

# ECONOMIC THOUGHTS OF M.K. GANDHI AND ADAM SMITH

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*[Abstract: It is not uncommon to come across observations from well informed academicians which would allude that in their approach to economy Gandhi and Adam Smith's were poles apart. Gandhi has been portrayed as promoter of economic development through Swaraj and self-reliant village economy where as Adam Smith is perceived to promote the concept of invisible hand functioning in the markets through the division of labour and in its extreme visualization globalization of world economy would be the way to bring about economic development. This discussion note is an attempt to bring out that Gandhi and Smith in their economic thoughts were not as opposed as has been made out by practitioners of economics and their supporting institutions sub serving their narrow ends. Both of them stood for economic wealth generation pursuing ethics and moral principles and ensuring equitable distribution among the members of society.]*

Mainstream economists have thrust smallness on Adam Smith as well Gandhi while interpreting their economic thoughts dissociating these from their otherwise vast contributions overreaching various disciplines governing humans and human society of which economics/economy is merely, though important part. Adam Smith and Gandhi were not professional economists. Adam Smith lived between 1723–90 when economics did not exist as an independent discipline. Gandhi was not an academician even but was a charismatic leader of the Indian National Movement with primary purpose of obtaining freedom from the colonial rule and restoring self confidence of the villagers, who make up most of India's population. His economic thought was a part of this vision to begin with and yet when the movement gathered strength and the goal for independence was turning real, he became accommodative of the roles of entrepreneurs and other participant players of the economy from practical considerations which remained firmly rooted to the core value that economy and ethics were inseparable<sup>1,2</sup>.

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<sup>1</sup> Recovering Adam Smith's ethical economics <http://www.philosophersbeard.org/2011/10/recovering-adam-smith-ethical.html>.

<sup>2</sup> A history of Indian Economics thought Ajit Das Gupta: pdf:

Observations, in the context of loosening faith in the market economy in the post-2007 crisis, as below have been made:-

“with the collapse of soviet Union Adam Smith appears to have won the battle but who will win the war, Gandhi or Adam Smith, only the future can tell”<sup>3</sup> .

“Gandhi rejects the Adam Smith notion of human nature as motivated by self interest and brute and returns us to our spiritual dimension with its impulses for nonviolence, justice and equity”<sup>4</sup> .

“He (Gandhi) rejects Darwin’s survival of the fittest. Adam Smith’s laissez faire and Karl Marx thesis of a natural antagonism between capital and labour and focuses on the interdependence of the two”<sup>5</sup> .

Are Gandhian economic policies incompatible with free market economics”?<sup>6</sup>

Such observations convey an impression that motivator of free market thinking, Adam Smith and Gandhi have been poles apart in their economic thinking. This discussion note is an attempt to bring out that Gandhi and Smith in their overall outlook were not as opposed in their economic thoughts as has been made out by the mainstream economists in their reluctance to contextualize their approaches in order to be in alignment with national political structures and institutions to remain relevant and useful for practical occupations of their employers and politicians<sup>7</sup>.

Adam Smith lived in an era of polyhistoric knowledge; an academician could sweep over the whole of science and art and do work in distant fields without inviting surprised reactions. Smith held sway over a wide domain of which economics was only a part. The third edition of his ‘Theory of Moral Sentiments’ (1759)<sup>(TMS)</sup> has annexure. ‘A Dissertation on the origin of languages’ a reading of which should be enough to make readers immune to the criticism that Smith gave inadequate

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<sup>3</sup> Rediscovering Gandhi; Vol.1, Rameshwar Prasad Mishra, Google Books, some selected pages

<sup>4</sup> Mandela on Gandhi <http://www.tolistoy farm.com/Mandela-on-gandhi.html>

<sup>5</sup> *Ibid*

<sup>6</sup> The forgotten liberal ideas of M.K. Gandhi by B. Chandrasekharan;  
<http://www/cobcentre.org/2011/07/liberal-gandhi>.

<sup>7</sup> ISID Discussion note DN2013/03

attention to the importance of ethical forces. Smith's philosophy of riches and economic activity is in the TMS and not in the Wealth of Nation (WN). Smith had penned even on History and Astronomy besides writing several essays on natural theology and philosophical subjects. Those who had confined themselves to WN only would not be able to have an idea of the canvas of his work. In WN, he brought together unwieldy material that flowed from many sources and to subjecting it, with a strong hand, to the rule of a small number of coherent principles in language and prose which was within the grasp of ordinary readers by leading them on gently, encouraging them by trivialities and homely observations. He included in WN of the scenario prevalent in a manner that any reader could find some principle or the other reflecting and matching his inclination. WN had message for free trade and laissez- faire on the one hand but also described the slothful landlords who reap where they had not sown; the employers whose every meeting issues in conspiracy; the merchants who enjoy themselves and let their accountants do their work; and the poor labourers who support the rest of society in luxury. Thus his work on free trade and laissez-faire struck chords of sympathy braving unpopularity. WN had something for everybody in easily understood language and thus overshadowed his other works like TMS and his contributions in other fields have been forgotten. Mainstream economists over the years have read WN without going through TMS which pertains to social life, feeling, and how moral opinion of human actions might be built, of sympathy etc. and connecting TMS with the concepts spelt out in WN. Smith had explicitly stated in the last pages of "TMS" that he would keep studying the general principles of law, government and politics in the following work i.e. WN. In the advert of the sixth edition of WN, he states that what was stated in the last pages of TMS was realised thanks to WN. Thus WN would be incomplete if it were not for the moral and ethics basis given by "TMS"<sup>8</sup>. "WN" conveyed to the economists comprehensively ideas prevalent about human nature and TMS would assure that a balance exists. However, the balancing part of human nature was masked as the discipline of market economy advanced. True to his conviction in

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<sup>8</sup> The alienation of economy from ethics based on a wrong interpretation of Adam Smith's theories by Manuela Cianni Scarinacci <http://ssrn.co/abstract>.

TMS, Smith when he was confronted with “The tale of Bees”, a book published by Bernard De Mandeville in 1714 which illustrated that vices of private individuals contributed to public happiness as luxury and vanity of few people brought work to poor people, termed the scenario as overturned moralism<sup>9</sup>.

What has been stated in TMS is to be related to WN and thus to the market where the behaviour of individuals would come into play to be balanced with his interior world which includes sense of ‘sympathy’ towards the community and individuals comprising the community. An individual may look after his own interests in the market but there are principles in his nature which lead him to take an interest in others in pleasure as well as in pain; in hostile and joyful situations. An individual is an actor as well as spectator and seeks to achieve the approval of spectators of his action as closely as possible. Thus Smith’s theory is not based on selfishness and neither the concept of “sympathy” is “benevolence” but one feature of the life in a community of people and relations where individuals identify themselves in the experience of others and where the need for approval causes legitimate behaviors. In performing transactions in market, the parties interacting would seek each other’s approval and thus would behave ethically and establish moral relations guided by their interior behaviour of sympathy. Such an attitude among the parties would be efficient and towards keeping the transaction cost low. Smith in WN states that the valuation of skill and ability caused by the consensus of the community in determining the value of what is produced<sup>10</sup>. Thus Smith saw economics as a branch of moral philosophy, and saw capitalism as an ethical project. In WN, economics is explained and justified in explicitly moral terms, in which markets, and the division of labour they allow, are shown to both depend upon and produce not only prosperity but also justice and freedom, particularly for the poor. With such concerns in mind, Smith remained as vehement critic of those particularly grotesque sins associated with early capitalism; European Empires and the slave trade. Smith’s commitment to commercial society (interpreted as capitalism) is unambiguous but qualified. He endorsed commercial society over any previous socio economic system as social

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<sup>9</sup> *Ibid*

<sup>10</sup> *Ibid*

order in which most people could live decent lives. At the same time he was not blind to the possible shortcomings of the commercial society, which set the terms of its main opportunities and challenges; outcome was determined in terms of a just society and order. He analysed the social order of commercial society, characterized by increased division of labour, dependence on strangers, formal property rights and individual mobility which in turn had potential of enhancing general prosperity and freedom<sup>11</sup>.

Smith unequivocally argued that wealth of a nation is the ability of ordinary citizens to command goods to satisfy their wants which would translate into equitable distribution. In his view “No society can surely be flourishing and happy of which the far greater part of the members are poor and miserable. It is but equity, besides that they who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed and lodged”. Towards this objective he did not trust the government or the sovereign to be arbiter for stakeholders or for extending welfare in its discretion but favoured institutional arrangements instead for ensuring level playing field for stakeholders and also for apportioning equitably among the public the gains of economic activities. If a country’s economy create great wealth but share going to the workers versus the owners of capital is kept low by unfair institutions that would be a gross injustice which would keep the nation less prosperous. Therefore a commitment to free market does not imply simply not curing the institutional disorders. Thus, Smith while seeking to minimize the role of government in micro managing the economy, appreciated in ample measure the role of government in ensuring conditions for flourishing free and just economic system. That included organising public goods that private market actors did not have the necessary credibility, scale, profit, incentives, or long term prospective to provide, including legal justice, education and security<sup>12</sup>.

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<sup>11</sup> *Op cit 1*

<sup>12</sup> *Op cit 1*

True to his times, the approach of Adam Smith in his works has been historical-deductive. However, as economics came to be recognized as a distinct academic discipline in U.K. and U.S universities, there developed a hypothetical-deductive method of studying economic theory. The unit of analysis, in this approach, as developed in Cambridge, has been individual, its self interest and its harmony with society and the medium of discourse was in the mode of physical sciences and this sought to uncover abstract laws for economic behaviour independent of historical context. Tools adopted were mathematical tools. These economists had been viewing civil society as a collection of interacting individuals-an approach far away from the historical-deductive one. The approach emerged out of the belief in Cambridge that mathematics was the most appropriate tool for intellectual training and the newly emerging discipline of economics. In order to gain institutional recognition, economists took to mathematics for economic analysis and subject of economics was being formalized as methodological science. Study of economics as methodological science became a norm in US and UK universities<sup>13</sup>. Such an approach has the advantage of permitting that an economist, starting from some basic assumption-principally the maximizing agent-deduces a consistent and mathematical theory analyzing the economic system but such an approach would not take into account the balancing political requirements to take the model move with confidence. In the US, the universities were largely funded by captains of industry who would expect the newly emerging discipline of economics to suggest alternate solutions to them to maximize their profits without airing too much about the social issues and plight of workers. During this era university research in economics got tied to demands imposed upon them by government and industry to produce technical advice in fulfillment of the objectives of industry which was towards maximizing profits and developing suitable markets. With the overwhelming domination of U.S. in the post war era, economic theories as emerging out from such an array of economists have been the guiding factor in the development of economics as a discipline<sup>14</sup>. In the process, WN of Adam Smith got delinked from the

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<sup>13</sup> *Op cit 7*

<sup>14</sup> E.F Schumacher 1978:18 as quoted in Gandhi and Buddhist Economics,

*contd...*

TMS as it was not possible to assign value Weightage in quantitative terms to be included in a comprehensible model and nevertheless it would be towards optimizing the profit. Causality has been in the process Smith's vision of shared prosperity. Equitable distribution of wealth has receded into horizon and beyond and selective approach to his works by the economists seeking to place in position a market economy as they have perceived through their models, has brought clouds over the belief of Smith of dreaming a fair, just moral and ethical society through the interplay of balancing forces in the market. Dangers such as crony capitalism, restrictions in movement of labour and expertise, institutional manipulations etc. remain in their sharper manifestation even though there is a general belief that market economy has come a long way. Smith has been belittled by the practitioners of market economy who otherwise swear by his philosophy.

Gandhi, true to his vocation of being leader of masses in India, enunciated his position on economics in the language of the people, rather than academic economists and so the economists never noticed that he was in fact, a great economist in his own right, and may well emerge ... [as] the greatest of them all.<sup>15</sup> "when the history of economic thought in India of recent times comes to be written, Gandhi's name will certainly occupy a place of honour in it ... It does not matter in this context whether we call Gandhi as economist or not that is partly, at any rate, a question of definition of terms"<sup>16</sup>. Gandhi was a charismatic leader of the Indian National Movement. He was inspired by *Swaraj* (self-government) which for him, meant not just freedom from colonial rule but the achievement of self-reliance and self respect, by the villagers who make up most of India's population. His economics was a part of this vision, which ruled out industrialization on western lines as the 'optimal' path of economic development for India. His thought was to apply only to few selected aspects of that society but neglecting others but that is true of all economic models. While analyzing Gandhi, one is to keep the context of his writings in mind.

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<http://www.mk.gandhi.org/articles/Buddhist.html>.

<sup>15</sup> Anjaria, as quoted by Ajit K.Das Gupta, Indian economic thought.pdf.

<sup>16</sup> Indian economic thought, Ajit K.Das Gupta, p.133 pdf.

Gandhi's thoughts are expressed in the format of a journalist as mostly they appeared in news papers and weekly journals young India (English), *Navjiban* (Gujarati) and *Harijan* (Hindi) and were addressed to mass audience whose attention he tried to capture by making his points short and sharp, and exaggeration was price of successful journalism. Gandhi's writings were produced and published in the heat of political battle which led to simplified, sometimes oversimplified conclusions. Gandhi unlike most of the academicians, was penning his thoughts after living through multilingual, multi religious, multilayered, multi ethnical society robbed of its self respect and resigned to its fate. He was giving out his formulation in their context which perhaps insulated academicians and those bred on alien milieu would find difficult to assimilate and more so if his prescriptions come in the way as constraining force for the expansion of their economic designs. As an experimenter, he was ever willing to change his views and formulations and was not dogmatic. He was willing to change his views if he was wrong as he has averred in his preface to his work *Hind Swaraj*. In his view, he came to accept the usefulness of certain technologies which were commented upon by him adversely earlier and admitted that with appropriate restrictions, such technologies would be adaptable.<sup>17</sup>

Gandhi's distinctive approach to economic issues is his extraordinary emphasis on the ethical concept of economic behaviour. He firmly believed that economics and ethical questions were inseparable.<sup>18</sup> He was assertive that ethical and economic criteria must be considered together for either to be valid. According to him true economics never militates against the highest ethical standards just true ethics, to be worth its name, must be good economics. If the two cannot be reconciled either the concept of that ethic/dharma is false or economic interest takes the form of unmitigated selfishness and does not aim at collective welfare<sup>19</sup>. Gandhi was aware that standard economic analysis failed to take ethical considerations into account and that economics itself had become largely irrelevant for either understanding behaviour or for existing as a policy. Thus, he argued, economists do not take men's

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<sup>17</sup> Indian economic thought, Ajit K.Das Gupta, p.133 pdf.

<sup>18</sup> Young India (3 October, 1921)

<sup>19</sup> Collected works of Mahatma Gandhi, Vol. 31, p.276.

conduct into account but estimate prosperity from the amount of wealth alone. He likens the economics that disregards moral and sentimental considerations towards wax works that being life-like still lack the life of living flesh.<sup>20</sup>

The above approach of Gandhi is identical to the emphasis accorded by Adam Smith in TMS as dealt in the preceding paragraphs while arguing that for Adam Smith, a commercial society would be ethically guided by the inner self behaviour of the individuals because of sympathy factor among the people. Gandhi in fact went ahead of Smith in stating that while economic behaviour was laden with ethical concepts, ethics had to descend from the clouds and become 'good economics' and they have to be relevant to the 'ordinary business of life' where one's options are limited by resource constraints. 'No person in this world has found it possible to maintain something which is a source of constant economic loss<sup>21</sup>. Trying to carry out ethically good policies by methods involving continuing economic loss was futile. Viable method of financing projects had to be found and, therefore, supported the running of tanneries on sound economic lines necessitating putting bones, hides and intestines of cows to practical use; even though he was relentless in the cause of animal welfare particularly of cow<sup>22</sup>. For similar reasons and sensing benefits of division of labour, and economic advantage, in line with Adam Smith, he advocated for the cotton spinners to continue in spinning rather than becoming weavers themselves. In a sense Gandhi supplemented Adam's concept of ethics by requiring ethics also following good economies and not become restraining factors on economy to advance.

Gandhi was very explicit in advocating individual freedom and liberty in perhaps more eloquent terms than Adam Smith when he wrote in *Harijan* (1943 + 1942).

"If individual liberty goes then surely all is lost for if the individual ceases to count, what is left of society? No society can possibly be built on a denial of individual freedom. It is contrary to the very nature of man. Every individual

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<sup>20</sup> Collected works of Mahatma Gandhi, Vol. 21, p. 357

<sup>21</sup> Collected works of Mahatma Gandhi, Vol. 31, p. 276

<sup>22</sup> Collected works of Mahatma Gandhi, Vol. 41, p.449-50

must have the fullest liberty to use his talents. Individual liberty and interdependence are both essential for life in society<sup>23</sup>. He even was supportive of the analytical approach of hypothetical deductive methods to draw inferences from a set of postulates to determine economic behaviour of individuals. He was used to rely upon scientific postulates of Galileo and Euclid to advance his reasoning. But Gandhi was uncompromising on central issue of excluding ethical influences on economic modeling and could not support a view that ethical influences could not be treated as disturbing factors that 'prevented economic laws from having free play'<sup>24</sup>. Otherwise, like mainstream economists; had the consequential approach to choices. Gandhi, however, interpreted consequences in broader terms than the conventional economist is apt to do. For Gandhi, they include moral as well as economic effects and effects on others as well as oneself. He also did not believe that it is possible to enunciate one grand principle and leave the rest to follow itself<sup>25</sup>. He was truly pluralist and believed that in any actual choice a number of different moral principles are involved and at times conflicting ones. One is to make constant choice between different set of alternatives for which consequences determine the direction<sup>26</sup>.

Gandhi's stress on individual's liberty includes a sense of responsibility towards oneself, to others, to society and perhaps to the world beyond. The individual in his pursuits would constantly make choices and sometimes differently from the past events depending upon developing environments but not forsaking the moral sense. Thus individual would have unlimited choices of initiatives and opportunities provided moral principles guide him at all times. Perhaps read together TMS & WN would also envision individual initiatives likewise when WN shows ample concern for the poor, workers and peasants noting that slothful lords who reap where they had not sown; the poor labourers support the society in luxury etc.

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<sup>23</sup> The forgotten liberal ideas of M.K. Gandhi B.

<sup>24</sup> Collected works of Mahatma Gandhi, Vol. 58, p.433

<sup>25</sup> Collected works of Mahatma Gandhi, Vol. 88, p.59

<sup>26</sup> Collected works of Mahatma Gandhi, Vol. 41, p.449

Both Gandhi and Smith talked about freedom and liberty to individuals to have an opportunity of expression of their talent and initiatives, it had to be in a manner that when wealth is generated, it should be done with ethics and morally, but with a fair and equitable sharing with other members of society and the poor are benefitted. Adam Smith noted in WN.

“No society can surely be flourishing and happy of which the far greater part of the members are poor and miserable. It is but equity, besides, they who feed cloth and lodge the whole body of the people should have such a share of produce of their own labour as to be themselves tolerably well fed, clothed and lodged”

Gandhi had also to note:

“No one has ever suggested that grinding pauperism can lead to anything else than moral degradation. Every human being has a right to live and therefore to find the wherewithal to feed himself and where necessary to clothe and lodge himself. But, for this very simple performance, we need no assistance from economics or their laws”<sup>27</sup>.

Gandhi elsewhere also stated

“if by advance you mean everyone having plenty to eat and drink and to clothe himself with enough to keep his mind trained and educated, I should be satisfied”<sup>28</sup>. Gandhi added a prescription in his economic thought for achieving the objective of equitable distribution of the gains of economic progress by stating that material progress should go side by side with moral progress<sup>29</sup>.

In WN Smith, as stated in preceding paragraphs, required institutional reforms or reorientations to be coming up as the material society progresses to ensure equity

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<sup>27</sup> Speech of Mahatma Gandhi at Meier College Economic Society Allahabad, December 22, 1916.

<sup>28</sup> Collected works of Mahatma Gandhi, Vol. 66, p.395

<sup>29</sup> Collected works of Mahatma Gandhi, Vol. 34, p.9

aspect of the development. Gandhi, in the Indian context of his period, set out to envision models about such institutions in the form of Trusteeship by entrepreneurs on a voluntary basis retaining his right to nominate the successor<sup>30</sup>. In his view such an arrangement would ensure a non conflict relationship between the labour which may increase efficiency with increased labour welfare. Surely, such an institutional arrangement did not fructify but he certainly envisioned development of an institutional arrangement for harmonious relationship between the capital and labour. Inherent in his principle of Trusteeship as an institutional arrangement to ensure efficiency and equity was his distrust of government itself stepping in. He argued 'although we are all born equal, we have not all the same abilities'<sup>31</sup>. Entrepreneurial ability was scarce but socially valuable. If the rich are deprived of their wealth by state activities, society will become poorer, for it will lose the gifts of men who know how to accumulate wealth<sup>32</sup>. Further Gandhi had the greatest fear of the power of state, which while apparently doing good by the minimization of exploitation can do the greatest loss to mankind by destroying individuality, which lies at the root of all progress. Elsewhere he describes the state representing violence in a concentrated and organised form. The individual has a soul but the state is a soul-less machine. In his opinion the violence of private enterprise is less injurious than violence of the state<sup>33</sup>. These views of Gandhi are in consonance with these of Adam Smith when he states in WN "Every man as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest in his own way, and to bring both his industry and capital into competition with those of any other man or order of men". Further he had to state", the policies justified by chimerical arguments about the public good reduced and distorted the option available to ordinary people to help themselves". Thus both Gandhi and Smith would favour individual talent, innovation and entrepreneurship flourish and they would look for workable institutional arrangements for ensuring equitable distributive gains. Gandhi, in his lone address to economists on December 22, 1916 deprecated

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<sup>30</sup> Collected works of Mahatma Gandhi, Vol. 83, p.7

<sup>31</sup> Collected works of Mahatma Gandhi, Vol. 48, p.241

<sup>32</sup> Collected works of Mahatma Gandhi, Vol. 72, p.400, Collected works of Mahatma Gandhi, Vol. 87. p284

<sup>33</sup> *Op cit* 16, p.154

an observation of economists that the business of an economist was not to lay down what the end be as that was the business of philosophers by remarking that if an economist did not investigate the Laws of God and show them how to distribute so that there might not be poverty was a most awesome intrusion on the Indian soil<sup>34</sup>.

From the fore going analysis, it turns out that in their basic approach on philosophical plane of economics, Gandhi and Smith had a similar presentation for an orderly economic growth based on ethics and concurrent moral growth where individual will be the centre and enjoying a place of pride when state would be allowing free play to his talents, innovation and entrepreneurship skills and encouraging such institutional arrangements which ensure justice, equity and equitable distribution of the gains so made.

The practitioners those followed them have been persons of practical professions who have skillfully interpreted them selectively and ignored them at convenience without impunity and yet gained respectability of their techniques and advocacy invoking philosophical perceptions of these two great men tailor made to suit the designs of the objective of maximizing gains in general in disregard of equity, justice and equitable distribution.

Generally practitioners of economics have advocated continued economic development on the assumption that economy can grow forever as there would always be availability of resources, appropriate technology and energy and it has been believed that individual self interest would provide for the best and fair allocation of resources. However, such an approach has not been able to bring about sustained development and ensure equitable distribution. Market and economy have gone through periodic strains. Number of poor have continued to increase and violence in action and thought has been manifested. Environment and climate changes have been giving warning signs. Governments and their advisors have of late let the market play a dominant role and brought about globalization by interlinking markets, capital, labour and resources. Prime Minister Man Mohan Singh

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<sup>34</sup> *Op cit* 27

at the last year 's 'UN General Assembly session expressed concern regarding the economic crisis engulfing the developed and developing countries alike. While he cautioned against creating the barriers, in the same breath he said that solution have to be country/region specific. There has developed a great deal of ideological confusion surrounding the economic scenario. Economy and its practitioners have erred in their prescription of free market being guided by invisible hand without regard to the inner sympathy factor<sup>35</sup>. Society has come a long way since Adam Smith saw the promotion of society through the promotion of self interest of individuals guided by the "Invisible hand". In Smith's time, there were strong social and community restraints on individual behaviour, derived from shared morals, religion, custom and education. These are not present to the same extent today, and indeed there are strong forces apposing them. In Smith's time social norms were so pervasive and so obvious that he would have felt it unnecessary to include in his arguments (having stated so already in TMS) in WN. Two hundred years ago, there was no question but that God was an all-powerful being with the ability to affect the life of each and every individual. It was a society in which self-interest included the responsibility before God to answer for life's actions and transgressions on the Day of Judgment. To interpret Smith's argument as a license for limitless self-gratification is misinterpreting him and limitless materialistic consumption for self is a fallacy<sup>36</sup>.

Interpreted as above, Smith and Gandhi, seem to on the same page when Gandhi in his address to the economists on December 22, 1916 remarked, "We should still have, as we have always had, in our midst people who make pursuits of wealth their aim in life. But we have, always recognized that it is fall from the ideal."<sup>37</sup> Title of the talk on which Gandhi was required to speak was; Does economic progress clash with real progress? He spelt out that economic progress would be interpreted as material advancement without limit and real progress would mean moral progress i.e. progress of the permanent element in us. Thus moral progress and economic progress should be in same proportion. He was candid enough to state that in fact

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<sup>35</sup> ISID DN2011/16, Limited consumption of Perish. M.M.K. Sardana

<sup>36</sup> Peet John (1992), Myths of the Political–Economic world view, from Energy and Ecological Economics of sustainability, Island Press.

<sup>37</sup> *Op cit* 27

material progress and moral progress get inversely in relationship. In his assessment, based on historical evidence, all great civilization of the past met their doom at the height of their material progress when moral progress had got stunted. Moral progress would result in development of inner self which would sharpen one's concern for others and lead one to sharing of one's material gains with others. This would, in turn, limit the consumption of those who have access to the gains of economy in favour of the group not keeping pace with material gains. Thus the invisible hand guiding you in the market would always be moderated by the inner self of participants.

Adam Smith worked on TMS and WN in era when European colonies were foraying into hither to unexplored areas of Asia, Africa, Latin America and even in U.S. in pursuit of wealth and competing among themselves. Gandhi was expressing his economic thought largely in Indian context and that too focusing on the plight of Indian villages and doling out his prescriptions for restoration of their self respect and developing his views till the end of his life in 1948 and modulating his concepts progressively adhering to the core principle of material progress with moral progress with individual's welfare at the centre. How would have they viewed application of their moral philosophy in today's world which is globalised and where economic exchanges are across markets and so are technological and political exchanges. If Gandhi would have been alive today he would not have been surprised with the course adopted by Indians and reaching the present stage though he would have steadfastly believed in his approach of ethical economics but might have modulated his views of adaptation of machinery and may be of new vocation of I.T. and other types of innovations in diverse fields. He had sensed that both the Government of India manned by his own followers and economists in general were in disagreement with him on economic issues but he was firm on his distrust of the economists seeking him to persuade him. He was also sure that it would be difficult to reverse the trends towards his approach<sup>38</sup>.

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<sup>38</sup> *Op cit* 16

Let us study the adaptation of Smith's moral philosophy for a global age i.e., extend his idea of "sympathy" and "spectatorship" to distant strangers. Smith thought about care and judgment operate within remarkably narrow spatial limits. He argued (a) that our natural "beneficence" tends to fade as its object becomes further and further removed from the spectorial centre; (b) that our judgment of others becomes less and less reliable as a justification for action or intervention. It has been argued that Smith's concept of distance is complex and layered. It was not a mere physical concept. Smith approached distance in affective and cultural/historical terms i.e. one may be remote from someone sitting close by but may be closer to someone sitting across the globe. Thus, Smith provides a framework for thinking in fresh ways about new sorts of human connection that emerge in global age. It may be born in mind that "sympathy" as conceived by Smith was not proximity dependant only but for Smith sympathy was primarily a principle of judgment and was impacted in very complex ways by the cultural, affective and physical proximity of the person or object being judged. It is apparent from TMS that Smith was influenced by stoic idea of "self command" which became central to his moral philosophy so much so that he believed all other virtues followed from this virtue. Despite this belief he rejected the idea in a cosmopolitan milieu, the rational agents must cultivate 'apathy' towards the near & dear to become citizens of the world. Smith is a troubled realist about international order which resonates profoundly with the dilemmas faced today by those of us who are drawn to the virtues of a global humanity and repelled by the ways that universalism can deny or marginalize local affiliations and identities<sup>39</sup>.

Gandhi instead of concerning 'geocentric circles' of stoic thoughts imagined "oceanic circles" when he wrote in an editorial of April 1946 thus<sup>40</sup>:-

"Life will not be pyramid with apex sustained by the bottom. But it will be an oceanic circle whose centre will be the individual always ready to perish for the village, the latter ready to perish for the circle of the village till at last the

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<sup>39</sup> Adam Smith and the circles of sympathy: cosmopolitan and moral theory by Founna Forman-Barzilai, Cambridge University Press 978-10-521-76-112-3

<sup>40</sup> *Ibid*

whole becomes one life comprised of individuals, never aggressive in their appearance, but ever humble, sharing the majesty of the oceanic circle of which they are integral units. Therefore, the outermost circle will not wield power to crush the inner circle, but will give strength to all within and will derive its own strength from it”.

Gandhi’s visualization of societal relations in oceanic circles as above is perpetually sustainable compared to the concentric circle visualization of stoic society which gives primacy to individual egos and individual concern decreases with spatial distance whereas Gandhi conceives a system of supported sustenance of the centrally situated centre and spatially distant world and yet both willing to sacrifice for each other. Surprisingly Smith though eloquently supportive of stoic society did not go along with their idea that at cosmopolitan level man should be compromising with centric circles thought in relationship. Once again Gandhi and Smith seem to be converging in their moral philosophy in interlinked society also i.e. of strengthen your surroundings before looking for moon. Both seem to be visualizing international interactions in general with expectations in their ultimate vision of whole humanity as a common society.