population is concerned, have only been demonstrative, with the national capitals characterised by high-rise buildings, international airports and traffic jams, while most people living in surrounding countryside produce and exchange in traditional ways.²⁶ Thus the process of development has been highly uneven with more and more resources flowing into the production of those things intended to encourage conspicuous consumption and the consequent consumerist culture. Only the urban elites are its actual beneficiaries. As a result, "two ways of life are existing side by side in such a manner that even the humblest number of one disposes of a daily income which is a high multiple of the income accruing to even the hardest working member of the other."²⁷

The nature of the modernization of agriculture and industries has largely contributed to the creation of such dual economies in the Third World. Both caused massive disruption of the traditional rural and village economy, created unemployment and has become the source of immense hardships. Hence the Third World's experience with modernised agriculture and industry needs to be analysed.

²⁶F.E.Trainer, Abandon Affluence (London, 1985), p.138.

²⁷Schumacher, n.21, pp.136-37.

Modernization of Agriculture

Throughout the Third World there has been a rapid spread of the technologically sophisticated agricultural methods previously confined only to developed countries. These have been associated with the introduction of high-yielding 'Green Revolution Crops' which helped to increase the yields and incomes of many people. It, however, had an adverse effect on the living standards of many people.²⁸ Susan George observes that "...the Green Revolution has been a flagrant example of a 'development' solution that has brought nothing but misery to the poor".²⁹ Similarly, Lappe and Collins argue that the modern process of creating more food has actually reduced people's ability to grow or produce food.³⁰ Another study concludes that in the Asian countries, where yields have gone up, the poorest twenty to eighty per cent of the population is eating less.³¹

Thus, the modernization of agriculture has not yielded the desired results in the Third World and this is because the new technology in most cases has been introduced into

²⁸Trainer, n.26, p.139.

²⁹Susan George, How the Other Half Dies: The Real Reasons for World Hunger (Harmandsworth, 1978), p.17.

³⁰F.M.Lappe and J.Collins, "More Food Means More Hunger", The Futurist (New York, N.Y.), vol.11, no.2, (1979), p.92.

³¹See Trainer, n.26, p.134.

social systems characterised by inequality in wealth and power. The rich farmers are the only ones who could afford costly capital inputs such as tractor-irrigation facilities, fertilisers and pesticides. Moreover, unlike the subsistence farmers they can afford to risk the new methods.³²

Another unhealthy trend in the agricultural sector in the Third World is the rapid growth in export-oriented production. This phenomenon arise mainly as an offshoot of modernization process, and is one of the principal reasons for food deficiency and poverty in the Third World. It has been estimated that in many Third World countries more than half of the best land is cultivating crops for exports. For example, in the early seventies this proportion was fifty five per cent in the Philippines and over eighty per cent in Mauritius. Similarly during this period fifteen of the poorest countries of the world devoted more acres to cash crops for export than to food for their own hungry people.³³ According to F.M.Lappe, 250,000 square miles of land in the Third World was growing export crops in the late nineteen sixties, and this was about ten per cent of the cultivable land in the Third World.³⁴ By

³² See W. Iadejinsky, "The Ironies of India's Green Revolution" Foreign Affairs (New York, N.Y.), vol.58, no.4 (1980), pp.758-68.

³³ George, n.28, p.39.

³⁴ F.M.Lappe, Diet for a Small Planet (New York, N.Y., 1971), p.17.

now the proportion would be much higher. By now the proportion would be much higher. In addition, although it is not clearly established, many believe that the flow of food is from poor to rich countries rather than in the opposite direction. For example, in 1976, Anderson estimated that forty per cent more protein was imported from poor countries by rich countries than vice versa.³⁵ According to the UN Statistical Yearbook for 1977, the value of food exports from developed to underdeveloped countries was only \$13.31 billion whereas the export from the Third World countries to the developed world was valued at \$28.6 billion.³⁶

The above facts will convincingly explain the increasing poverty and hunger that go with the modernisation process. It is true that growth has occurred in agricultural output and income, but the benefit has been mostly amassed by a few rich farmers.

Industrialization

Industrialization has been the most important prescription given by both the liberals and the Marxists for Third World development. Consequently all the Third World countries have been earnestly following this prescription to 'catch up'

³⁵C.H.Anderson, The Sociology of Survival: Social Problems of Growth (Illinois, 1976), p.209.

³⁶Statistical Yearbook 1977 (New York, N.Y., 1977), pp.56-57.

with the West. T.N.Chaturvedi rightly assess the tendency in the Third World in the following words:

Having missed the industrial revolution their endeavour was to make concerted efforts to make up for the lost time by trying to compress in a few years what the developed countries took decades to achieve. This was the general trend obtaining in the developing countries... their main emphasis laid on technologies developed and proved in advanced countries.³⁷

Obviously, the technologies transferred from the West to Third World have been less labour intensive and are quite unresponsive to the problem of unemployment. Though it was assumed that the increased economic activity which arise as a result of increase in industrial production will create more employment in due course of time in reality it did not take place. On the contrary, it rather precipitated the unemployment problem. Practically all benefits have been taken off by rich industrialists and little has been left to poor man. Regional imbalances have also resulted since industries are highly centralised in urban areas. As mentioned earlier, among other things such development resulted in the occurrence of dual economies in the Third World. Industrial production has been guided by market forces and is unresponsive to the basic needs of poor. Most of the production is taking place for the affluent class who can control the production

³⁷T.N.Chaturvedi, Transfer of Technology Among Developing Countries (New Delhi, 1982), pp.10-11.

to their command through superior purchasing power. Also the demand for endless goods has created a situation called 'consumerism'.

Foreign Trade, Aid and Investment

In the development model followed in the Third World, foreign trade and investment are supposed to help them in their growth process. Accordingly, great stress was laid on all these external stimulants in the Third World developmental efforts. However, it has been found that in effect, these helped the developed world rather than the developing world.

Since the world economy is structured in such a way, most Third World countries have specialised in the export of one or two items which makes their economies highly vulnerable to fluctuations in prices in the international market. Usually there are many small Third World sellers of any one item but only a few huge buyers in developed countries. This enables the rich countries to pull the prices of primary commodities down. Besides all the related activities associated with the sale of the raw materials such as the processing, transportation and insurance are typically conducted by corporations from the developed countries so that the share of the underdeveloped countries in the total income from the foreign trade is kept at the minimum possible level. These conditions operate in the

reverse order when developing countries import from the developed countries. In this case the sellers are monopolized leaving the buyers at a disadvantage.³⁸

Aid and foreign investment were meant to supplement development investments in the underdeveloped world. However, as in the case of foreign trade the net effect of both this components worked against the interest of the developing countries.

Most of the so-called aid to the poor countries are in the form of interest bearing loans. This created the problem of debt servicing and they have perpetually to find the means to pay off the interest charges. Another draw back is that the 'aid' that is received by poor countries are usually tied to various strings attached by the donor countries in one form or another, the only hidden objective behind it being the protection of the interests of the latter. Again, as the Brandt Commission pointed out much of the aid is given with "political, military and strategic considerations".³⁹ Moreover, even the international institutions like the World Bank and the IMF are believed to be guided by dubious motivations in their aid programmes.⁴⁰ As a result of all these, the

³⁸Trainer, n.26, pp.151-55.

³⁹Willy Brandt, Common Crisis (London, 1983), p.77.

⁴⁰Anurag Gengal, New International Economic Order: A Gandhian Perspective (New Delhi, 1985), p.75.

"massive transfer of resources," as pointed out by the Bradt Commission Report, did not actually take place.⁴¹

On the other hand, foreign investment in the developing countries has resulted in the extraction of resources out of these countries. For example, Myrdal has noted on 1971 that the US profits taken out of Latin American investment to be more than four times the amount invested. Similarly E. Galeno has shown that during the early seventies the extraction of profits from direct US investments in Latin America was five times greater than the infusion of new investments.⁴² Thus, foreign investment in poor countries has proved to be an impediment rather than a stimulant to Third World development.

From the above analysis of the experience of the Third World countries during the last four decades, it is evident that there exists a wide gap between the theories and the actual course of development. Kothari rightly sums up the situation when he says:

GNPs are rising everywhere but their benefits are being confined to small metropolitan elites who derive a good part of their legitimacy and political support from external linkages rather than by the identification with their own people. The spatial distribution of land and other resources (except population) continues to work

⁴¹Willy Brandt, North South: A Programme for Survival (London, 1980), p.24.

⁴²E. Galeno, The Open Veins of Latin America (New York, N.Y., 1973), p.228.

against the poorer regions of the world. The gospel of modernization has released forces that produce ethnic cleavages, internal violence (civil wars, political excesses, and the brutalities of military juntas) and armed conflicts between neighbours encouraged by the big powers. The economic gap between rich and poor nations continues to widen while the achievement of minimum conditions for all human beings is becoming increasingly difficult to achieve in large parts of the world despite phenomenal advances in science and technology. And patterns of dominance are escalating as a result of 'aid' and technical assistance that have resulted in a distortion of economic policies and political structures and in heavy burdens of debt repayment on future generations.⁴³

Relevance of Alternative Approaches

The initial GNP growth approach came under considerable attack in the early seventies. This was mainly due to the disillusionment with the result of the United Nations first development decade and the evaluation of various national planning experiences.⁴⁴ During this period, it began to be widely recognized that the economic growth in the underdeveloped countries was accompanied by widening income disparities. As a result, the divorce between growth and distribution policies was focused and increasing concern about the distribution of national product began to emerge. Along with this more attention was given to the question of poverty and the living conditions of the poor.

⁴³Kothari, n.25, p.3.

⁴⁴Mahabub Ul-Haq, The Poverty Curtain: Choices for the Third World (New York, 1976), p.27.

A distressing fact, which came to light from the experience of the developing countries during the first development decade, was the persistence of poverty during a period when they were experiencing impressive growth in GNP. The persistence of poverty was found to be related to the inequalities in these societies. Consequently, it was realised that continued economic growth would offer no relief for the poor unless it was accompanied by appropriate policies for equitable distribution. Thus, the concept of automatic trickling down of growth began to fade away, and it was no more believed that inequalities will decline after a certain level of growth. Singer draws our attention to this changing perception when he argues:

...once a production structure geared to unequal income distribution and a domestic market largely reserved for the high income groups has been established, it becomes extremely difficult, both economically and politically, to change it back at a later point in the direction of greater equality and a social welfare state. This process has taken place in the Western industrialised countries after they had attained higher income levels and as a result of specific political and social power shifts.⁴⁵

Further Singer gives two more reasons to invalidate the 'trickle down' concept. Firstly, automatic filtering down is most unlikely since there exist unequal access to the opportunities of producing and obtaining the income

⁴⁵Hans W.Singer, "Forty Years of Changing Thought on Development Problems" in Hans W.Singer and Javed Ansari, Rich and Poor Countries: Consequences of International Disorder (London, 1988), edn.4, p.292.

from incremental GNP. Rich: have privileged access and will appropriate the increased GNP. This will exacerbate the existing inequalities. Secondly, inequality of income distribution need not promote saving and productive investments. He argues that:

Neither side of the equation is necessarily true. It is quite possible that poorer people do save and invest productively. Where rich people do save and invest they may invest abroad or in the production of more luxury goods, which further solidify the production structure in the direction of greater inequality.⁴⁶

The arguments outlined in the above statement have been proved by the experience of the poor countries over the past decades. It constitutes a powerful case for giving stress to distributional aspects and hence re-thinking of the development strategy. As Mahabub ul Haq, one of the first few to raise this issue points out:

The institutions which create growth are not neutral to its distribution. Thus if the growth institutions are characterised by wide disparities in land holdings and concentrations of economic wealth, the process of growth will strengthen them further and they will resist and frustrate all future attempts to take away the powers and privileges through orderly reforms. The new development strategy, therefore, must reject the thesis that poverty can be attacked indirectly through growth rates filtering down to the masses. It must be based on the premise that poverty must be attacked directly.⁴⁷

⁴⁶Ibid.

⁴⁷Mahabub ul Haq, "The Crisis in Development Strategies" in Charles K. Wilber, ed., The Political Economy of Development and Underdevelopment (New York, N.Y., 1973), p.369.

So what is needed is to "evolve a development strategy that reaches out to the bulk of the population, to innovate a new life style which is more consistent with its own poverty and its present stage of development."⁴⁸ Obviously this calls for a simple life style. The consumerist culture which spread as a result of the imitation of Western life styles should be abandoned. To achieve this, production structure should be geared to meeting basic needs of the people.

During this period the necessity for a re-orientation of the developmental policies in the Third World was felt in the Western world also. McNamara's Annual Speech to the Board of Governors of the World Bank in 1972 made a strong appeal in this regard.

The task, then, for the governments of the developing countries is to re-orient their development policies in order to attack directly the personal poverty of the most deprived 40 per cent of their populations. This the government can do without abandoning their goals of vigorous overall economic growth. But they must be prepared to give greater priority to establishing growth targets in terms of nutrition, housing, health, literacy, and employment - even it be at the cost of some reduction in the pace of advance in certain narrow and highly privileged sectors whose benefits accrue to the few...⁴⁹

This re-thinking among the Western circles about the developmental priorities of the Third World has its influences in the economic decision-making in the developing

⁴⁸ Mahabub ul Haq, n.43, p.7.

⁴⁹ McNamara, Annual Speech to the Board of Governors of the World Bank, 1972, cf Haq, n.44, p.9.

countries. Accordingly, importance have been given to meeting basic needs of all, employment generation and appropriate technology.⁵⁰ Emphasis is increasingly being placed on agriculture, cottage and small-scale industries and development of institutional structures at grass root level etc.

Although the above view has been in the air since the last decade, the developing countries have not yet been able to produce a well thoughtout and practical development approach.⁵¹ Instead, even today "despite decades of misery and exploitation engendered by the notions of catching up with those who are seen to be more developed and along the same course continues with uncommon persistence."⁵²

The need to evolve an alternative development model arises out of this situation. This can be summed up in the following words:

There have appeared so many growth oriented development theories and models with prescription of economic growth, during the last few years, that they seem to constitute a development theology in which the goal of growth remains intact while only the means vary. Therefore, following the prescriptions for growth which are misunderstood as development the common

⁵⁰B.K.Joshi, "Is Economic Growth Relevant" in B.K.Joshi, ed., Alternative Development Strategies and the Indian Experience (Bombay, 1984), p.7.

⁵¹Amalendu Guha and Franklin Vivekananda, Development Alternative (Stockholm, 1985), p.60.

⁵²Kothari, n.4, p.5.

people get perplexed not being able to practice the dictums. The grass root people need immediate action and intend to start work on their own situation from the very foundation on which they stand, instead of waiting for prescription from the experts at the top. This is the dilemma of the day. Development is to be mobilised from below and in a decentralised way, exactly from the very basis of the problem area and aspect.⁵³

In short from a third world angle the need is to create an alternative development model that makes a radical shift away from Western models and approaches that are "consumption-demand-creative and hence consumerist, labour-saving capital and technology-intensive and finally 'over-developing'".⁵⁴

The above analysis of the relevance of an alternative development framework has been essentially based on a third world point of view. Yet it should be noted that the relevance of economic growth began to be seriously questioned in the global context also. In many industrialised nations, though economic growth has provided material affluence, a point has reached whereby further growth creates more problems rather than solving them. In this connection, E.J.Mishan observes that: "Economic growth is neither necessary nor sufficient for the growth of social welfare; indeed, we must be prepared to discover that further pursuit of economic growth is inimical to the good life we aspire to."⁵⁵

⁵³Guha and Vivekananda, n.51, p.1.

⁵⁴Ibid., p.60

⁵⁵E.J.Mishan, The Economic Growth Debate: An Assessment (London, 1977), p.37.

Kothari speaks about the global context quite emphatically in the following words:

The current search for alternatives is not, or ought not be, simply because the techno-economic model that dominates current thinking in the other two worlds is inadequate for the third world. It needs to be said that the model is also inadequate for the other two worlds. And it needs to be said that a crucial component of the model is provided by a certain structure of international relations and a set of global distributions and control mechanisms. It is true that the model that dominates the world today is far more inimical to the countries and human beings of the third world (barring the upper classes every where) than to those in other two worlds. But it is still a world model and has to be attacked as such.⁵⁶

It follows from the above reasoning that the techno-economic model that prevails in the third world is global in nature, and is maintained by the prevailing international system. It implies that it would simply not be possible to change this world model for the third world alone as it is intimately related to the international system which helps to perpetuate the inequality between nations. Besides there exist strong linkages between "national inequality orders and international inequality order."⁵⁷ They are mutually reinforcing. Hence the alternative also should be global in nature.

⁵⁶Kothari, n.4, p.8.

⁵⁷Mahabubul Haq, "Towards a Just Society," International Development Review (Washington, D.C.), vol.18, no.4 (1976), pp.2-7.

Chapter III

GANDHIAN PERSPECTIVE ON DEVELOPMENT AND ITS APPLICATION TO THE THIRD WORLD

Dilemma of Development

In recent years there has been an increasing recognition of the Gandhian legacy all over the world. This recognition has emanated as a result of the growing skepticism about the benefits of growth and development in the developed and developing countries. While the Third World countries have realized that their adoption of a handy mix of the 'liberal' and socialist models did not help them to ameliorate their living conditions, the industrialised countries have been facing the offshoots of their over-development which threatens the existence of mankind itself.

In the Third World, the emphasis on industrialization has created an infrastructure that allows luxurious living for a small minority amidst the sea of mass poverty. Poverty, malnutrition, hunger and lack of shelter and medical care still persist and are on the increase. The size of the poor population is unbelievably large with beggars and starving children living on the street without any primary amenities. The United Nations International Children's Emergency Fund (UNICEF) estimated that thousands of children die every day for want of food in a world where food production and supply far outstrip

the subsistence demand.¹ In the meantime, the governments of the Third World countries boast of GNP growth, new industries, advanced technologies, higher education and research and are trying to 'catch up' with those who seem to be more developed.²

But in the 'more developed' world the quality of life has been deteriorating despite the increase in the standard of living. As Romesh Diwan and Mark Lutz observe:

The value of family life and other social values are breaking down. A substantial number of children have never lived with both their parents. The single parent household is in the process of becoming the majority of the households in the United States. Kidnapping and various forms of child abuse are now a national phenomenon. The adult life is marred by anxiety and job stress. Work for a large majority of workers is both stressful and meaningless. There is growing scarcity of joy or pride in the work done. Old age is full of loneliness. Life has, no doubt, been prolonged, but the life style in many places has become more like a nightmare.³

Besides, the rich countries in the pursuit of greater affluence have been squeezing the non-renewable resources to the point of reaching the very limits of the planet. While this has succeeded in providing more and more material goods through industrialization it has created numerous problems which were unknown hitherto. Problems such as topsoil

¹Romesh Diwan and Mark Lutz, "Introduction" in Romesh Diwan and Mark Lutz, eds., Essays in Gandhian Economics (New Delhi, 1985), p.2.

²Ibid., pp.3-4.

³Ibid., p.4.

erosion, acid rain, deforestation, overfishing and grasslands loss have been increasingly felt during recent years. The problems of environmental pollution and ecological decay coupled with the fast depletion of resources show the offshoots and limitations of the modern industrial growth.

The main reason for these unfortunate developments has been that man has failed in controlling the outgrowth of science and technology. The development philosophy that has dominated the world has called for an indiscriminate use of science and technology which ultimately made human beings its victims by putting the world under the perpetual threat of a nuclear war. S.C.Gangal aptly summarizes this scenario in the following words:

The rising phenomenon of violence within and between nations, the frightening 'balance of terror', the growing threats of environmental pollution and ecological decay and the problems of population 'explosion' and mass poverty and 'increasing misery' - especially in the so-called 'third world' which constitute about two-thirds of mankind - all these end products of 'modern' industrial and high technology society have taken mankind to such a formidable predicament that it seems well-nigh impossible to return to a normal or rationally ordered life within the parameters of modernity. Above all, and encompassing them all, there are the twin problems of war and peace or, as it were, the problem of the survival of man and civilization.⁴

⁴S.C.Gangal, Gandhian Thought and Techniques in the Modern World (New Delhi, 1988), pp.1-2.

The aforementioned inconsistencies and offshoots of development were foreseen and very aptly predicted by Gandhi as early as in 1909 in his Hind Swaraj. In Hind Swaraj Gandhi attributed the root cause of all these problems to the modern industrial civilization and had projected an alternative design existing unsustainable model. However, during his time, his ideas were dubbed as unprogressive, "pre-scientific medievalism", a reversion to the "cow-dung era" and "bullock-cart mentality". But as has been proved now by the existing uneasiness in the world, Gandhi was ahead of his time.⁵

Gandhi's Approach to Economics

Gandhi was not an economist in the strict academic sense of the term. He evolved his economic ideas not out of any systematic study of economics.

Gandhi himself had admitted his ignorance of Economics and had never claimed to be an Economist. On 22 December 1916 Gandhi spoke before an economic society in Allahabad; the title of his address was "Does Economic Progress Clash with Real Progress?" At the very outset, he explained his position as follows:

⁵Pyarelal, Towards New Horizons (Ahmedabad, 1959), p.12.

Frankly and truly, I know little of economics as you naturally understand it. Only the other day, sitting for an evening meal, a civilian friend deluged me with a series of questions on crankisms. As he proceeded in his cross-examination, I being a willing victim, he found no difficulty in discovering my gross ignorance of the matters. I appeared to him to be handling (matters) with a cocksureness, worthy only of a man who knows not that he knows not. To his horror, and even indignation, I suppose he found that I had not even read books on economics by such well-known authorities as Mill, Marshall, Adam Smith and a host of such other authors. In despair, he ended by advising me to read these works before experimenting in matters economic at the expense of the public. He little knew that I was a sinner past redemption. My experiments continue at the expense of trusting friends. For, there come to us moments in life when about some things we need no proof from without. A little voice within us tells us, 'You are on the right track, move neither to your left nor right, but keep to the straight and narrow way.' With such help we march forward slowly and steadily. That is my position.⁶

As he himself admitted, Gandhi did not read any book on modern economics, and obviously he was not influenced by modern economic theories. On the other hand, with his experiments and experiences, he had attacked the very premises of economic theories and put forward his own ideas on economics which inevitably reflected his development perspective also. His conception of economics and development, was greatly influenced by two books, viz., Bhagavad Gita and Ruskin's Unto This Last. Also, his outlook was shaped by his understanding of the colonial exploitation of India and his deep insight into the problems and limitations of 'industrialism'.

⁶This speech was delivered at Muir Central College Economic Society, Allahabad on 22 December 1916. c.f. B.K.Ahluwalia ed., M.K.Gandhi: Select Speeches (New Delhi, 1969), pp.54-55.

Gandhi read Gita for the first time in England and made it his daily companion for the rest of his life. To him, the Gita was not necessarily a description of a real battle scene, but of the struggle between the two 'natures' in us - the good and the evil, and he realized that life was given to us not for enjoyment. Gandhi gave special emphasis on the twin concepts of 'Dharma' and 'Moksha' as found in the Gita. 'Dharma', according to the Gita means dedication to duty, and Moksha is not seen as a renunciation of the world where Dharma is relevant, rather it is a continuation of duty in contributing to the service of his fellow creatures. It is liberation from the limitations of mortal life, or in other words, from selfishness and desire. Thus a mating of the two concepts means selfless dedication to duty. Gandhi had practised this in his own life. The practice of these concepts by the society will provide a fruitful basis for an economic system and obviously this constituted the essence of Gandhi's economic teachings.⁷ Besides, Gandhi was influenced by the Gita teachings of samabhava (equality) and aparigraha (non-possession) which formed the basis of his strong argument for the inclusion of moral principles in the practice of economics.

The other book that deeply influenced Gandhi was John Ruskin's Unto This Last. In Gandhi's own words, it "brought

⁷See David F. Ross and Mahendra S. Kanthi, Gandhian Economics (Bangalore, 1983), pp.8-10.

about an instantaneous and practical transformation in my life."⁸ Ruskin was a humanistic critic of the utilitarian economic principles of his time. Gandhi had summarised the message of Unto This Last as follows:

1. That the good of the individual is contained in the good of all
2. That the lawyer's work has the same value as the barber's, in as much 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.⁹

It is evident from Gandhi's above summarization of Ruskin's message that he based many of his fundamental economic principles (such as sanctity of labour, importance of bodily labour, equality and Sarvodaya) on Unto This Last. As Diwan and Lutz have pointed out, most of Gandhi's basic economic concepts, viz., sanctity of labour, truth in self-sacrifice, justice based on fellow feeling, trusteeship, priority of care for the poor, importance of a moral political economy and emphasis on human needs can all be found in one form or another in Unto This Last.¹⁰

⁸M.K.Gandhi, An Autobiography or The Story of My Experiments with Truth (Ahmedabad, 1987), p.250.

⁹Ibid.

¹⁰Diwan and Lutz, n.1, p.12.

For Gandhi, ethics provided the working spirit in economic activities. He drew no distinction between economics and ethics. This can be seen from his various statements at different times. In 1921, he wrote: "I must confess that I do not draw a sharp or any distinction between economics and ethics. Economics that hurts the moral well-being of an individual or a nation is immoral, and therefore sinful."¹¹ He believed that economics should take into consideration the moral values. In 1937, Gandhi categorically reaffirmed his belief and pointed out the true objective of economics according to his perception in the following words:

True economics never militate against the highest ethical standard, just as all true ethics to be worth its name must at the same time be also good economics. An economics that inculcates mammon worship, and enables the strong to amass wealth at the expense of the weak, is a false and dismal science. It spells death. True economics, on the other hand, stands for social justice, it promotes the good of all equally, including the weakest, and is indispensable for decent life.¹²

It follows from the above statement that, Gandhi had seen economics as a science to achieve an egalitarian social order where there is welfare of all or as Gandhi calls it "Sarvodaya". He was not interested in the scope and methods of economics as modern economists understand it. Instead, he evolved an 'Economics', which formed the basis of his approach to development.

¹¹Young India, 13 October 1921.

¹²Harijan, 9 October 1937.

Colonial Background of Gandhi's Development Thought

Gandhi evolved his economic ideas at a time when India was under British colonial rule. Gandhi observed the process of colonial exploitation of Indian economy through systematic penetration and destruction of Indian villages. He rightly identified the reasons for India's poverty, unemployment and the general economic backwardness with the colonial policy of the destruction of the self-sufficient village system and it inevitably led him to form the strategy of village re-construction as the basis of economic development.

When the British came, India had a healthy economic organization based on self-sufficient village system. There was only a few towns, and these were the centres of handicrafts. Extensive trade in the products of handicrafts was carried out with many countries by ships built in India. Sir Charles Metcalfe's minute of 1830 describes the features of the Indian village system as follows:

The village communities are little republics having nearly everything they want within themselves; and almost independent of foreign nations. They seem to last where nothing else lasts. The union of the village communities, each one forming a separate little state in itself... is in a high degree conducive to their happiness and to the enjoyment of a great portion of freedom and independence.¹³

Historically, India was famous for wealth and artistic skills at a time when the present day industrialized nations

¹³ c.f. Shriman Narain, Relevance of Gandhian Economics (Ahmedabad, 1970), p.20.

were inhabited by 'uncivilized' tribes. And even when Western merchants came to India the industrial development of the country was, at any rate not inferior to that of the industrialized countries of the West.¹⁴ But during the period of British colonial rule, this organization of village communities and their economic life underwent a drastic transformation. With the introduction of large scale mechanization in England, machine made products began to flow to India. The prices of these products were made cheaper compared to Indian products since the prices of Indian goods were held high by various deliberate policies. It resulted in the decrease in demand for Indian goods, and in the process a majority of traditional workers like handicraftsmen were rendered jobless. The machines that were introduced in India, in due course, by the British were not able to absorb those who became unemployed. As a result, more people hung on to agriculture to find a livelihood. Jawaharlal Nehru describes this process in the following words:

Together with the main industries many an auxiliary or subsidiary industry also began to disappear. Carding, dyeing, printing became less and less; and handspinning stopped and charkha disappeared from millions of homes. This meant that the peasant lost an additional source of income, for spinning by the members of the peasant household had helped to add to the income from land. All this had happened, of course, in Western Europe when machine industry had begun. But the change had been

¹⁴ See Shivanand Jha, A Critical Study of Gandhian Economic Thought (Agra, 1961), p.2.

neutral there, and if there was the death of one order, there was at the same time the birth of a new one. In India the change was violent. The old order of cottage industries was killed but there was no rebirth; it was not permitted by the British authorities in the interest of British industry.¹⁵

The inevitable result of the aforementioned process of the destruction of the traditional village crafts was heavy unemployment and poverty in the villages. Since agriculture had to support all these unemployed, the pressure on land multiplied and went on increasing. This formed the basic cause of poverty in India. Thus the over utilisation of land, mass unemployment and poverty were not the result of over-population, as projected by the colonial rulers. Nehru holds this view and says:

I should like to make it clear that the real cause of the pressure on land in India is the want of occupations other than agriculture and not the growth of population. The present population of India could probably be easily absorbed and thrive in India if other occupations and industries were forthcoming.¹⁶

Thus, in India, the colonial domination resulted in the destruction of cottage industries with no effort to replace them by other kinds of industry; the driving of the unemployed artisan to the village and the consequent over pressure on land; landlordism; the plantation system, heavy taxation on

¹⁵Jawaharlal Nehru, Glimpses of World History (London, 1949), edn.4, p.420.

¹⁶Ibid., p.421.

land etc., had in turn led to the impoverishment of the Indian economy. Gandhi had clearly recognized this process of pauperization and was deeply concerned about it. It was a sad condition for him and he said "In thinking of it my eyes water and my throat gets parched... It is my deliberate opinion that India is being ground down...."¹⁷ Gandhi further held that this exploitation was made possible by the strength of what he called 'industrialism' and he argued that without railways the English could not have such a hold on India.¹⁸

It was in the aforementioned colonial background that Gandhi's approach to development was evolved. Since Gandhi identified the cause of India's unemployment, poverty and other economic problems with the colonial exploitation, he wanted to break the shackles of colonial domination from Indian soil. Consequently, his strategy was greatly influenced by this perception. | This has been reflected in his support for an indigenous technology catering to India's own needs as against a technology aimed at exploitation, de-centralization against centralization, swadeshi and village self-sufficiency against colonial and urban exploitation, basic education against colonial system of education etc. |

¹⁷M.K.Gandhi, Hind Swaraj or Indian Home Rule (Ahmedabad, 1939), p.41.

¹⁸Ibid., p.45.

Attack on Western Civilization

Gandhi had realized the drawbacks of an economic order based on large-scale industrialization and indiscriminate use of science and technology. He knew that industrialization derives its strength from exploitation. This exploitation takes place between nations at international level and between city and villages at the national level. Gandhi was opposed to exploitation of any kind, and was wise enough to predict the unsustainability of a system based on the philosophy of maximization of material welfare.

Gandhi attributed the root cause of all these problems to the so-called 'modern' civilization. His opposition to this civilization was unequivocal and uncompromising and very often he refused to give it the status of a civilization. His refusal was based on his own definition of civilization which he defined as follows:

Civilization in the real sense of the term, consists not in multiplication, but in the deliberate and voluntary reduction of wants. This alone promote real happiness and contentment, and increase the capacity for service.¹⁹

Gandhi held that modern civilization leads to a condition that is opposite to happiness, contentment and the capacity for service. It attaches the greatest importance to

¹⁹M.K.Gandhi, From Yeravda Mandir (Ahmedabad, 1930), p.6.

material welfare and maintains that the goal for the progressive individual or nation should be the ever increasing accumulation of physical comforts and luxuries. As Gandhi pointed out in *Hindi Swaraj*, "its true test lies in the fact that people living in it make bodily welfare the object of life."²⁰ This attitude towards progress is manifested in John Maynard Keynes' following advice in his Economic Possibilities for Our Grand Children:

For at least another hundred years we must pretend to ourselves and to everyone that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our gods for a little longer still. For only they can lead us out of the tunnel of economic necessity into day light.²¹

But Gandhi firmly believed that avarice, usury and precaution are leading us and will continue to lead us deeper and deeper, as it were, into the tunnel of darkness and death. It encourages the individual to aim towards progressively higher levels of consumption and creates a condition of rat race. This "mad race for money and material goods have thrown the world into the whirl pool of callous exploitation, ugly imperialism and bloody carnage."²² Gandhi had seen the limitation of this

²⁰Gandhi, n.17, p.35.

²¹E.F.Schummacher, Small is Beautiful: A Study of Economics as if People Mattered (London, 1974), abacus edn., p.19.

²²Shriman Narain, n.13, p.5.

indiscriminate multiplication of wants and warned that "...the mind is a restless bird, the more it gets the more it wants, and still remains unsatisfied. The more we indulge in our passions the more unbridled they become."²³ Moreover, happiness is a mental condition and as Gandhi said "A man is not necessarily happy because he is rich, or unhappy because he is poor. The rich are often seen to be unhappy, the poor to be happy."²⁴

Gandhi believed in the total development of a human being in his physical, mental, moral and spiritual dimensions. He believed that poverty was degrading and that adequate economic progress was essential to satisfy the economic needs of man. But once this was achieved man should not aspire for ever higher standards of living. Then happiness can be achieved. The industrial way of life, on the contrary, strives for ever higher material standards and never achieves happiness because wants and resources to satisfy it never comes under balance, as wants have a tendency to rise with the income. Thus "Happiness becomes a will-o'-the-wisp which constantly eludes man's grasp".²⁵ In this context Gandhi's message was to abstain from the pursuit of affluence and to lead a simple life.

²³M.K.Gandhi, n.17, p.61.

²⁴Ibid.

²⁵K.J.Charles, Total Development (New Delhi, 1983), p.94.

Gandhi's position was based on two facts. First, his lack of faith in the sustainability and desirability of the industrial way of life. Second, his belief in the inseparability of moral norms from economic activities. Both of these together found expression in his concept of simple life, which formed the foundation of Gandhi's economic system in general and development thinking in particular. The important fact to be noted in this context is that this foundation of Gandhian economics and approach to development stands essentially against the foundation of modern economics and concept of development, i.e., multiplication of wants. Modern economic theories are concerned only about the pursuit of purely material ends which has been evident from the scientific definition given by Lionel Robbins.²⁶ Consequently the modern approach conceives development as a process of quantitative growth in GNP irrespective of who gets the benefit. But Gandhi was fundamentally opposed to this approach and gave more importance to the qualitative aspects of growth. In his view, GNP growth has of no use if it does not improve the conditions of the poor. For him economic growth was not an end in itself, rather it was only a means to achieve the ultimate goal of development i.e., the "welfare of all" (saryodaya). This can be achieved

²⁶ Lionel Robbins defines Economics as follows: "Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses." This has been regarded as one of the most scientific definitions of economics.

only by the upliftment of the 'last person'. Viewed accordingly, from a Gandhian economic standpoint, development should be a process that helps the last person to achieve the basic amenities of life. For this reason Gandhi strongly held that every development effort should be addressed to the last person first.

To such a degree, Gandhi's concept of development stands as a full fledged alternative to the utilitarian goal of the 'greatest good of the greatest number'. It is normative in nature and seeks to develop resources to enable a decent life for all. The nature of development is not derived from the selfishness of individual in his own progress, rather it is from the selfless dedication to duty. Thus "Gandhian economics is not built around the abstract notion of atomistic rational economic man who ceaselessly calculates the pros and cons of action to determine when his own advantage is maximized."²⁷ Consequently, Gandhi rejected the fundamentals of modern economics and built his own theoretical foundations, viz., Swadeshi, bread-labour, non-possession, trusteeship, non-exploitation and equality.²⁸

²⁷Diwan and Lutz, n.1, p.4.

²⁸See for a comprehensive analysis of these concepts Romesh Diwan and Sushila Gidwani, "Elements in Gandhian Economics" in Diwan and Lutz, eds., Essays in Gandhian Economics (New Delhi, 1985), pp.54-65.

An approach to analyse the above six fundamental Gandhian principles should be based on understanding of its metaphysical basis. However, his approach to development can be looked into without a direct reference to his spiritual and ethical outlook. Such an approach to his perspective on economic development is attempted below.

Gandhian Perspective on Development

Gandhi's approach to development has been widely misunderstood. Many argued that Gandhi glorified poverty and advocated return to the past. Arthur Lewis for example, expressed this view when he said "Not all nationalist politicians favour economic development. Some like Gandhi have resisted Westernism and desire on the contrary to return to old ways."²⁹ While it was true that Gandhi was highly critical of "Westernism", the statement that he desired to return to the past is far from truth. In fact, Gandhi's ideas were quite radical and relevant to the perplexities of our time and are far different from the views generally attributed to him. In general, prejudices are due to the misconception that Gandhi was against science and technology. Besides, there is a lack of understanding of the rationality of his arguments for rebuilding villages through cottage industries because many argue that Gandhi was a man of stubborn fads.³⁰ But in

²⁹W.Arthur Lewis, Theory of Economic Growth (London, 1954), p.153.

³⁰See for instance, Jawaharlal Nehru, Nehru on Gandhi (New York, N.Y., 1948), p.32.

reality, as Amritananda Das points out, there are many elements in Gandhian thought that are valuable for a proper understanding of the dynamics of socio-economic transformation of under-developed countries as well as for the problems of evolving adequate policies for guiding and accelerating development.³¹ An approach to understand this can be made by analysing Gandhi's explanation of the exploitation of village by city, his attitude towards technology and industrialization, his insistence on self-reliance and village self-sufficiency.

Explanation of Underdevelopment

The central issue in Gandhi's analysis of underdevelopment was the problem of the rural-urban conflict and the consequent village decay in underdeveloped countries.³² It is true that Gandhi examined the problem in connection with the exploitation of Indian villages during the British period. However, it can be generalised to cover all "over populated" agrarian economies.

Gandhi was village-minded enough to look into the problem of villagers' poverty in detail, and quite early in

³¹ Amritananda Das, "Implicit Socio-Economic Analysis in Gandhian Thought" in Romesh Diwan and Mark Lutz, Essays in Gandhian Economics (New Delhi, 1985), p.144.

³² Ibid., p.145.

his life he recognized the conflicting interests of rural and urban development. The reasons for poverty and unemployment in villages, Gandhi found in the excess pressure of population on agriculture. This situation was created when the mechanization displaced workers from their traditional occupations. Thus according to Gandhi, the poverty and unemployment in India was a consequence of the decay of alternative occupations in villages rather than the "untrammelled fecundity of Indian masses."³³ This understanding formed the core of Gandhi's analysis of underdevelopment and approach to development.

In analysing the causes of underdevelopment Gandhi went deeper than the modern theories of imperialism. Such theories also explain the process of dependent countries being exploited by the imperial nations. But for Gandhi, as Amlan Dutta points out, "...it was not simply a question of one nation dominating over and exploiting another. It was rather a matter of town-dwellers of a dominant nation and their counterparts elsewhere joining hands to exploit the villages."³⁴ Thus Gandhi wrote "Little do they (town dwellers) know that their miserable comfort represents the brokerage they get for their work they do for the foreign exploiter".³⁵ The partnership among

³³Ibid., p.146.

³⁴Amlan Datta, "Gandhian Economic Perspectives - Technology and Urbanization", Gandhi Marg, vol.7, no.1 February 1986, p.744.

³⁵Harian, 29 August 1936.

exploiters, in Gandhi's view, was the result of industrialism. Hence according to the Gandhian analysis, even if the imperial power withdraw, exploitation would continue by the cities "until the evolution of a new relationship between towns and villages and a technology appropriate to that new relationship."³⁶

It follows that whoever be the exploiter, it is the industrialism that causes exploitation and creates underdevelopment. In India, Gandhi found that the loss of villagers' alternative occupations was due to the rise of textile mills both in England and in India, which produced the cloth which was traditionally produced by villagers.³⁷ "Strange as it may appear," he said, "every mill generally is menace to the villagers...."³⁸ Once India's villages produced and supplied to the Indian towns and cities for all their wants but "India became impoverished", says Gandhi, "when our cities became foreign markets and began to drain the villages dry by dumping cheap and shoddy goods from foreign land."³⁹ Consequently, Gandhi had noticed a certain process of capital drain from the villages into the cities

³⁶Datta, n.34, p.744.

³⁷M.K.Gandhi, n.17, pp.93-94.

³⁸M.K.Gandhi, c.f. J.S.Mathur ed., The Economic Thought of Mahatma Gandhi (New Delhi, n.d.), p.297.

³⁹Harijan, 27 February 1937.

through the Westernization of consumption patterns which diverted the demand of the rich sections of the village sector into the city where foreign goods were available. This led to the diversion of funds which might otherwise have led to capital formation within the village sector. Thus the city industrial sector was "parasitic rather than generative" in its effect on the economy as a whole.⁴⁰ Gandhi was aware of this nature of industrialization and this led him to the organizing of the village sector against city exploitation.

Another aspect of the village exploitation Gandhi understood was that in order to cater the raw material needs of the industries the farmer is manipulated to produce industrial crops. He does this to the disadvantage of his own healthy subsistence. The rural population was kept contented by resorting into dopping in the form of cheap factory produced goods, luxury articles, multiplication of roads and railways and many other modern amenities which the village could, in a large part, very well do without but which subserves the ends of industry. As Pyarelal noted "they hypnotize the villager so that he comes to regard them as sine-cua-non of progress and becomes a willing instrument in his own exploitation."⁴¹

⁴⁰See, B.F.Hoselitz, Sociological Aspects of Economic Growth (Glencoe, 1960).

⁴¹Pyarelal, n.5, p.9.

The industrial culture divides the economy into a modern sector and a backward village sector and ruins the village sector through exploitation. This impoverishment creates a vicious circle that leads to the cumulative destitution of the village economy.⁴² Amritananda Das points out that Gandhi had noticed that "the 'lure of the city' was drawing away the more progressive elements of the village economy to the city, making the village population even more backward and weaker than it would otherwise have been."⁴³

Gandhi had noticed with deep concern the growing dominance of town over the village. He repeatedly proclaimed that real India was to be found "not in its few cities but in its seven hundred thousand villages. But we...town dwellers have believed that India is to be found in its towns and the villages were created to minister to our needs."⁴⁴ The villager had suffered from neglect by those who had the benefit of education. The intelligentsia had chosen city life and Gandhi was aware that the town dweller had "generally exploited the villager; in fact, he has lived on the poor villager's subsistence."⁴⁵ Again he said, "the cities with

⁴²Das, n.31, p.147.

⁴³Ibid.

⁴⁴Harijan, 6 April 1936.

⁴⁵Ibid., 4 April 1936.

their insolent torts are a constant menace to the life and liberty of the villagers".⁴⁶ Hence according to Gandhi, "If the cities want to demonstrate that their populations will live for the villagers of India, the bulk of their resources should be spent in ameliorating the condition of the... poor."⁴⁷

It follows that, according to Gandhi, the root of the problem lies in the attitude of the city dwellers or rather city elite towards village life. Those who had the privilege of education had adopted the culture of western city civilization and had thus become even more foreign minded and indifferent to village. This emotional disassociation of the city elite from the villagers allowed them to behave towards the villagers in the same way in which the colonial power exploited underdeveloped economies.⁴⁸ Due to this, as Pyarelal writes:

The colonial system is... still practiced in its essence by countries aspiring to effect a quick entry into the modern era vis-a-vis their own rural population, when industry imposes manufactured goods on the villages in quantity and at the price it desires and makes them produce raw materials in the quantity and at the price the industrialists wants. But nobody thinks anything of it. On the contrary, it is justified and even glorified in the name of 'progress', 'national prosperity', and so on.⁴⁹

⁴⁶Young India, 17 March 1927.

⁴⁷Ibid., 23 April 1931.

⁴⁸Das, n.31, p.147.

⁴⁹Pyarelal, n.5, p.8.

From the above analysis, it is clear that Gandhi had rightly identified the problems of underdevelopment of a predominantly agrarian country like India. He found the basic cause in the impoverishment of villages. Villages had been exploited for catering to industrialism, which was helped by the attitude of those who got colonial education. Hence solution lies in decentralization of industries and disabusing the mind of colonial education.

Strategy of Economic Development

Based on his analysis of underdevelopment, Gandhi had put forward development framework for India, which would answer the problems of most of the Third World countries also. Basically the problem is one of forced economic impoverishment of the rural economy in the interest of industrialism. Gandhi's concern was to rebuild the village economy. His approach had two dimensions. First he wanted to abate the forces of domination and exploitation; and secondly he wanted to build a sustaining base for economic development relying mainly on indigenous resources. To achieve these objectives, Gandhi on the one hand argued for a coming back from large scale industrialism, and suggested decentralisation of economic activities and on the other hand suggested rural industrialization through appropriate technology, Swadeshi (self-reliance), need based production and

consumption etc. All these ideas are essentially compiled in his concept of 'self sufficient villages'. It was a strategy to attack the causes at the roots and to build from the bottom upwards. His idea was to develop in harmony with nature which provides enough for everybody's need. This approach is discussed below in detail.

Role of Machinery

There has been a widespread misconception about Gandhi's attitude towards machinery. This persists largely because Gandhi had repeatedly condemned machinery and insisted on the revival of village handicrafts. Similarly Gandhi had very strongly criticised Western civilization and the role of modern science and technology in creating and perpetuating unemployment, poverty and inequality. All these have created an impression that Gandhi was against all kinds of machinery, science and technology and in short against progress or development. It is true that in the beginning he could not find a single good point in connection with machinery. Such a position invited sharp criticism. For example, Middleton Murry, while commenting on Gandhi's view on machinery (as expressed in Hindu Swaraj) stated that "He forgets in the urgency of his vision that the very spinning wheel he loves is also a machine, and also unnatural. On his principles it should be abolished."⁵⁰

⁵⁰Middleton Murry c.f. Mahadev Desai, "Preface to the New Edition" in Gandhi, n.17, p.7.

Although Gandhi's earlier position justified the above criticism, it is important to notice that Gandhi's attitude towards machinery had considerably changed in due course of time. This can be seen by analyzing his own statements in the chronological sequence.

In 1908, in Hind Swaraj, Gandhi wrote that machinery is the chief symbol of modern civilization and it represents a great sin.⁵¹ "I cannot recall a single good point in connection with machinery", said Gandhi. "Books can be written to demonstrate its evils."⁵² He further wrote in the same vein that "It is necessary to realize that machinery is bad... if, instead of welcoming machinery as a boon, we should look upon it as an evil, it would ultimately go."⁵³

This apparently extreme position tended to change perhaps as a result of later experience and deeper reflection. Thus, in 1924, Gandhi wrote:

What I object to is the craze for machinery, not machinery as such. The craze is for what they call labour saving machinery. Men go on saving labour till thousands are without work and thrown on the open streets to die of starvation. I want to save time and labour, not for a fraction of mankind but for all. I want the concentration of wealth, not in the hands of a few, but in the hands of all. Today machinery merely helps a few to ride on the backs of millions. The impetus behind it

⁵¹Gandhi, n.17, p.94.

⁵²Ibid., p.96.

⁵³Ibid., pp.96-97.

all is not the philanthropy to save labour, but greed. It is against this constitution of things that I am fighting with all my might.....⁵⁴

Thus it is clear that his objection was not against machinery as such. What he opposed was the craze for machinery that replace labour, and help a few to ride on the back of million. Hence it is obvious that machinery that helps labour had a place in Gandhi's scheme of things. Later, from his own experiences and observation, Gandhi was convinced of the importance of even large-scale industries in key sectors, provided that these should be under state control. Gandhi expressed this view in 1940 in the following words:

I do visualise electricity, ship building, iron works, machine-making and the like existing side by side with village handicrafts. Hitherto industrialization was so planned as to destroy the village and village crafts. In the state of future, it will subserve villages and their crafts.⁵⁵

It can be seen that Gandhi stood for a harmony between cottage industries and big industries so as to help villages. They key industries would be that which could not be taken up by the villages with their smaller resources and organization. His idea was for rural industrialization with the help of necessary key industries. Thus machinery has an important

⁵⁴Young India, 13 November 1924.

⁵⁵Harijan, 27 January 1940.

role in Gandhian development approach, and, he would accept any invention of science made for the benefit of all. Consequently "every machine that helps every individual has a place."⁵⁶

Views on Industrialization

One of the main features of Gandhian approach to development is his views on the limitations of large-scale industrialization. He had a deep insight into the problems inherent in industrialism and had predicted its unsustainability at a time when development thinking all over the world was centered on it.

Gandhi held that industrialism depends upon its ability to exploit sources of cheap raw materials and foreign markets to sell the cheap produced goods. This had been possible for a short period after the industrial revolution. But with the growing industrialization all over the world the competition for market became fierce and often created wars. If every country pursue the same policy it would further worsen the situation in the future. Gandhi was afraid that India, if she became heavily industrialized, would inevitably be driven to exploitation and become a "curse for other nations, a menace to the world",⁵⁷ which he wanted to avoid at any cost. Hence

⁵⁶Ibid., 28 July 1946.

⁵⁷Young India, 12 November 1931.

Gandhi rejected any plan for the massive industrialization of India, where "the problem was not how to find leisure for the teeming millions in her villages but how to utilize their idle hours...."⁵⁸ Gandhi expressed his view straight-way:

Why must India become industrial in the Western sense? The Western civilization is urban. Small countries like England or Italy may afford to urbanise their systems. A big country like America with very sparse population, perhaps, cannot do otherwise. But one would think that a big country, with a teeming population with an ancient rural tradition which has hitherto answered its purpose, need not, must not copy the Western model. What is good for one nation situated in one conditions is not necessarily good for another differently situated....⁵⁹

Thus, apart from the problem of exploitation, in Gandhi's view, industrialism was not suited for a country like India where millions are waiting for an occupation to remove their poverty.

Besides, Gandhi was aware of the economic imperialism that results from trade competitions. The logic of the production system that is inherent in the large-scale industrialization cannot be maintained without colonization of other countries. Gandhi was fundamentally against such a situation, and he warned that the economic imperialism of a single tiny kingdom was keeping the world in chains, and

⁵⁸Pyarelal, n.5, p.47.

⁵⁹Ibid.

if a country like India with a population of three hundred million took to similar exploitation, "it would strip the world bare like locusts".⁶⁰

From the development point of view of an underdeveloped country like India, Gandhi had noticed two more important limitations of industrialism. Firstly, since industrialization involves a very high cost of investment per worker to provide employment for all unemployed, human resources would involve capital accumulation on such a massive scale that it would be beyond the investment resource mobilization capacity of most of the poor countries. Secondly, the industrialized way of life when followed universally would result in the depletion of the non-renewable resources of the planet.⁶¹

Decentralization

To avoid the evils of 'industrialism' and to achieve equality in the society, Gandhi proposed decentralization of production. His idea was production by masses rather than mass production as it ensures equity in distribution.

Decentralization of Gandhi's concept should not be confused with the geographical dispersion of industries. Dispersion simply means the breaking up of big industrial units into a number of small ones and removing them into the villages. This, however, will not resolve the conflict

⁶⁰Young India, 20 December 1928.

⁶¹See Ibid., 6 August 1925, 7 October 1926 and also Harian, 30 November 1935.

between industry and agriculture nor it remove exploitation and inequality. According to Gandhi's conception, decentralization can be effective only on the basis of individual production. It is important to see that individual production is not mass production on a reduced scale. Pyarelal clarifies this position clearly in the following words:

"Individual handicrafts production and mass production in the villages represent two rival, incompatible and mutually exclusive systems of economy with different norms, raison d'etre and spheres of utility".⁶² The dispersion of industry and its location in the countryside to facilitate mass production in the vicinity of the homes of villagers might provide to the industrialist a more thorough and efficient means of the economic and biological exploitation of natural and human resources of the country side. The result would be the increasing political and economic control of industry over the village. Under such a condition the revival of the village is not possible. It is possible only when the village is no more exploited. The city must get off the back of the village.⁶³ Hence Gandhi wanted a radical restructuring in the relationship between city and village and he proposed

⁶²Pyarelal, n.5, p.22.

⁶³Ibid.

a total de-centralization in the form of self-sufficient villages in the economic realm and the institution of village republic in the political domain.

Self-Sufficiency at Village Level

Gandhi's concept of self-sufficient villages is not simply going back to the medieval period. Rather it constitutes the foundation upon which Gandhi build up his perception of development. It means the pursuit of economic activities at the village level in an integrated manner in such a way that would make production and consumption as proximate as possible and distribute available employment evenly. It stands for a regional balance in the distribution of economic activities. Exploitation will not exist in any form since the basis of all activities will be service for society. Bodily labour will be the core of all occupations, and producing food crops will be the major concern of the villagers. In Gandhi's words "no-one under it should suffer from want of food and clothing. In otherwords everybody should be able to get sufficient work to enable him to make the two ends meet."⁶⁴ This ideal can be universally realized,

only if the means of production of elementary necessities of life remain in the control of the masses. These should be freely available to all as God's air and water are, or ought to be; they should not be made a vehicle or traffic for the exploitation of others.⁶⁵

⁶⁴Young India, 15 November 1928.

⁶⁵Ibid.

Obviously such a society would be a socialistic pattern of society.

Gandhi, however, did not want to copy the socialistic model of society existing in other parts of the world, because he knew that they were also not free from the evils of industrialism. He had not agreed to the argument that it was not industrialism but the capitalistic system that cause exploitation. Under a socialist economy, it was argued, industrialization would be used only for the service of the masses and not for exploitation. Gandhi was not in favour of this arguments. He made this view clear when he said:

Pandit Nehru wants industrialization because he thinks that if it is socialised, it would be free from the evils of capitalism. My own view is that the evils are inherent in industrialism, and no amount of socialisation can eradicate them.⁶⁶

It is apparent that he rejected any society based on industrialism, whatever be the nature of organization of the economy. So Gandhi wanted to evolve for India its own model, and his answer was self-sufficient village community.

Swadeshi (Self-Reliance) and Self-Sufficiency

Practice of Swadeshi constitutes the bedrock of Gandhi's development thinking in general, and of the concept

⁶⁶Harijan, 29 September 1940.

of 'self-sufficient village' in particular. Swadeshi has been correctly translated as 'self-reliance'.⁶⁷

Gandhi has defined his Doctrine of Swadeshi as "that spirit in us which restricts us to the use and service of our immediate surroundings to the exclusion of more remote."⁶⁸ For Gandhi it had an economic and ethic dimension. As an economic principle, consumption of domestic goods prefers against foreign goods, and as a moral principle it implies service to ones neighbours in the domestic economy. Gandhi said:

A votary of Swadeshi will carefully study his environment and try to help his neighbour wherever possible, by giving preference to local manufacturers, even if they are of an inferior grade or dearer in price than things manufactured elsewhere.⁶⁹

In another context Gandhi was more emphatic and clear when he said:

It is sinful to eat American wheat and let my neighbour, the grain dealer, starve for want of customers. Similarly, it is sinful for me to wear the latest finery of Regent Street when I know that if I had but worn the things woven by the neighbouring spinners and weavers, that would have clothed me, and fed and clothed them.⁷⁰

⁶⁷Romesh Diwan and Sushila Gidwani, n.29, p.56.

⁶⁸M.K.Gandhi, c.f. Shriman Narain, n.13, p.57.

⁶⁹M.K.Gandhi c.f., S.Narayanan, ed., The Selected Works of Mahatma Gandhi, vol.6 (Ahmedabad, 1968), p.259.

⁷⁰M.K.Gandhi, c.f., The Collected Works of Mahatma Gandhi vol.6 (Ahmedabad, 1959), p.321.

The principles of self-reliance imply mainly two things. First, a self-reliant society must be capable of producing the basic needs of people without depending external sources. Second, a maximum use of indigenous resources and technology is called for.⁷¹ Viewed accordingly it is obvious that, by advocating Swadeshi Gandhi meant reducing external dependence, and thereby the chances of being exploited to the minimum possible level.

From his observation of the trade between England and India, Gandhi understood that the trade between a dominant and a dependent country involves exploitation of one nation by another nation and, rural sector by the urban sector in the dependent country. Hence he did not have any faith in the principle of comparative advantage in international trade. In fact by propagating the doctrine of self-reliance Gandhi was ruling out trade on the basis of 'comparative advantage'.⁷²

However, it should be mentioned that the doctrine of Swadeshi never ruled out trade between nations altogether. Though he insisted on self-reliance and self-sufficiency, he also warned against making the practice of Swadeshi a fetish. He wrote:

⁷¹Suresh Desai, "The Role of Price System in Gandhian Economics" in Romesh Diwan and Mark Lutz, eds., Essays in Gandhian Economics (New Delhi, 1985), p.131.

⁷²A.M.Haq, "The Doctrine of International Trade: A Gandhian Perspective", in *ibid.*, p.168.

Even Swadeshi, like any other good thing can be ridden to death if it is made a fetish that is danger which must be guarded against. To reject foreign manufacture merely because they are foreign and to go on wasting national time and money in the promotion in one's country of manufacture for which it is not suited would be criminal folly and a negation of the Swadeshi spirit.⁷³

It follows that the idea that villages must be self-sufficient in regard to basic necessities does not mean that they should be self-contained. For Gandhi knew that under no circumstances a country would be able to produce all the things it needed. Hence, though the aim is self-sufficiency, villages have to get from outside those products which they are not capable of producing internally. However, care should be taken that such goods are essential for the growth of the people.

Thus the practice of Swadeshi would strengthen the village economy in two ways. First it ensures the maximum utilization of local labour and resources and thereby confirms full employment, reduction of poverty and inequality. Second, it would reduce the chances of external exploitation to the minimum and thus remove a major constraint on economic development. Consequently, Swadeshi forms to be an integral foot for economic development based on village self sufficiency. In short, Gandhi's advocacy of Swadeshi and self-sufficient

⁷³Young India, 18 June 1931.

village communities was not derived from a narrow, exclusive, or chauvinistic outlook, but from a desire to evolve a sane alternative to unsustainable industrial economy.

From the above analysis, it is clear that Gandhi's major concern was the problems of poverty and unemployment as found in the villages. Gandhi understood that these problems were largely created by the loss of alternative occupations in villages because of the large scale industrialization. Hence Gandhi's strategy was to re-build the village economy by providing employment to villagers through decentralization of production. Consequently Gandhi emphasized production by masses as against mass production and thereby gave direct answer to the problems. In this context his aim was to ensure the satisfaction of the primary needs of everybody rather than producing affluence for a few. So it was his belief that every development effort must be addressed to the last person first, and this constituted the core of Gandhi's approach to development.

Application in the Third World Context

Based on the above analysis A.M.Haq has putforward a "Gandhian Doctrine of Balanced Growth,"⁷⁴ which would help the Third World in alleviating their developmental problems.

⁷⁴A.M.Haq, "The Economics of Growth and Employment: The Gandhian Approach" in Ramesh Diwan and Mark Lutz, eds., Essays in Gandhian Economics (New Delhi, 1985), pp.158-63.

The major features of this doctrine and its relevance in Third World context is discussed below.

(a) Philosophical Balance (Harmony Between Moral and Economic Progress)

This follows directly from Gandhi's conception of development. According to Gandhi's view material progress alone will not lead to development or happiness. When development is conceived as the multiplication of wants and producing means to satisfy them, it never contains a limiting principle. As one want is satisfied, more wants will be created. Hence people will always feel poor, no matter how rich they are. This points to the limitations of a pure materialistic attitude towards development. Consequently what is desirable is the optimization of production rather than the goal of maximization of production. Emphasis of production must be shifted from abundance to providing necessary facilities for all.

(b) Structural Balance: Decentralization

The growth of one sector must not take place at the interest of another sector. This calls for a balanced growth of the rural and urban sectors of the economy in the development process. Hence industrial production and other economic activities should be decentralised. Small scale production should be organised in the rural sector while the large

industries to support the rural industrialization may be centered in urban sector. This will lead to a balanced sectoral development and avoids the exploitation of the village by the cities. This will create employment in the villages and thereby alleviate the problem of poverty. In short a structural balance in the growth process is highly necessary to rebuild villages and to achieve the desired results of real development.

(c) Ecological Balance: Development in Harmony with Nature

The process of modern development has produced an ecological crisis. Big industrial production has resulted in serious environmental pollution, and the uncontrolled production and the consequent over taxing of non-renewable resources has resulted in large scale resource depletion. Now a point has been reached whereby further pursuit of material advancement of the current rate would result in a big ecological catastrophe. Hence what is required is the adoption of a development strategy that would go in harmony with nature. A deliberate choice of technology to suit this is very crucial in this context.

(d) Technological Balance: Appropriate Technology

Technology should cater to the needs of the society. The resource potential and nature of the economy should be the guidelines on selecting appropriate technology. Hence

the sector which have abundance of labour force should opt for labour intensive methods rather than capital-intensive. In such societies the nature of the technology should be of that kind which would increase the efficiency of labour instead of re-placing it. Large-scale technology can be adopted in those fields where it is highly necessary. While adopting large scale technology care should be taken that it does not expand by economizing labour and creates mass unemployment. In short the nature of technology policy must be such that it should be a proper mix of technology so as to optimize the social benefits of science and technology.

(e) Distributional Balance: Growth with Justice

It calls for a balance in income distribution. In order to liquidate the existing high inequality a new policy must be adopted. Further, growth process that ensures equitable distribution along with growth must be preferred. Western model, though it results in high rates of growth, is not preferred since it creates greater inequality.⁷⁵

Implications

Gandhi evolved his development perspective at a time when India had been experiencing large-scale unemployment, massive poverty, gross inequality of income distribution and rural decay under the British rule. However, his analysis

⁷⁵Ibid.

of underdevelopment and strategies for development still sound rational in the case of the present-day underdeveloped countries, since most of them are facing similar problems that influenced Gandhi in India. To overcome these problems, almost all of the developing countries have been following the prescription given by the Eurocentric models. Consequently the level of national income and its rate of advance have become the dominant measures of economic performance in the poor countries and they have initiated large-scale modernization in industry and agriculture to achieve these objectives. Little care is given to the distributional aspect as it was assumed that the benefits of the growth will reach people through their "trickle down effect". However, while impressive rate of growth has been achieved in many developing countries, the assumed trickling down has not taken place. Hence in most cases such growth has failed to improve the living conditions of the poor. The reason for the failure of this development strategy has been pointed out as rapid rate of population growth by the advocates of the industrialization model.

Looking from a Gandhian perspective, it is not the rapid population growth that acts as a major hindrance. Rather the fundamental mistake lies in the Third World's attempt to imitate the development path of the advanced countries through the industrialization model. In this

attempt, the Third World countries have failed to understand the fact that the industrialization model was evolved to suit the conditions of European countries where capital was abundant and labour was scarce. The Third World countries, on the contrary, are rural societies with more men than machines. Under such a condition, the adoption of highly capital intensive model has worsened the problems of the Third World rather than solving them.

Indeed what the Third World needs is a development strategy based on its needs and resource capabilities. The choice of technology is crucial in this regard. Gandhi favoured such a choice of technology that would help alleviate rural unemployment and narrow the gap between the rural and urban income levels. This is significant in the Third World context. In the industrialization model it is not recognised that attempts to maximize production does not maximize employment. Gandhi was convinced that the indiscriminate adoption of Western technology of mass production would aggravate the problem of rural unemployment because it destroys rural industries. Gandhi's answer to this problem was decentralization of economic activities, revival and modernization of small-scale rural industries, and a proper use of technology to serve the needs of such industries. Such a rural industrialization and providing of occupation to the rural

folk is relevant to the Third World countries in the context of their demographic rural urban distribution where the bulk of the population is concentrated in the rural areas and the problems of poverty and unemployment are mainly of rural origin.⁷⁶ Under such a situation the best strategy for the developing countries would be the decentralization of economic activities and rural industrialization.

Further Gandhi's insistence on Swadeshi or self-reliance has great importance in the context of Third World development. While on the one hand it stimulates the fullest utilization of local resources and ensures full employment, on the other hand it lessens the possibility of being exploited in the international trade. Moreover, the ties of neo-colonial exploitation manifested in various forms of aid and foreign investment will cease to exist and a situation conducive for development largely free from external interference will be created. Considering the present exploitation of the poor countries by the rich countries, the creation of such a situation is of immense importance. It would also help in achieving the Third World's demand for a New International Economic Order.⁷⁷

⁷⁶Ibid., pp.163-64.

⁷⁷See for more details, Anurag Gangal, New International Economic Order: A Gandhian Perspective (New Delhi, 1985), pp.110-15.

Gandhi's development perspective is particularly relevant in another important context also. Gandhi held the view that the pursuit of producing more and more material goods cannot be sustained for long since it is ecologically not sound. It implies that under the present conditions if the major underdeveloped countries attempt to industrialize along the path of the already industrialized countries it will exacerbate the existing problems of resource depletion and other major ecological problems. In this context, the developed countries also should act by controlling their uncontrolled drive for material affluence.

Since the basic problem in the Third World is the adoption of a wrong development strategy to achieve an irrational goal, it calls for a radical restructuring of both the development strategy and the goal. The Third World countries must abandon their goal of catching up with the industrialized countries; and instead of concentrating on ever higher growth rates, they should focus attention on providing basic needs to every citizen. If they succeed in eradicating poverty, reducing inequality, maintaining full employment, and in creating an environment free from the craze of ever-rising material standards of living, it would

be more rational than catching up with the 'more developed'.⁷⁸
It is in this context that the application of the Gandhian
approach assumes its full significance for the Third World
countries.

⁷⁸Charles, n.25, pp.25-30.

Chapter IV

C O N C L U S I O N

The question of Third World development has become a more serious issue today than it was thirty or forty years back, when the newly-independent countries embarked on their developmental efforts. This situation emerged as a result of the failure of the development model generally adopted in the Third World countries.

In general the developing countries have adopted a strategy of capital-intensive, large scale industrialization to achieve high growth rate in national income, which is widely conceived as the ultimate objective of economic development. The emphasis has been on increased production by all means, and hence this strategy has been characterized by concentration on mass production with little concern for distributional and other problems. During the initial stages of the growth process, rising economic inequality was seen to arise. It was justified on the ground that such an inequality in income level was necessary to encourage savings, investment and thereby further growth. It was assumed that, later, as growth proceeds, the benefits will start 'trickling down' to the grass roots, and eventually equality in income levels will set in in the society. Thus a more progressive social order was expected to emerge.

The industrialization has of course produced considerable growth in national income in several Third World countries. Despite this, the paradox lies in the fact that such a phenomenal growth has failed to ameliorate the conditions of the poor. As has been seen, in almost all developing countries increase in unemployment, poverty and inequality have occurred along with the increase in GNP. The primary emphasis on production has ignored the basic needs of the have-nots, and has instead created a consumerist culture which maintains affluent and wasteful pattern of production and consumption. The net result has been that it has enabled a few to catch up with or even exceed the living standards of the highly industrialised nations while millions are living in desperate conditions. In short, the assumed filtering down of growth has proved to be illusory, and hence growth with social justice has not been achieved.

While, from a Third World point of view, the industrialization model has exacerbated the existing problems, in the global context too it has proved unsustainable. Industrialization on a global scale has created many new problems which were unknown earlier. The growing urbanization which has taken place all over the world as an inevitable out come of the modernization drive has resulted in the creation of 'mega' cities with teeming population where life has become

ever more miserable and unmanageable. Besides, the uncontrolled drive for industrial production has resulted in massive resource depletion, environmental pollution and, thus, on serious ecological imbalances. The modernization drive in agriculture and the resultant use of chemical fertilizers and pesticides has been causing serious health hazards. And, above all, an outgrowth of science and technology (manifested in the form of the modern arms race) threatens the very existence of mankind.



Thus, considering the failure of the industrialization model in achieving the desired results in the Third World, and its offshoots on a global scale, the existing model is unviable for the world in general and the poor countries in particular. Seeking an alternative to this unsustainable model has special importance from the Third World angle because they are yet to provide the means for the satisfaction of the minimum needs to the majority of their population. And as the growing evidence suggest they may never be able to achieve this by following a path that is alien to their problems and potentials. Under such a situation what is needed is a radical restructuring of the goals and strategy of economic development in the Third World. Based on the analysis of the Third World conditions a few desirable steps can be pointed out. First,

since GNP growth often does not filter down, emphasis should be on direct attack on poverty. To make an impact in this regard existing production system should be reoriented in such a way as to ensure the satisfaction of the basic needs of people and large scale work of employment opportunities. The present centralised mass production is of little help in this regard. Thus, the situation calls for decentralised production. Moreover, the present high technology has been a major source of dependence on industrialized countries which acts against the interests of the developing nations. This suggests the strong need for technological self reliance. Last, but not least, the present goals and strategy has been ecologically unsound. Hence, in the long term interests of Third World development, a viable and sane or 'normal' alternative approach must be initiated. Considering the aforementioned facts regarding Third World development, Gandhi's approach to development assumes importance, as it offers a coherent alternative development framework.

Gandhi never viewed development as a process of producing more and more material affluence to satisfy the unlimited wants of human beings. He knew the limitations of such a pursuit and correctly predicted that it was unsustainable. Gandhi said that if the objective is set on ever higher material standards, happiness will never occur because mind is a restless bird, and as one need is satisfied

another will occur. There is no limit to this process. Obviously, Gandhi's call was for a simpler life. In the present context its relevance can be seen from the fact that today 'many' are hungry because some are consuming too much. If simple life is practiced through the voluntary reduction of wants by the individual and the society as a whole, it would ensure that everybody would get enough for his legitimate needs. What is required to achieve this is a breaking up of the industrial system which is geared for producing affluence by artificially creating demand. Voluntary reduction of wants alone will achieve this.

Gandhi's analysis of the cause of India's under-development under British colonialism offers a sound explanation to the reasons for the backwardness of the developing countries. Gandhi found the causes of under-development in the exploitation and the consequent decay of villages to cater the demand of modern industrialism. The exploitation of the villages had resulted in the loss of villagers' traditional occupations and had created problems of unemployment and poverty. To reorganize the village economy, Gandhi suggested rural industrialization through appropriate technology and self-reliance. Today in the Third World the decay of the village economy acts as a major cause of their economic problems; and it suggests the need

revitalizing of the village economy. The decentralization of economic activities is most essential to achieve the above objective. Gandhi's idea was to organize small-scale production in the villages and to locate basic industries that are necessary to help this rural industrialization. Such a reorganization will eliminate the possibilities of the rural-urban conflict and ensure balanced regional development.

A crucial element in Gandhi's approach to development which has enormous importance in the present Third World context is the choice of a technology that answers to its own development problems and potentials. It can be seen that so far the developing countries in general have adopted a highly capital-intensive technology that has been designed to suit the needs of European countries. The adoption of such labour saving devices has proved to be disastrous in the developing countries where the basic problem is the lack of employment opportunities. The developing countries ignored this fact, and instead advanced a misconception that the root cause of all development problems lies in the existence of a heavy population. It is true that the current rate of growth in population makes the problems worse; however, what makes population a problem in developing countries much worse is the choice of a wrong technology.

Apart from creating unemployment, the choice of modern capital-intensive technology has created a condition of Third

World's dependence on the industrialized countries for technology and know-how. This dependence has proved to be detrimental to the interests of the poor countries; and it acts as a powerful hindrance for its independent development. So what the Third World countries have to do is to formulate a technological policy that would effectively combat the problem of unemployment, and reduce external dependence. Gandhi had stressed the need for such appropriate technology. Today if the Third World countries adopt an appropriate technology, it would definitely weaken the strings of neo-colonialism and help them towards self-reliance. Undoubtedly such a situation will help the developing countries in their development efforts to a great degree.

The adoption of labour intensive methods and the consequent "production by masses" would help the developing countries to succeed where they have miserably failed i.e., equitable distribution and full or near full employment. So far distribution was assumed to be a natural process once a high growth rate was achieved. Contrary to this expectation, in the Third World, the benefits of economic development have concentrated in a few hands. This again has been an inevitable end-result of capital-intensive mass production. Gandhi seemed to have perceived this and as a remedy suggested a production structure that itself takes care of distribution.

It is obvious that when production is organized in such a way as to use the surplus labour, i.e., a strategy of production by masses, the benefits will 'reach' the masses.

Above all the promotion of a development strategy which ensures progress in harmony with nature is of vital importance under the present scenario of environmental pollution and ecological destruction. Over taxing of natural resources and the consequent resource depletion have reached up to a point where further growth is a doubtful proposition. The threat is more serious to the poor countries because if the present trend continues they would never be able to achieve a meaningful development. As Gandhi foresaw, and as has been proved now, industrialism and the pursuit for material affluence has been responsible for this situation. Hence the only way out lies in the total restructuring of the development strategy and goals.

In short what Gandhi had foreseen and predicted about the unsustainability and undesirability of the industrial system is widely realised today. It has been manifested in growing misery of life despite material progress, and serious challenges to the existence of mankind itself. Hence the obsession with economic growth should be abandoned and attention be focused on meaningful goals such as elimination of poverty.

and the removal of unemployment and inequality. To achieve these objectives the Gandhian development perspective provides (to say the best) an alternative worth serious consideration and experimentation.

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