



## AN ANALYSIS OF DR.AMBEDKAR'S THOUGHTS TOWARDS ECONOMIC REFORMS

**Dr. Dewanand Tiwari**

*Assistant Professor, Department of English, NNPG College, Nawabgang Gonda.*

### **Abstract**

*This paper argues that the fast expanding domain of corporate sector and free flow of global capital, in conjunction with the gradual withdrawal of the welfare state, will not only widen inequalities, but also stifle the growth of social democracy in India. It argues that the institution of social democracy, which flourished in India during the era of mixed economy and state welfares, seems to be fast approaching its demise under the ongoing process of neo-liberalisation. This paper looks at the ways in which neo-liberal market-economy impacts social democracy as conceived by Dr. Ambedkar, where he identified caste and social exclusion as the main blocks to the real attainment of the social democracy. Social democracy, as a philosophy, occupies a pivotal role in determining the social life of millions of oppressed and downtrodden communities all over the world. In the case of India, it occupies the central theme in the philosophy of Dr. B. Ambedkar and examines its implications for the millions of ex-untouchables.*

**Keywords:** *Free market, Problem of Rupee, Dalits, Economic reforms, Agriculture and land reforms, Neo-liberal Economy, Taxation System.*

### **Introduction**

Ambedkar stresses the need for thoroughgoing land reforms, noting that smallness or largeness of an agricultural holding is not determined by its physical extent alone but by the intensity of cultivation as reflected in the amounts of productive investment made on the land and the amounts of all other inputs used, including labour. Ambedkar argued that the solution to the agrarian question "Lies not in increasing the size of farms, but in having intensive cultivation that is employing more capital and more labour on the farms such as we have. Ambedkar elaborates his views on land reforms and on the kind of economic order that is best suited to the needs of the people. Ambedkar was a strong proponent of land reforms and of a prominent role for the state in economic development. Ambedkar is justly famous for being the architect of India's Constitution and for being a doughty champion of the interests of the Scheduled Castes, his views on a number of crucial issues pertaining to economic development are not so well known. Ambedkar is also an outstanding example of what Antonio Gramsci called an organic intellectual, that is, one who represents and articulates the interests of an entire social class<sup>1</sup>. Ambedkar's was among the most outstanding intellectuals of India in the 20th century in the best sense of the word. Further on, he says, "The better method is to introduce cooperative agriculture and to compel owners of small strips to join in cultivation. Ambedkar fits Baran's definition of an intellectual very well. These things began coming in a more virulent form, like the campaign for Dalit Capitalism, or Dalit Chamber of Commerce, or mutating Ambedkar as the free-market economist, with due institutional support from abroad like the Misses Institute, the source institution of the neoliberal reforms. When the International Monetary Fund and World Bank-dictated neoliberal policy package was adopted by the Narasimha Rao Government in July 1991, with a false projection to the people that those were homegrown economic reforms, albeit with a That chertier apologia that 'there was no alternative', many intellectuals, whether they understood economics or not, vied with each other in supporting it to get into the good books of the government. It is a pity that despite a plethora of writings on Ambedkar, the Dalits have not understood even what he stood for. Dalits, who exhibit their bhakti towards Ambedkar such as by insisting that he should be referred to only as "Dr Babasaheb Ambedkar" each and every time, would not understand that calling him a free-market economist is the worst abuse that can be hurled at him. Economics has by and large been an outcaste in Dalit intellectual universe because it was identified with Communists with two weird syllogisms propa-gated by the vested interests. One, Communists were materialist; economics related with things material, so it was communist. Framed in this contemporary context, this article will strive to explicate the salient aspects of Ambedkar's thoughts in relation to the current neoliberal paradigm<sup>2</sup>. As a result, there was no particular popular appeal among Dalits of discussion on economic policy.

### **Objectives of the Study**

The present paper is an attempt to highlight the analysis made by Dr. Babasaheb Ambedkar thoughts in relation which were focused towards economic reforms & in pre and post independent India and the relevancy of his modem democratic ideas in present and social scenario of India.

### **Research Methodology**

The research is based on the secondary data collected through various resources like journals, books, and web sites. The objective of this paper is to draw an outline for Dr. B.R. Ambedkar's contribution to present Indian society.



### **Understanding Free Market**

Markets have been around from antiquity as a mechanism for facilitating exchange of goods and services among people in order to satisfy their needs because of the fact that all that is needed for living cannot be produced by any man or family. More perniciously, it facilitated what is known as the free market, the free play of the purchasing power of people. The villagers produced vegetables but would not have oil or salt necessary for cooking them and therefore went to a haat (village market) to exchange his excess vegetables against oil and salt. Market is where things are exchanged with the help of money, the medium of exchange. One could not amass grains or salts because they needed storage and suffered depreciation but money could be stored without limits and instead of suffering depreciation, it appreciated. Obviously, market valorises the customer and in proportion of his purchasing power, that is, the amount of money he has in his pockets<sup>3</sup>. The advent of money not only facilitated the transaction but also accumulation. Initially he simply bartered but later money played the role of a facilitator. The people who extend the concept of the market as a simple mechanism to exchange things to the free market, which could be said to be their ideological obsession, are thus either committing a conceptual error or making a deliberate mischief. Free market basically assumes that seller and buyer in the market are all equal, endowed with equal amount of information and therefore the exchange between them takes place purely on the basis of the perceived value of the thing exchanged. With the given inequality of the people in the marketplace the free market becomes a mechanism of exploitation. The markets are flaunted by free marketers as the most efficient means to allocate resources through the price mechanism that balances out demand and supply. Now in a real world, arguably created by the elements of the free market itself (that allowed accumulation by some beyond their needs and thereby exercise power over others, both money as well as informational) this assumption becomes quite problematic. Of course, there are many situations known to economics as market failures, which can be viewed as scenarios where the individual's pursuit of pure self-interest leads to results that are not efficient—that can be improved upon from the societal point of view. A single or a few sellers coming together and dictating the price of goods or services is commonly known as monopoly and oligopoly, respectively. But the demand and supply could be both manipulated by the powerful and the entire mechanism could be used as a means not of allocating resources but of accumulation.

### **Land Reforms and Agriculture Ignored**

**Babasaheb thought and Indian Economy:** There are various sector which affected and most relevance of Dr. Babasaheb Ambedkar given below:

#### **Agriculture and Land Reforms**

Dr. Babasaheb Ambedkar had made in-depth study of Indian Agriculture, wrote research articles, organised Seminars and Conferences in order to solve the problems of agriculture and farmers, also led farmer's movement. His thoughts on agriculture are found in his article "Small Holdings in Indian and their remedies"(1917) and also in "Status and minorities"(1947). He mentioned that holdings of lands by few people is an acute problem of Indian agriculture which has various disadvantages, like difficulties in cultivation and utilization and resources, increasing cost, low productivity, inadequate income and low standard of living. According to Dr. Ambedkar Productivity of agriculture is related to not only with the size of holdings of land but also with other factors such as capital, labour and other inputs. Therefore if capital, or labour etc are not available in adequate quantity and quality, then even a large size land can become unproductive. On the other hand small size land become productive if these resources are available in plenty. With this thought the 'Land Ceiling Act' is passed after Independence. He also mentioned about the slavery and exploitation of Labour bounded under caste system is extremely bad for economic development and fought for its abolition. His other suggestion for solving agriculture problem are collective farming, economic holding of land or equal distribution of land, Large scale Industrialization, Provision of money, water, seeds and fertilizers by the government, cultivation of waste land by allotting waste land to landless labour, minimum wages to labours, control and regulation of private lenders of loan to farmers<sup>4</sup>.

#### **India's Currency Problems**

Dr. Babasaheb Ambedkar's thought has a great impact on current Indian currency system. Under British rule when India Govt. was struggling with falling value of Indian Rupee, Dr. Babasaheb Ambedkar In 1923 wrote 'The problem of Rupee, its origin and solution. He focused his studies and research on the condition of Indian currency during British India. He wrote research thesis on it. In his thesis, he argued that the gold exchange standard does not have stability. The developing countries like India cannot afford gold exchange standards, and besides this, it also increases the risk of inflation and price rise. He proved with statistics data and reasons how the Indian Rupee has lost its value and hence the purchasing power of Rupee is falling. He suggested that govt. deficit should be regulated and money should have a circular flow. He also suggested more attention should be given on price stability than exchange rate stability.

#### **Views of Taxation Policy**

Dr. Ambedkar expressed his views on taxation in the manifesto of 'SwatantraMajdur Party' in 1936. He opposed Land Revenue and its system and their taxes as the burden of these taxes are significant on the poor sections of the society. Tax



should be imposed on payers' capacity and not on income. There should be equality between different sections in tax imposition. Tax should not lead to lowering the standard of life of the people. Land Revenue tax should be more flexible and should not levy on agricultural land. He suggested that Indian tax system at that time was based on discrimination and inequality.

### **Nationalisation of Industries**

Dr. Babasaheb Ambedkar thought that fast development of India is impossible without Industrialization. According to him creating large scale employment produces essential goods for mass consumption. It utilizes raw materials, reduces foreign dependence and increasing security to labour, and ultimately leads to the overall economic development of the country. The private sector industries cannot make big industries for want of large scale investments. So, government should come forward to start large scale industries. The smaller industries should be kept in private sector. The insurance and transport companies should be nationalized. Rights to strike should be given to labourers<sup>5</sup>. After the independence the industrial policy of the Indian government is in keeping with Dr. Ambedkar's expectations.

### **Strategy for Economic Development**

Dr. Ambedkar believed that the strategy for India's Economic development should be based on Eradication of property elimination of inequities and ending exploitation of masses. He emphasized exploitation has many dimensions In fact in the India, social or religious exploitation is no less Oppressive than economic exploitation and it should be eliminated.

### **Democratic State Socialism**

Dr. Babasaheb Ambedkar has presented a Democratic State Socialism to the constitution committee. Insurance and agriculture should be nationalized and managed by the state. The distribution of village and among the families in a village for collective farming No discrimination as landlord, tenants and agriculture labours. All agriculture input like capital, seeds fertilizers etc would be provided to collective farming by the government. Distribution of agriculture income only after payment of land revenue tax. Punishment according to rules who do not follow Dr. Ambedkar wanted this state socialism to be included in the constitution so that no legislature could change or reject it. It could not come into existence as the constitution committee rejected it.

### **Free Enterprises Economy**

Surprising enough Dr. Ambedkar had already suggested free economy, globalization, liberalization and privatization as early as in 1923, Recently Indian government has adopted this policy. In this respect Dr. Ambedkar was a century a head. He had stressed that the value (Price) of a rupee must be kept stable if the policy of free economy is to be successful.

### **Population Control - Family Planning**

Dr. Babasaheb Ambedkar said that the control of the country's economy is impossible if the population is not controlled. Hence he forcefully argued for population control and family planning in India. Later on in keeping with his views the government of India has adopted family planning as a national policy.

### **Economic Upliftment of Indian Women**

Dr. Babasaheb Ambedkar's contribution to economic development and progress of women is significant. According to him, participation of women in the economic development is impossible without developing their social status and equality. But due to bad economic conditions of women in India, India's economic progress is hampered. So, it is important to improve the economic condition of women and give those equal rights and freedom of occupation.

### **Concept of Human Capital**

Dr. Ambedkar argued that concept of human capital in India is useless if the poorer and down trodden untouchable dalits are not recognized by other classes as human being with equal social prestige and religious basis. It is therefore impossible to use this human capital in the economic development of India.

### **Neo-Liberal Economy**

Since capital has traditionally been accumulated by the upper castes who have been able to establish their monopoly over the economy of the country, the free market economy, based as it is on the unrestrained flow of capital, tends to promote the interests of the upper castes rather more confidently. Whereas in the present system of the free market economy, they were forced to be fence sitter precisely because they did not possess the desired amount of capital or capacity, which are passports to enter into business in the market economy. It is in this context that the dialectics of inverse relationship between democracy and untouchability and the complementarity between market and caste assumes an added importance for the



understanding of the impact of globalisation on the life of the Dalits in India in general and the structures of social democracy in the country in particular. It is simply mischievous to see Ambedkar as a proponent of the free-market economy and particularly against socialism. The neo-liberal market-economy model runs in the opposite direction of the well-conceived social democracy model of Dr. On the contrary, caste and market nurture close relationship within the paradigm of neo-liberal market-economy. Now, they were kept at a distance because free market economy does not entertain them because they do not show capital. The profit driven paradigm of free market economy accords no importance whatsoever to the principles of liberty, equality and fraternity<sup>6</sup>. In the traditional Hindu social system, the ex-untouchables were kept at distance from the capital through the mechanism of purity-pollution principle. Market thrives on capital and profit.

### **A Socialist to the Core**

His first political party, the Independent Labour Party, was fashioned on the lines of the Labour Party in England, which was again a Fabian political outfit. One of the arguments in support of how Ambedkar was against socialism, the pseudo-scholar, who abused Ambedkar as the free-market economist, proffered was that he was against the inclusion of the word 'socialism' in the Constitution. If so, socialism, as the Marxian historical materialism guides us, is the penultimate stage to communism. Marx imagined the ultimate destiny of humans in the form of communism, where the most familiar contra-dictions would have been overcome and humans will contribute as per their capacity and get what they need. The ILP, as a matter of fact, was admittedly a workers' party, which had adopted a red flag, inspired by the socialist objective. I think anybody who claims to know Babasaheb Ambedkar even superfluously is familiar with his statement, "My social philosophy may be said to be enshrined in three words: liberty, equality and fraternity. The world knows that these words constituted an inspiration, a veritable slogan of the French Revolution and also that they are nowhere to be found in Buddhism, where Ambedkar claimed to have taken them from. As explained, Ambedkar was influenced by his Professors at Columbia and the London School of Economics at the impressionable age; while wanting socialism, he had reservations with the Marxian prescription of revolution. Not in ideological orientation alone but also in practice he had openly pursued socialist objectives all through his life<sup>7</sup>. Ambedkar's ideological position may have to be reckoned as beyond socialism quite like Marx's. He ought to have firstly understood that the Constitution is not a book authored by him; it was a document representing the consensus of the Constituent Assembly. All his arguments in the Constituent Assembly should be read within this role boundary.

### **The State shall, in Particular, Direct its Policy towards Securing**

1. That the citizens, men and women equally, have the right to an adequate means of livelihood;
2. That the ownership and control of the material resources of the community are so distributed as best to sub serve the common good;
3. That the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment;
4. That there is equal pay for equal work for both men and women;
5. "There are some other items more or less in the same strain. What I would like to ask Professor Shah is this: If these directive principles to which I have drawn attention are not socialistic in their direction and in their content, I fail to understand what more socialism can be.
6. "Therefore my submission is that the socialist principles are already embodied in our Constitution and it is unnecessary to accept this amendment."

Even the argument that capitalism being more progressive than caste-feudalism, that it basically freed labour from the feudal bondage, which had impelled Marx to predict that advent of capitalism in India will destroy the caste system, would not hold because Ambedkar saw capitalism and Brahmanism not only coexisting but also cohabiting, mutually complementing. Rather it justifies injustice saying that people occupy various positions in societal hierarchy purely in accordance with their capabilities or that inequality is desirable because it acts as the prime mover of progress. Capitalism or its contemporary extremist version in neoliberalism, advocating the free-market economy, does not have any pretension to social justice. Nothing can be more preposterous than saying that Ambedkar supported such inequality-justifying systems such as capitalism or neoliberal globalisation. The goal was to bring about equitable society sans oppression and exploitation which was only possible in a socialist society. Ambedkar explicitly said more than once that he was a socialist. Rather both, Marx as well as Ambedkar went beyond and sought a utopia beyond socialism. In any case, such a state of society was inherently impossible in capitalism which is premised on the accumulation drive, the unbridled greed of a man. If someone feigns ignorance of this he should not be speaking about Ambedkar<sup>9</sup>. It reveals that he had regarded Marxism as just the second best to his choice.

### **Dr. Ambedkar and Globalisation**

In any case, there being so little knowledge about economic policies, the gullible listeners tend to believe these tricksters, who pretend intellectual prowess and already enjoy some social reputation. Since they cannot rationally justify their support



to globalisation, they have been awkwardly invoking Ambedkar, speculating that if he had lived, he would have supported globalisation. At the outset, to speak about Ambedkar in relation to globalisation, which represents a paradigmatic transformation of global capitalism into its extremist version, is fundamentally speculative. While the state is being used to facilitate these processes of accumulation of global capital, it is being withdrawn as the provider of the social goods such as education, health care, etc. However, if we understand what globalisation is, we can objectively assess where Ambedkar would stand vis-à-vis globalisation. If this is the character of globalisation, would Ambedkar, whose vision was to see human destiny in the ideals of liberty, equality and fraternity, support it. If anything can be conceived as ideologically opposite to Ambedkar, it would rather be globalisation. Pitching every individual thus in competition with the rest of the world, it follows the social Darwinist justification for inequality, exploitation, and social injustice. It has been a veritable strategy of global capital enabled by the information and communication technologies and emboldened by the collapse of the erstwhile Soviet regime. Translated into an economic policy package, it is familiarly known as privatisation, deregulation, liberalisation without any concern for the weak and poor<sup>10</sup>.

### Globalisation and Dalits

We identify the salient proxy variables mapping each of these four empower-ments: education and health for individual empowerment, land reforms and jobs for socio-economic empowerment, democratisation for socio-political empowerment, and modernity for socio-cultural empowerment. With the heuristic that the adverse impact of globalisation is felt by people in inverse proportion to their placement in the social hierarchy, it would not be difficult to see that Dalits are the most affected people. Globalisation and such likes, which means that globalisation rather assimilates what is valued by the elite in their locale with the dominant global cultural resources. They will still argue that they are a different people faced with the unique problem of caste and all the heaps of contra-evidence do not mean any-thing to them. If caste atrocities are taken as the indicator of casteism (and I would take it as the best indicator), one will have to infer that casteism is on definite rise during the period of globalisation. It has verily manifested into significant land loss and increasing landlessness of Dalits in villages. Thus, we can see that globalisation has damaged comprehensively what could be called the emancipation project of Dalits. The last one, modernity, which means transcending the decadent traditions and customs whatever their source may be, and adopting the scientific outlook, could be complex in explanation because of the dominant discourse that associates cultural universalisation in globalisation. Perhaps Dalits, who are fed on the identitarian diet, would not be impressed by the picture of devastation globalisation created the world over. The public sector jobs, which were accessible to Dalits, have been fast decreasing since 1997, effectively marking the end of reservation there. Globalisation is structurally oriented to benefit stray elements, creating an impression that individuals can achieve anything if they possess the wherewithal to compete. The campaigners of Dalit capitalism, Dalit bourgeoisie, or Dalit Chambers of Commerce and other such things do not have a simple understanding of the size of the problem<sup>11</sup>.

### Conclusion

Dalits need to primarily understand this fact and extricate the real radical Ambedkar as their guide and beacon. Globalisation is one such phenomenon that has been around for nearly two decades and a majority of Dalits have actually suffered its ill-effects. Globalisation has been the euphemistic term for the imperialist strategy of global capital. There is no intellect required to assess that such a creed or a system would be an anathema to Babasaheb Ambedkar. The radical Ambedkar is surely the socialist Ambedkar, who was in relentless search of truth, of the way which will lead the world to sustainability and humans to their utopia marked by him with three ideals, liberty, equality and fraternity. Even if this is squarely internalised by Dalits, they would have extricated him from the reactionary marsh created by the vested interests. Capitalism had internalised the limits of exploitation of surplus value from labour insofar as the latter needed to be provided with the wherewithal for reproduction and also the purchasing power to buy his finished products. But still they do not reflect summary abhorrence for it simply because it is shown to be something supportable by the Ambedkar icon. The assessment of anything then tends to take place with reference to this icon. Nothing that is not compatible with him could be considered by Dalits.

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