



A good ally to invoke, difficult to walk with

Posted at: 08/08/2018

Highlights

- The statement by Prime Minister Narendra Modi that he was not afraid to be seen in the company of industrialists is a welcome dampener to the mindless capitalist- bashing that passes for political opposition today.
- He invoked Mahatma Gandhi to strengthen his argument is even more welcome, for Gandhi is always a good ally to have in public life.
- Gandhi was against capitalism not capitalists. Since this may sound paradoxical, for how can one be against capitalism but for capitalists

Trustees not owners:

- Gandhi was once asked “You have asked rich men to be trustees?” to which he replied: “Everything belonged to God and it was from God. Therefore, it was for His people as a whole, not for a particular individual.
- When an individual had more than his proportionate portion he became a trustee of that portion for God’s people.

There are three important conceptual shifts that Gandhi makes in this statement.

- The first and perhaps most important is the shift in the status of the rich person (capitalist) from being an owner to becoming a trustee.
 - Here there is a shift in the bundle of property rights because as an owner the capitalist can do whatever she wishes with her wealth, like build the most expensive house on earth, whereas in the latter case this is not possible for it is constrained by the injunction that the wealth must be used for God’s people.
- The second major shift is in placing ownership of the property with God and above any individual.
 - By arguing thus, Gandhi wished to argue that we are the trustees of property holding it for the whole people. In this second conceptual shift, Gandhi creates the basis for the use of property primarily in the public interest.
- The third significant shift is the recognition that there are two parts to the wealth that is created.
 - One portion belongs to the capitalist and the rest belongs to God (or the people). It is important to recognise these two portions. That which belongs to the individual is for him or her to use and dispose as he or she desires unconstrained by social obligations. It is only the other portion that is held in trust to which the obligations of trusteeship applies. The challenge here is to determine which, or how much, is the individual’s “proportionate portion” and which is the portion that belongs to God.

Inherent contradictions

- Gandhi's idea of society is that while we are born equal, meaning that we have a right to equal opportunity all have not the same capacity. It is, in the nature of things, impossible... People with talents will have more, and they will utilise their talents for this purpose.
- If they utilise their talents kindly, they will be performing the work of the State.
- Such people exist as trustees, on no other terms. I will allow a man of intellect to earn more, I would not cramp his talent. But the bulk of his greater earnings must be used for the good of the State.
- The first is his commitment to equality of opportunity. This is contrasted with his acceptance of inequality, the second element, for we must not "cramp talent", that is, treat unjustly the more talented. He then tempers this inequality with the idea of voluntarism, the third idea.
- The more talented must voluntarily act as trustees and use the bulk of their earnings for the good of the state.
- The fourth idea is more technical. We need to determine what is to belong solely to the trustee, Gandhi's "fair share", and what belongs to God or "the people".

Gandhi quantified a "fair share" when he suggested 1 per cent for the very wealthy. Incidentally, one per cent is exactly the figure that Warren Buffett thought would be enough for him and his family to satisfy all their desires.

So it is not a utopian suggestion since one of the most successful capitalists in the US arrived at the same figure. It is worth noting here that Gandhi kept the figure flexible since he believed that fixing the portion for all situations would be an "atrocious injustice".

Conversion not coercion:

- Under my plan of trusteeship people get not only the use of the capitalist's wealth but also their talent, ability and knowhow.
- It is an even bigger revolution, We must not underrate the business talent and knowhow, which the owning class has acquired through generations of experience and specialization.
- Conversion must precede legislation. Legislation in the absence of conversion remains a dead letter

Gandhi adds a feature to the trusteeship economy that he believes is key to the new order.

- He clearly accepts the wealth-creating role of the capitalist and recognises that the "business talent and knowhow" has been acquired through experience and we must grant the value of this effort.
- The deployment of this talent should, however, be for the people and so it was necessary to convert the capitalist to the morality of the trusteeship order.
- The capitalist must be persuaded not coerced. If a capitalist does not convert and chooses to remain an "owner" and not become a "trustee", then Gandhi believed non-violent non-cooperation must be used.

Source: [The Indian Express](#)