

Kumarappa: A Giant or a Midget?

J C Kumarappa – the Gandhian economist – offered a number of original insights into the Indian economy. While the current leading economists emphasise the indispensable role of household surveys to get accurate information about worldwide economic inequality, Kumarappa had decades earlier done three household survey-based studies on the economic conditions in various parts of the rural India. He probably had a more detailed statistical familiarity with India’s villages than anyone else has ever had. On balance, however, Kumarappa was not consistent in the originality of his insights, though he could be considered historically significant.

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I

Was J C Kumarappa a strong and important or a weak and insignificant economist? Gandhians praise him,¹ Ramachandra Guha has more than once written about him in a quite respectful way.² An article about him in the *EPW* (December 24, 2005) calls his ideas profound and his life-work important and fundamental.³ But Gunnar Myrdal’s three-volume economic study of India (1968) never mentions him (although it cites Gandhi’s views on economics many times);⁴ the *Biographical Dictionary of Dissenting Economists* and Juan Martinez-Alier’s *Ecological Economics* ignore him;⁵ and even Schumacher knew so little about him that the one time he cited him (in *Small Is Beautiful*) it was ostensibly to show something about Buddhism.⁶ (Kumarappa was a Christian.⁷) Benjamin Zachariah’s recent *Developing India* discusses at some length Kumarappa’s weakest book, *Why the Village Movement*, while ignoring his better and more influential *Economy of Permanence*.⁸ In my own recent book, *J C Kumarappa: Mahatma Gandhi’s Economist*, I tried to avoid “the kind of writing that would indicate which opinion of him the reader must have in order to be considered enlightened”.⁹ But now I would like to venture further toward an assessment. After some brief bionotes for those readers who may be only vaguely aware of who Kumarappa was, I will describe some aspects of his work as an economist that seem to me praiseworthy or unfortunate. Here are the bionotes:

- 1892: He is born at Tanjore (near Madurai).
1910-19: He attends and graduates from Doveton College, Madras (where his main field of study is history) and studies accounting and related subjects in London.
1919-27: He qualifies as a chartered accountant and moves to Bombay where he co-founds an auditing firm and holds a professorship at a college of commerce.
1927-29: In the US, he studies commerce and, at graduate level, economics; then he returns to India, meets Gandhi, and undertakes an economic survey of a taluk in Gujarat, at Gandhi’s request.
1930-33: His *Public Finance and Our Poverty* (identical to his graduate thesis except for the title) is published in India, in five languages. His *Survey of Matar Taluka* is published. He gives up his positions in Bombay, and serves some prison terms.
1934: He looks after the fiscal aspects of earthquake-relief work in Bihar. The All-India Village Industries Association

(AIVIA) is founded at Wardha; Kumarappa is the organising secretary.

- 1935: The AICC publishes his *Public Debt of India*.
1936: His *Why the Village Movement* is published at Wardha.
1939: He directs an economic survey of 600 villages in Central Provinces.
1940: He directs an analogous survey in the North-West Frontier Provinces.
1942: Oxford University Press publishes *The Economic Background* (about India); Kumarappa is among the five contributing authors.
1943-45: He is again in prison.
1945: *Economy of Permanence* (his best-known book) is published.
1947-54: He makes various travels abroad.
1949: He writes a big “Report of the Congress Agrarian Reforms Committee” (which Congress rather ignores). His *Gandhian Economy and Other Essays* is published at Wardha.
1951: His *Gandhian Economic Thought* is published at Bombay.
1952: He co-founds a political NGO, Arthik Samata Mandal, in protest against some of the economic policies of Nehru.
1953: He retires from Wardha to Gandhiniketan (near Madurai).
1960: He dies (on January 30).

He designed, organised and wrote up three book-length studies of economic conditions in various parts of rural India.¹⁰ The studies were based on the household surveys – which is notable in view of the fact that the leading recent expert on worldwide economic inequality, Branko Milanovic, has emphasised the indispensable role of household surveys in obtaining accurate information about economic conditions.¹¹ Kumarappa probably had a more detailed statistical familiarity with India’s villages than anyone else has ever had.

His focus on the villages was due to a belief that since most of India’s people were living there, most of the recovery from her economic decline during the raj (a decline which had been the topic of this postgraduate thesis in the US¹²) would have to be generated there as well. He took the villages and their inhabitants more seriously than Nehru did. Nehru, while acknowledging that “many of the present overgrown cities [in India] have developed evils which are deplorable”, felt that villages were, “normally speaking,...backward intellectually and culturally and no progress can be made from a backward environment”.¹³

It seems to me remarkably praiseworthy of Kumarappa as an economist to have insisted that India could not “shine” (pardon my use of this historically anachronistic term) until her villages became reasonably prosperous.

Kumarappa pointed out that the use of internally efficient mass-production factories was giving rise not only to unemployment – a standard Gandhian view and already that of the early 19th-century Luddites¹⁴ – but also to international violence:

While the plant that transforms raw materials into consumable articles is located in some one place, the...raw materials are gathered from the places of their origin and brought together to feed the machinery...at a speed demanded by the technical requirements...for production at an “economic speed”...[And then] when the goods have been produced they have to be sold. Again the problems of routes, ports, steamships and political control of peoples have to be faced. Exchange, customs and other financial and political barriers have to be regulated to provide the necessary facilities. All this can be done only at the point of the bayonet.¹⁵

This was, of course, the view of an anti-imperialist. Kumarappa might be criticised for not envisaging prophetically the possibility that effective and fair international laws and conventions could provide adequate solutions to such problems. But even so, he showed a notable insight into the underlying nature of the problems.

As a normative economist – an economist who explicitly admits ethical concerns into his or her economic thinking instead of pretending that it is ethically neutral like physics – Kumarappa in the 1940s supplemented the inherent normative dichotomy of “good” vs “bad” (a dichotomy in which he himself indulged too much in *Why the Village Movement*) with a useful scale of five kinds of economic comportment: “predatory”, “parasitical”, “enterprising”, “communal” and “service-oriented”, whereby good or bad can be assessed as a matter of moving up or down in that scale. An example of his thinking in this vein is in the following passage (written in 1943 or 1944):

When a mother nurses...her children, all the return she gets is the joy of seeing [them] well fed and happy; that is her “wage”. From this [service-oriented economic activity] there is a fall to the “economy of enterprise” when a wet-nurse feeds the baby...When the extravagant claims [made in behalf of] of [synthetic] baby foods do not bear any close relation to facts, I go right down to the “parasitic economy” where the profit made is the overruling consideration irrespective of any harm that may befall the baby.¹⁶

Whereas Gandhi and nearly all his colleagues who wrote about economics were concerned far more with distributive justice than with ecology,¹⁷ Kumarappa’s *Economy of Permanence* and many of his minor AIVIA publications broadened Gandhian economic thought by paying a lot of attention to ecological issues. I think this was a notable accomplishment in economic theory. It is true that (a) the study of ecology already existed as an academic discipline in Sweden,¹⁸ (b) certain economists (including Marx¹⁹) had already paid attention to certain ecological concerns, and (c) some recent economists have developed open-system models²⁰ (models taking account not only of social exchanges, but also of material exchanges between humankind and the rest of nature) far more elaborately. But still I think Kumarappa holds a significant position in the history of ecological economics.

Just how significant depends to some extent on how much Schumacher – who may fairly be described as having been, among western economists, the most influential single advocate of incorporating open-system thinking into the discipline – was indebted to Kumarappa for his ideas; and this is difficult to

establish. Schumacher did cite Kumarappa (though once only, as far as I know); and, an important article of Schumacher’s published shortly before *Small is Beautiful* is entitled ‘The Economics of Permanence’.²¹ But the article never mentions Kumarappa, and neither does the detailed biography of Schumacher by his daughter.²² If there was indeed a substantial intellectual debt, it was not properly acknowledged and therefore cannot be proven beyond doubt.

Here are some criticisms of Kumarappa’s work as an economist: The AIVIA was, notwithstanding all the devoted work of Kumarappa and many colleagues, far less effective than had been hoped when it was founded; and this was not only due to difficulties inherent in the vast undertaking, but also to some defects in his approach to it. He seems to have lacked, for instance, a sufficiently well thought-out set of precepts for determining which tools/machines should be regarded as suitable, and which as unsuitable, for use in village industries. In a public discussion in Berlin in 2000, a German Gandhian who had worked with him at Wardha in the late 1930s recalled that some of the workers there had felt that (a) they could not get from Kumarappa a clear enough answer to their questions about this, and (b) the AIVIA technique for manufacturing paper was so arduous and awkward that anyone could tell it would not be very widely adopted (and yet the AIVIA never stopped trying to promote the technique).²³ Even though Kumarappa as well as Gandhi worked hard and this included a fair share of physical work, they were not obliged to do a lot of arduous physical work when they were tired, so their attitude toward it must have differed from that of people whose lives are too full of it. They were not in as good a position to appreciate labour-saving devices as they were to say why in certain circumstances some of the devices aren’t really worth using.

In 1945, Kumarappa criticised a Japanese technique of producing bicycles in factories by assembling them from parts made by “cottage workers who are supplied with tools and materials. Some of them produce only spokes, others only rims, and so on”.²⁴ But upon visiting Japan in 1951, his recommendations to the Indian government included not only “making education universal” in India (as in Japan), but also that:

Where modern demand calls for the organisation of new industries – like manufacturing bicycles, sewing machines, watches and clocks – government should seize this opportunity of providing employment to old-type artisans who have lost their occupations like blacksmiths, metal casters and goldsmiths. For this purpose government should set-up decentralised units specialised in making the various component parts on a cooperative basis.²⁵

In *Gandhian Economic Thought* (1951) he distinguished between “home industry” such as cooking or sewing for members of the same household, “village industry” for “distribution and consumption...more or less within the [same] village”, and “cottage industry” producing commodities “the consumption [of which] may be anywhere”.²⁶ The change in his attitude toward cottage industry may mean that he regarded his earlier concept of promoting village industries as inadequate.

Kumarappa shares historical responsibility for the system of excessive bureaucratic controls (over economic enterprise) that was built up under Nehru. The historical evidence suggests implicitly that when he sat on national planning committees headed by Nehru in 1938 and in 1947, he never raised his voice against elaborate bureaucratic regulations in general (whereas he was hardly a silent type and was always ready later to speak out against the policy of setting goals in the Five-Year Plans). As an organiser and

secretary of the AIVIA he championed rural production of goods for local consumption, so he favoured governmental restrictions on market competition from big factories in the cities, even if he had little to do with the detailed design and implementation of the restrictions. The committee document that he had a hand in writing in 1947 included the following phrases – obviously due to him – among its guidelines for economic policy:

Movement of raw materials from one area to another minimised. Marketing so arranged as to reduce the strain on the transport system to a minimum. The special interests of village and cottage industries [to] be borne in mind by the Tariff Board. Industries producing articles of food and clothing and other consumer goods [to] constitute the decentralised sector of the Indian economy and, as far as possible, [to] be developed and run on a cooperative basis [and] for the most part on cottage or small-scale basis. Large-scale industry [to] make fullest use of cottage industries for processes which can be handled on handicraft basis without serious loss of efficiency. Large-scale industry to improve the operative efficiency of small-scale and cottage industries. Certain lines of manufacture [to] be reserved for cottage industries. Where a cottage industry is allowed to operate in the same field as large-scale mechanised industry, its output [to] be protected from the competition of the latter by subsidies or some method of price equalisation, especially [in] cotton textile industry. In this and similar cases, further expansion of large-scale machine industry [to] be restricted except where this is considered necessary. Location of industry [to] be so planned as to make a district of average size, having roughly a population of ten lakhs, as nearly self-sufficient as possible in respect of consumer goods which supply daily needs.²⁷

He could recognise parasitic bureaucracy as such whenever he saw it. Here are some excerpts from his description of how the much-touted national community development programme of the 1950s was being implemented in some local villages that he surveyed in 1956:

Most of the men in charge [of the agriculture demonstration centres] are not qualified to give a real lead to the people. Their one qualification seems to be the holding of a degree from some agricultural college...Such men should be given an average farm with a pair of bullocks and asked to demonstrate how such a farm can support a family...Today the demonstrator only demonstrates how a man can live comfortably on an unearned income...Old-time government officials [who are] used to expensive ways should not be employed in this rural work...Their example to the younger generation is demoralising. The revenue department officials have introduced a regular sliding scale of illegal commissions in distributing grants, etc.²⁸

But neither he nor Nehru took adequate stock of some facts relevant to the issue of what Gunnar Myrdal would, in his study of the Indian economy, call “strong government”. Circumstances obliged Nehru as the prime minister to be too much of a gradualist to think in terms of severely curtailing the size and power of the bureaucracy. K N Raj commented insightfully in 1973 on the bureaucracy as representing a parasitic intermediate class appropriating too much of the nation’s economic surplus for its own benefit.²⁹

A certain moral smugness³⁰ prevented Kumarappa not only from having any rich friends, but also from helping to develop or to modify creatively the Gandhian concept of trusteeship. After becoming anti-imperialist (in New York in 1927) he would, for the most part, speak of trusteeship only ironically, because at college in Madras the missionaries had taught him that god had given India to Britain in trust to civilise her.³¹

Gandhi’s concept of trusteeship was based to a considerable extent on an image of capitalists as skilled entrepreneurs. He wanted them to go in for voluntary simplicity in their private lives while in their public lives applying their skills as well as their wealth to social-welfare undertakings. It was an important idea to him – among other things, his “answer to [real] Marxism” and to other kinds of unhealthy concentration of political power. He thought of it as a moral compact between the wealthy and society at large, whereby one of the obligations of the relatively poor would be to accept the inequality and not seek to destroy the wealthy in a class war. The idea has often been criticised, yet it seems to me that now in the early 21st century, as command economies are more and more in retreat and globalised capitalism is tending more and more to become the prevalent mode of economic activity, the need for a moral basis for business practices is stronger than ever. In whichever way one may choose to label such a moral basis (Gandhi used the term “trusteeship” for certain historical reasons, but history has moved on since then), the need is real, and is widely felt.

I should acknowledge, in Kumarappa’s defence, that he said that the Republic of India ought to use up her finite natural resources very gradually rather than selling them off for quick profits³² (which amounted to saying that government should be a trustee of those resources for the benefit of future generations), and that one can readily derive from his fivefold normative scale an argument that capitalists who are skilled only at playing the stock market, etc, aren’t really enterprising but are only parasitical or predatory.

I

The main problem in assessing Kumarappa as an economist may be that of assigning relative weights to these positive and negative points. Another problem, however, is due to the fact that in several instances (and not just in regard to ecological economics) where he called attention to an interesting issue that more recent economists have taken up, they have developed it far more than he did. One should of course give due praise to the pioneering anticipation as well as to the later elaboration; but how much is that? A brief description of four cases will show what I mean.

Milanovic’s discussions of how to estimate worldwide economic inequality are far more sophisticated than Kumarappa’s remarks (of the early 1930s and 1940s) in the following vein:

India lives in the villages, and the evidence as to the prosperity or poverty of India has to be sought in the villages.³³

The discrepancy between the [current] Government calculation and ours will be accounted for largely by the fact that our average is arrived at purely from the income of village people, while the government calculation brings into account the income of millionaires as well.³⁴

But since Kumarappa had earned a graduate degree in economics, and since his remarks were made in connection with substantial microeconomic surveys, they should hardly be dismissed as mere folk-wisdom.

Martinez-Alier has pointed out, in the last chapter of his fascinating historical account, *Ecological Economics: Energy, Environment and Society*, that production in the “overdeveloped” countries costs more energy than elsewhere, and indeed, that agriculture with petrol-driven machines and factory-made fertilisers uses up more consumable energy than it yields.³⁵ He

is among those who regard abstract economic reckonings in terms of energy (rather than of money) as essential to the field.³⁶ My own view is that both kinds of reduction, i.e., reducing to monetary or quasi-monetary reckonings and reducing to reckonings in terms of energy, suffer from the fact that one may reasonably regard each element – money and energy – as potentially limitless, whereas the “natural capital” dealt with in ecological economics is limited in important ways. I, therefore, consider it a virtue of Kumarappa’s that the broadest abstraction in his open-system thinking was a distinction between renewable and non-renewable natural resources. Yet, some economic theorists who make use of an abstract reduction to energy in the physicist’s sense (and not just consumable energy)³⁷ might see in Kumarappa a pioneer who ventured only slightly into the new intellectual territory.

In a typescript entitled ‘Economics of Permanence’ drafted in 1942 (shortly before his last jail-term) and containing the first version of his fivefold scheme of normative evaluations,³⁸ Kumarappa accused British economic theory of having, in the work of Marshall and Pigou, “gone to seed in mathematical formulae” whereas it ought, he suggested, to have become instead “a fascinating study of human nature”. The criticism was off-target (he should have named Edgeworth³⁹ rather than Pigou) and less cogent than if it had mentioned the fact, which Kenneth Arrow and some other eminent recent practitioners of elaborate closed-system economic modelling have admitted,⁴⁰ that the mathematical lucubrations fail to bestow on “economic laws” the kind of exact predictive power that the “laws of physics” have; but still there was some important validity to Kumarappa’s accusation, and the positive suggestion which he derived from it can readily be seen as a call for what is now called experimental economics.⁴¹

The same typescript includes the following remarks about the “economics of enterprise”:

[T]he rights of the [enterprising] individual [are privileged]...Man creates a supply and holds it for himself...The outcome of this stage is the laissez-faire attitude...The devil take the hindmost...

This last remark, when taken together with an earlier statement of Kumarappa’s that the great famines experienced by India under British hegemony⁴² were due, not to “shortage of grain following a drought” or to “inadequate facilities of transport”, but rather to mere “lack of purchasing power” on the part of certain people,⁴³ can fairly be said to anticipate the findings set out in Amartya Sen’s *Poverty and Famines* and Sen’s conclusion that:

Famines can arise in overall boom conditions.. if the boom takes the form of uneven expansion.... In the fight for market command over food, one group can suffer precisely from another group’s prosperity, with the Devil taking the hindmost.⁴⁴

Yet anyone who reads Sen’s book will see that his investigation of the facts was a lot deeper.

And indeed, anyone who surveys Amartya Sen’s career can see that it began to become interesting when he addressed in his doctoral thesis, *Choice of Techniques*, one of the most salient issues raised by the existence of the AIVIA, and that his later elaboration of the concept of capabilities explains one of the main reasons for the AIVIA’s failures. One could discuss at length his deeper intellectual grasp (than Kumarappa’s) of poverty, and show that he has investigated some important issues untouched by Kumarappa, but hasn’t dared write about open-system economic thinking. More germane, however, to assessing Kumarappa as an economist would be an understanding of the relation

between his and Gandhi’s ideas about economics. To explain it thoroughly would require going into more detail than I can do here about Gandhi’s evolving ideas and vocabulary; but a sketch will serve.

III

While Gandhi and Kumarappa both considered it important to keep exact monetary accounts,⁴⁵ and while each of them saw nonetheless some dangers in the increasing use of money in India, they tended to focus on somewhat different problems entailed by the more monetarised economy, because their attitudes toward the 20th century caste system differed. This can be shown succinctly by juxtaposing the following citations and by noting that whereas Gandhi for more than 20 years advocated a reformed caste system,⁴⁶ the Christian Kumarappa, though recognising that caste existed, never advocated its maintenance:⁴⁷

Gandhi: “The beauty of the caste system is that it does not base itself upon distinctions of wealth-possessions. Money, as history has proved, is the greatest disruptive force in the world.”⁴⁸ “There is no harm if a person belonging to one varna acquires the knowledge or science and art specialised in by persons belonging to other varnas. But as far as the way of earning his living his concerned, he must follow the occupation of the varna to which he belongs, which means he must follow the hereditary profession of his forefathers.... The object of the varna system is to prevent competition and class struggle and class war. I believe in the varna system because it fixes the duties and occupations of persons.”⁴⁹

“The American... money... for missionary societies has done more harm than good.... When the American says, ‘I will serve you through money’, I dread him.... Send us your engineers ... to give us the benefit of their scientific knowledge.”⁵⁰

“Money by itself is not harmful, but greed for it is harmful.”⁵¹

Kumarappa: “Money-exchange has made great contributions towards consolidating the human family... [But] when money is taken by Government from a petty farmer to whom it may mean so many days’ food, and is paid to a high-salaried official to whom the same amount of money may mean the price of a cigar, money-exchange is the means of obliterating human value in wealth and of causing an avoidable loss in national wealth.”⁵²

“Money-crops have ousted food-crops and [have] thus increased the danger of fluctuations due to speculation in international markets”.⁵³

“While the USA contributes [ca 1/8 of the cost of the national Community Development Programme set-up by Nehru at the urging of the American ambassador⁵⁴], ...it is given a controlling voice in the affairs of the Community Projects.... My fear is that this is the thin edge of the wedge of the era of American financial imperialism striving to fill in the vacuum created by an inefficient administration in the wake of the departure of British political imperialism.”⁵⁵

Many readers of *EPW* may admire, as I do, Kumarappa’s alertness to the danger of “an era of American financial imperialism”.⁵⁶ But should he be criticised for saying, in praise of money, merely that its use helps consolidate the human family? Should he also have explained, as modern textbooks do, that it reduces the transaction costs of economic exchanges (particularly among strangers) and increases their quantitative flexibility? Or should he, rather, be praised for proposing a specific way to address the problem of malnourished peasants vis-à-vis

cigar-smoking bureaucrats? His proposal was for “the use of barter in collecting taxes from the [rural] poor”:

Such a system of tax collection and disbursement involves, of course, a great deal of administrative and organisational difficulties, but none that are insurmountable.... I see [such systems] functioning with great efficacy in some Islamic states... The state employs contractors to collect its share of the actual produce... generally one-tenth of all produce. In the case of sheep, etc, the due is one animal for every completed ten in the flock with the option of payment of an equivalent in ghee or other animal produce. The contractors receive the products, store them in state granaries and distribute them as directed by the state, and the surplus they realise in cash and pay over to the treasury according to the terms specified in their contract with the state. Naturally these contractors are the media through whom practically the whole of the external trade is carried on and who can and do control a great portion of the internal trade. This readily places at the disposal of the Government an effective instrument to control trade prices at definite and convenient points of focus.

The military staff... are paid [partly] in kind...If the periodical payments in kind to government servants were so scheduled as to synchronise with the harvesting, ...the difficulties of storage would be minimised, and such payments, though they might affect the import of manufactured goods adversely (which would be unpalatable to foreign interests), would...save middlemen’s charges to some extent.

Gandhi would never venture such detailed economic proposals. (Of course not; he wasn’t an economist.) He even avoided giving in 1931 an unequivocally positive reply to a query from an American as to “whether, after India gets her freedom it might not be a great relief to the peasantry to let them pay their taxes in the form of a percentage of their crops, as was done centuries ago.” He said:

If I could persuade India to revert to methods of barter, it would be a capital thing, but I do not think I would get any response just now.⁵⁷

As with barter, so also with village ‘swadeshi’. Gandhi promoted the concept:

Villages will be swept away [in very troubled times] if they are not self-sufficient as to their primary wants... Self-sufficiency... means all the cotton processes and growing of seasonal food crops and fodder for cattle... And self-reliance means corporate organisation ensuring adjustment of internal differences through arbitration by the wise men of villages, and [ensuring] cleanliness by corporate attention to sanitation and common diseases... And... villagers must be taught to feel their own strength by combined efforts to make their villages proof against thieves and dacoits.⁵⁸

Kumarappa reckoned how 77,000 acres of land (66,600 in crops plus 15 per cent for “seed and waste”) could normally provide 1,00,000 people with a balanced vegetarian diet of ca 2,850 calories per day and enough cotton for their clothing (see the table).⁵⁹

Estimate of Yields from 77,000 Acres of Land for 1,00,000 Population
(Per capita)

	Ounces Daily	Calories Daily	In Pounds (Annual)	Acres Cultivated
Cereals	16	1600	365	43,400
Beans and peas	2	200	45½	5,400
Molasses	2	200	45½	1,200
Nuts	1	145	23	2,600
Edible oils	½	255	11½	3,000
Butter	½	-	11½	-
Milk	12	240	274	-
Vegetables	8	48	182½	1,600
Potatoes and tubers	4	100	91	1,000
Fruits	4	52	91	900
Cotton	-	-	12½	7,500

And likewise in regard to some other issues. I should perhaps mention here that to ponder Gandhi’s grand statements may nevertheless be worth the effort for their wisdom even when they exaggerate the problems they describe. From his statement that money “when ... given ... can only cause harm. It has got to be earned when it is required”,⁶⁰ one can infer that for government to act as an effective employer of last resort is generally better than handing out doles. From his statement that “if all countries adopted the system of mass production, there would not be a big enough market for their products”,⁶¹ one can infer that Say’s Law (to the effect that demand can always match supply) has not been so true as to prevent too much recent money-making from being due to mere fiscal manipulations, often sociopathic, rather than to the production of more and/or better or less expensive goods; whereas the (often misquoted)⁶² statement – which he made after reading Kumarappa’s *Economy of Permanence* – that “Earth provides enough to satisfy every man’s need but not for every man’s greed” implies that there is, after all, so much validity in Say’s Law that macro-ecological catastrophes will ensue unless a great number of people curtail their greed and act as trustees of the earth for future generations.

However, neither Gandhi nor Kumarappa grasped the scope and significance of the 20th-century population explosion; and here again Gandhi’s approach was more sweeping. He belittled the possibility of a worldwide food shortage by saying that “this little globe of ours... has not suffered from the weight of overpopulation through its age of countless millions”,⁶³ and he argued in 1925, when the population of south Asia was about an eighth of what it is likely to become by 2025:

If it is contended that birth-control is necessary for the nation because of overpopulation, I dispute the proposition... In my opinion, by a proper land-system, better agriculture and a supplementary industry, this country is capable of supporting twice as many people as there are in it today.⁶⁴

Whereas Kumarappa, after publishing in 1930 some tables showing that India’s population had increased a lot slower than Great Britain’s between 1891 and 1921 and that population density in India had actually decreased (as her territory had expanded during that time),⁶⁵ ignored the issue thereafter.

From a well-balanced reading of the historical evidence I think it would be sensible to conclude that Kumarappa was not a consistently strong economist, but nonetheless historically quite significant. I have suggested that Gandhi made more grand points about economics (although his argument about varna is hopelessly outdated); so let me end with a citation showing Kumarappa’s capacity to make a similarly broad argument in a way that can readily be integrated with Amartya Sen’s concept of freedom.⁶⁶ Kumarappa wrote (in 1941 or 1942):

For transferring purchasing power, money and credit are unsurpassed. [But] an honest exchange ... should also include transfers of human and moral values. These last two are not represented in a money transaction... The old Indian system of distribution was a combination of money and barter exchange, where humane considerations had a place. Certain artisans, like the carpenter and blacksmith, and menials, like the barber and the sweeper, were guaranteed their subsistence by a payment in kind at the time of harvest in consideration for certain basic services to the community. This system, known as ‘baluta’ or ‘puddi’ or ‘dan’, is fast disappearing, leaving the former beneficiaries to starve out of existence in the competitive struggle of everyday life.⁶⁷ **EPW**

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Notes

- 1 Many examples of Gandhian praise for Kumarappa are cited in Solomon Victus, *Religion and Eco-Economics of Dr J C Kumarappa: Gandhism Redefined*, New Delhi, 2003; see ispck@nde.vsnl.net.in
- 2 Ramachandra Guha, 'Prehistory of Indian Environmentalism: Intellectual Traditions' in *EPW*, 1992, pp 57-64, and 'The Green Gandhian: J C Kumarappa' in Guha's *An Anthropologist among the Marxists and Other Essays*, distributed by Orient Longman, New Delhi, 2001, pp 81-86.
- 3 Venu Madhav Govindu and Deepak Malghan, 'Building a Creative Freedom J C Kumarappa and His Economic Philosophy' in *EPW*, 2005, pp 5477-85.
- 4 Gunnar Myrdal, *Asian Drama: An Inquiry into the Poverty of Nations*, New York, 1968.
- 5 Philip Arestis and Malcolm Sawyer (ed), *A Biographical Dictionary of Dissenting Economists* (2nd ed), Edward Elgar, Cheltenham UK and Northampton MA, 2000, Juan Martinez-Alier, *Ecological Economics: Energy, Environment and Society* (2nd ed), Oxford, 1990.
- 6 Ernst Fritz Schumacher, *Small Is Beautiful* (London 1973 and later editions), Part I ('The Modern World'), Section 4 ('Buddhist Economics'), ninth paragraph.
- 7 On Kumarappa as a Christian, see his *Practice and Precepts of Jesus* (1945 and later editions); Solomon Victus, op cit (in Note 1) and Abraham Vazhayil Thomas, *Christians in Secular India*, Fairleigh Dickenson University Press, Madison NJ, 1974, p 102.
- 8 Benjamin Zachariah, *Developing India: An Intellectual and Social History, c 1930-50*, Oxford University Press, New Delhi, 2005, pp 177-97; see also pp 309-10.
- 9 Mark Lindley, *J C Kumarappa: Mahatma Gandhi's Economist*, Popular Prakashan, Mumbai, 2006, p i.
- 10 Kumarappa, *A Survey of Matar Taluka (Kheda District)* (1931 and later editions entitled *An Economic Survey...*); Report of the Industrial Survey Committee of Central Province and Berar, New Delhi, 1939; and *A Plan for the Economic Development of North-West Frontier Province, Wardha, 1940*.
- 11 Branko Milanovic, 'Can I Discern the Effect of Globalisation on Income Distribution? Evidence from Household Budget Surveys' in *World Bank Economic Review*, No 1, 2005, pp 21-44, and 'World Income Inequality: A Review' in *World Economics*, VII/1, 2006, pp 131-57. An alternative to household surveys is to derive estimates from government data on tax-revenues and population. One of Kumarappa's findings in 1939 was that average income among the villagers surveyed in Central Province and Berar was about one-sixth of the averages published hitherto (by the government) for people in India in general.
- 12 Kumarappa, 'The Contribution of Public Finance to the Present Economic State of India', MA thesis, Columbia University, New York, 1929 (published in 1930 at Ahmedabad as *Public Finance and Our Poverty*).
- 13 Jawaharlal Nehru, letter of October 9, 1945 to Mahatma Gandhi (included in the chapter entitled 'Toward New Horizons' in Pyarelal [Nayar], *Mahatma Gandhi - The Last Phase* (1958 and later editions) and included as #359 in the revised edition, Penguin, New Delhi, 2005 of Nehru's *A Bunch of Old Letters*.
- 14 The most substantial account of the Luddites is Kirkpatrick Sale, *Rebels against the Future: The Luddites and Their War on the Industrial Revolution*, Addison-Wesley, Reading MA, 1995.
- 15 Kumarappa, 'Violence Essential to Industrialisation', typescript (for publication in *Aryan Path*, 1938) among his papers preserved in the Nehru Memorial Library on the grounds of Teen Murti House, New Delhi.
- 16 Kumarappa, *Economy of Permanence* (1945 and later editions), Chapter 13.
- 17 Shriman Narayan [Agarwal], *The Gandhian Plan of Economic Development for India*, Bombay, 1944, *Principles of Gandhian Planning*, Allahabad, 1960, *Relevance of Gandhian Economics*, Ahmedabad, 1970 and *Towards the Gandhian Plan*, New Delhi, 1978. Bharatan Kumarappa, *Capitalism, Socialism or Villagism?* Madras, 1946. See Ramachandra Guha, 'Mahatma Gandhi and the Environmental Movement' in Ramashray Roy (ed), *Gandhi and the Present Global Crisis*, Indian Institute of Advanced Study, Shimla, 1996, pp 113-29; reprinted in A Raghuramaraju (ed), *Debating Gandhi*, Oxford University Press, New Delhi, 2006, pp 223-36.
- 18 Thomas Söderqvist, *The Ecologists: From Merry Nationalists to Saviours of the Nation*, Almqvist and Wiksell, Stockholm, 1986.
- 19 John Bellamy Foster, *Marx's Ecology: Materialism and Nature*, Monthly Review Press, New York, 2000.
- 20 See www.footprintnetwork.org for information about a prominent current example of open-system modelling.
- 21 E F Schumacher, 'The Economics of Permanence' in the British journal, *Resurgence*, III/1, 1970, pp 14-18; republished in Robin Clarke (ed), *Notes for the Future: An Alternative History of the Past Decade*, London, 1975 and elsewhere.
- 22 Barbara Wood, *Alias Papa: A Life of Fritz Schumacher*, London, 1984.
- 23 Herbert Fischer, public comment at Humboldt University on a lecture of by Mark Lindley entitled 'Mahatma Gandhis Ökonom: Zu einer kritischen Würdigung Joseph Kumarappas (1892-1960)', April 25, 2000.
- 24 Kumarappa, op cit in 16, Chapter 10, the section on 'House of Adoption'.
- 25 Kumarappa, *Report on Agriculture, Cottage and Small-scale Industries in Japan*, New Delhi, 1952.
- 26 Kumarappa, *Gandhian Economic Thought*, Bombay, 1951, p 36.
- 27 Jawaharlal Nehru et al, 'Report of the Economic Programme Committee', New Delhi, 1948. The guidelines were not altogether coherent. For instance, the last part of our citation and the phrase "Regional self-sufficiency the aim" were countered by "Not desirable to erect barriers in respect of movement of goods in the interests of regional development".
- 28 Kumarappa, 'Report on Rural Development Work in Madurai District', typescript among his papers preserved in the Nehru Memorial Library (see Note 15).
- 29 Kakkadan Nandanath Raj, *The Politics and Economics of Intermediate Regimes*, Gokhale Institute of Politics and Economics, Poona, 1973, pp 13-14. The title in English of the brilliant article by Michal Kalecki to which Raj's essay repeatedly refers is 'Social and Economic Aspects of Intermediate Regimes'; it is the last item (on pp 162-69) in an anthology of essays by Kalecki, *Selected Essays on the Economic Growth of the Socialist and the Mixed Economy*, published by Cambridge University Press in 1972. My warm thanks to Pulin Nayak for these references.
- 30 M Vinaik, *J C Kumarappa and his Quest for World Peace*, Ahmedabad, 1956, p 99. Sushila Nayar, *Kumarappa as I Knew Him* in Pyarelal and Sushila Nayar, in *Gandhiji's Mirror*, Oxford University Press, New Delhi, 1991, p 284.
- 31 Kumarappa, 'Economics as a Way of Life', typescript among his papers preserved in the Nehru Memorial Library (see Note 15). There is an analogous passage in M Vinaik, *J C Kumarappa, The Gandhian Crusader: A Biography of Dr J C Kumarappa*, Gandhigram, 1987.
- 32 According to Arthur C Pigou, *The Economics of Welfare*, London, 1920 and later editions, government ought to hold such resources "in some measure" in trust for future generations of citizens. The 1924 edition is listed in the bibliography in Kumarappa's *Public Finance and Our Poverty*; in that edition the passage in question is on p 30.
- 33 K T Shah, Kumarappa et al, *The Economic Background*, Oxford University Press, 1942, (2nd ed), 1943, p 40.
- 34 Kumarappa, *A Survey of Matar Taluka (Kheda District)* (1931 and later editions of which the ones in English are entitled 'An Economic Survey...'), conclusion.
- 35 Juan Martinez-Alier, op cit, (in Note 5), p 247.
- 36 Juan Martinez-Alier, *The Environmentalism of the Poor: A Study of Ecological Conflicts and Valuation*, Edward Elgar Publishing, Cheltenham, 2002, pp 18-23.
- 37 An example of such writing is the following passage from Alf Hornborg, *The Power of the Machine: Global Inequalities of Economy, Technology and Environment*, AltaMira Press, 2001, p 11: "Calling world trade exploitative, I insist, is more than a value judgment. It is an inference based on the Second Law of Thermodynamics. If production is a dissipative process (i e, dissipating energy), and [i] a prerequisite for industrial production is the exchange of finished products for raw materials and fuels, then it follows that industrialism implies a social transfer of entropy. The sum of industrial products represents greater entropy than the sum of fuels and raw materials for which they are exchanged. The net transfer of "negative entropy" to industrial centres is the basis for technoeconomic "growth" and "development".... The ecological and socioeconomic impoverishment of the periphery are two sides of the same coin, for both nature and human labour are underpaid sources of high-quality energy for the industrial 'technomass'."
- 38 Kumarappa, 'Economics of Permanence', typescript preserved in the Nehru Memorial Library (see Note 15). Kumarappa distinguished here four (not five as later) types: the economics "of predation", "of enterprise", "of gregarianism" (including "Fascism, Nazism, Communism and Socialism") and "of permanence".
- 39 Francis Y Edgeworth, *Mathematical Psychics: An Essay on the Application of Mathematics to the Moral Sciences* (1881 and later editions).
- 40 William Parker (ed), *Economic History and the Modern Economist*, Blackwell, Oxford, 1988; based almost entirely, except for a subsequent

- contribution by Walt Rostow, on a session at the 1984 convention of the American Economic Association.
- 41 See for instance, John H Kagel and Alvin E Roth (eds), *The Handbook of Experimental Economics*, Princeton University Press, Princeton NJ, 1995.
 - 42 Bal Mukand Bhatia, *Famines in India* (1963 and later editions).
 - 43 Kumarappa, *Public Finance and Our Poverty* (1930 and later editions), p 11 (in the first edition).
 - 44 Amartya Sen, *Poverty and Famines* (1981 and later editions), third-from-last paragraph in Chapter 10 ('Entitlements and Deprivation').
 - 45 Sushila Nayar, op cit (in Note 30), pp 290-91; Kumarappa, *The Organisation and Accounts of Relief Work*, Wardha, 1934, 2nd edition 1947. Gandhi, letter of September 23, 1911 to Hermann Kallenbach, seventh paragraph; 'Accounts of Indian Ambulance Corps', London, December 18, 1914; 'South African Indian Passive Resistance Fund Accounts as up to January 31, 1915'; etc.
 - 46 Mark Lindley, *How Gandhi Came to Believe Caste Must be Dismantled by Inter-marriage* (University of Kerala, Trivandrum 1998; (2nd ed), National Gandhi Museum, New Delhi, 2007.
 - 47 Zachariah, op cit (in Note 8) misinterprets some passages from Kumarappa's *Why the Village Movement* as advocating the caste-system.
 - 48 Gandhi, 'Caste versus Class' in *Young India*, December 29, 1920, second paragraph.
 - 49 Translated, in Ambedkar's *Writings and Speeches*, Education Department, Government of Maharashtra, Bombay, Vol IX, 1991, p 278, from Gandhi's *Varna Vayavastha*, Ahmebabad, 1925.
 - 50 Gandhi, 'Discussion with John R Mott' (second part) reported in *Harijan*, December 26, 1936; the reply to Mott's fourth-from-last query.
 - 51 Gandhi, 'Varnadharma and Duty of Labour - IV', (translated from) *Hindi Navajivan*, February 27, 1930, next-to-last paragraph.
 - 52 Kumarappa, 'Barter in Action', offprint from *M J V Silver Jubilee* (late 1930s) preserved among his papers in the Nehru Memorial Library (see Note 15), p 20.
 - 53 Kumarappa, typescript "synopsis for a course in economics" (covering "general principles" and "economic conditions in India") drawn up in 1931 and preserved among his papers in the Nehru Memorial Library (see Note 15).
 - 54 Chester Bowles, *Promises to Keep; My Years in Public Life, 1941-69*, New York, 1971, pp 548-49.
 - 55 Kumarappa, 'Community Projects', typescript (1952) preserved among his papers in the Nehru Memorial Library (see Note 15).
 - 56 See Ozay Mehmet, *Westernising the Third World. The Eurocentricity of Economic Development Theories* (2nd ed), Routledge, 1999; any of several recent books by Walden Bello such as *Dilemmas of Domination: The Unmaking of the American Empire*, Henry Holt, New York, 2005; and John Perkins, *Confessions of an Economic Hit Man*, Berrett-Koehler, San Francisco, 2004.
 - 57 Gandhi, letter of September 29, 1931 to R B Gregg.
 - 58 Gandhi, 'Vacation Work' in *Harijan*, April 5, 1942, antepenultimate paragraph.
 - 59 Kumarappa, *An Overall Plan for Rural Development* (1946 and later editions). I have simplified the table slightly.
 - 60 Gandhi, loc cit, in Note 50.
 - 61 Gandhi, interview in London on October 16, 1931 with an American journalist.
 - 62 Pyarelal, loc cit, in Note 13. Y P Anand and Mark Lindley, 'Gandhi on Providence and Greed' in *Mainstream*, Volume VL, No 15, March 31, 2007, pp 21-22.
 - 63 Gandhi, 'Fallacies' in *Harijan*, September 14, 1935, last paragraph.
 - 64 Gandhi, 'Some Arguments Considered' in *Young India*, April 2, 1925, first paragraph of the comments on the first letter considered.
 - 65 Kumarappa, op cit, in Note 40, pp 20 and 104.
 - 66 Amartya Sen, *Development as Freedom*, Oxford and New York, 2000, and later editions.
 - 67 K T Shah, Kumarappa et al, op cit, in Note 33, pp 35-36.

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