Economic Thoughts of Swami Vivekananda

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Abstract: Economic problems of India in the pre-independence era were addressed in the writings of thinkers and scholars like Raja Rammohan Ray, Dadabhai Naoroji, Mahadev Gobinda Ranade, Ramesh C. Dutt and Bankim Chandra Chattopadhyay. On economic development of the country, Swami Vivekananda possessed his own views on the economic issues like eradication of poverty, agricultural and industrial development, condition of the laboring people and economic system. Even after seven decades after Independence, India still remains one of the poorest nations in terms of per capita income and ranks low in Human Development Index (HDI). The article attempts to look into economic thoughts of Swami Vivekananda and their present-day relevance.

Keywords: Vivekananda, Economic, Poverty, Development, Economic Thoughts of Swami Vivekananda.

INTRODUCTION

Even after seven decades of independence, India still remains one of the poorest nations in terms of per capita income. India ranks 130 in Human Development Index (HDI) among 188 nations [1]. In respect of under-five child morality, India had the highest number of under-five deaths in the world in 2012, with 1.4 million children dying before reaching their fifth birthday. In 2010, one third of the world’s 1.2 billion extreme poor lived in India alone [2]. In this context of low human development of India, the ideas of Swami Vivekananda on economy and society need very much to be relooked. We first turn to the economic scenario of India Swamiji had before him at that time. With the British conquest, colonialization of Indian economy by the British started and by the end of the nineteenth century India was transformed into a classic colony of the British. India became a major market for British manufactures, a big source of raw materials and food-stuffs and an important field for the investment of British capital. Agriculture at that time was taxed heavily for the benefit of imperial interests. The bulk of transport system, mines and industries, foreign trade, coastal and international shipping, banks and insurance companies were all under British control. India provided employment to thousands of middle class Englishmen and nearly one-third of its revenues were spent in paying salaries to Englishman. The Indian acted as a chief instrument for maintaining the far-flung British Empire and protecting and promoting British imperial interests. Above all Indian economy was completely subordinated to British economy [3].

In the nineteenth century, the economic problems of India were partially addressed in the writings of Raja Rammohan Ray (1772-1833), Dadabhai Naoroji (1825-1917), Mahadev Gobinda Ranade (1842-1901), Ramesh C. Dutt (1848-1909) and Bankim Chandra Chattopadhyay (1838-1894). Rammohan drew the mind of the Indians to the plight of the cultivators consequent upon the permanent settlement system. He insisted on reducing the amount of rent payable by the farmers. Bankim Chandra held the view that increased income arising out of greater portion of land coming under cultivation and rise in the prices of crops, should go to the cultivators who were responsible for increased output. M. G. Ranade aptly remarked, “just as the land in India thirst for water, so the industry of the country parched up for want of capital”. The problem of “want of capital” had two aspects: (a) scarcity of accumulated capital and current savings, (b) failure of modern industry to attract and mobilize the existing, scattered capital resources of the country. Ramesh Dutt [4] traced a decline in standards of living to the nineteenth-century deindustrialization of the subcontinent and the narrowing of sources of wealth which followed. Dadabhai Naoroji [5] was the architect of the “Drain Theory” arising out of the outflow of financial resources from India to Britain in the name of “Home Charges”. In his book, “Poverty and Un-British Rule in India” he estimated a loss of 200-300 million pounds revenue of India to Britain. Through his work, Naoroji estimated drain constituted nearly one-half of India’s net revenue. Nationalist economic thinkers argued that economic progress of India was retarded in two ways by this drain. First, the spending abroad of a certain portion of national income had an adverse effect on

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employment and income within India. Secondly, the drain was harmful precisely because it demanded India of its productive capital. There was a great debate about the economic impact of British imperialism on India. The issue was actually raised by conservative British politician Edmund Burke who in the 1780s strongly criticised the East India Company, claiming that Warren Hastings and other top officials had ruined the Indian economy and society [6]. It is claimed by some economic historians that the decline in per capita income of India started well before the advent of the East India Company and its origin cannot be explained as merely an outcome of colonial policies alone. In fact, India suffered a period of stagnation for around 350 years from 1600 till 1950[7]. It is also true that the East India Company failed to arrest this trend. During the early days of the British rule (about 1750s), the average income of India relative to UK was about 40%. During this time, British incomes grew while Indian incomes languished. In the year of Independence, an average Indian earned only 9% of his British counterpart. In absolute terms, UK’s per capita income increased by almost 300% during 1757-1947 as against a decline of 8% in Indian incomes [7]. The problem originated because there was a decline in demand for Indian traditional products such as weapons, jewelry, and luxurious textiles such as muslin [7]. The situation became worse with a lack of a culture of innovation for new industries that could not replace old ones. The interests of the British rulers were also not aligned with the interests of the Indian subjects. Those were designed with the interests of British industry in mind. Further, the absence of sufficient investments in education meant that the culture of innovation never developed. Finally, there were significant barriers to entry that favoured British firms at the expense of Indian firms [8, 7]. Vivekananda’s analysis of poverty of the Indians and his views on the exploitation of the Indians by the British rulers had something in common with the views of thinkers as mentioned above. Swamiji also thought that primary source of wealth of Europeans was the Indian resources. However, it does not mean that Vivekananda was influenced by them. What made Vivekananda possessed his own views on the (a) eradication of poverty and agricultural development, (b) industrialization of the country, (c) condition of the laboring people and (d) economic system like socialism.

**Economic philosophy of Vivekananda**

The movement from man to abstract ideas in economics began with the Classical Economics of Adam Smith (1723-1790) and David Ricardo (1772-1823) in the late 18th Century when the centre of economic thinking was shifted from concrete objects to ‘value’. In the next stage, known as Neoclassical Economics, the centre of thinking was shifted from value to ‘utility’ by economists like Alfred Marshall (1842-1924), Leon Walras (1834-1910) and others. Karl Marx (1818-1883), however, refused to abandon the labour theory of value and concern for human needs, and this split economics into capitalist and Marxist schools. The movement away from nature and humanity was taken still further by John Maynard Keynes who shifted the centre of economic thinking from goods and services to money and credit. On the other hand, Vivekananda thought that it is man who creates money and never vice versa. He thought that all economic problems relate to man, and the solutions proposed by economists depend upon their concepts of man. There are four main views of man in Hindu religion [9].

- **Monish**: the view that matter is the sole reality; human personality consists of only the physical body; and what is called mind is only a certain way the body functions. Most modern scientists and Marxists hold this view.
- **Dualism**: the view that personality consists of body (which is made of matter) and mind (which survives death). This view is held in Judeo-Christian and Islamic traditions.
- **Trichotomy**: the view that personality is summation of body, mind and *Atman* or the self. This view is held by all schools of Hindu philosophy, especially Vedanta.
- **Advaita or Non-dualism**: This is a modification of the third view i.e. *Trichotomy*. According to *Advaita* the three-fold division of personality mentioned above is true in the empirical plane, but in the absolute plane the *Atman* alone is found to be real. Vivekananda mostly followed this view.

Though Swamiji was Adwaitin, there are three basic differences between the view of traditional Advaitins and Swami’s view. According to the traditional view, the *Atman* is only a passive witness. For Swamiji the *Atman* is the source of all the strength, knowledge and joy that we seek in life. All the talents and capabilities of a person are inherent in the *Atman* in a potential form. We can compare Vivekananda’s views on man with Karl Marx’s views of man. Regarding the nature of man, Marx upheld monism of matter; whereas Swamiji upheld non-dualism of the Spirit. Thus there are fundamental differences in their approaches. But, we can find some common between them regarding their concern for human welfare. An important facet of Vivekananda’s socio-economic thought was his sympathy for the poor laboring people. His views were not influenced by Marxism. But he considered the surplus value enjoyed by the feudal lords, zamindars or employers in the formal or informal sectors of the economy by paying the labours wages less what they deserved. Because of this reason Swamiji is described as the first socialist of India. However, Swamiji’s view on socialism has qualitative differences with Marxism.

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Swamiji’s interpretation of history may be designated as historical spiritualism, rather than historical materialism. Vivekananda predicted that social development would ultimately result in the establishment of the Sudra rule. Vivekananda pointed out that the society in different phases was dominated by Brahmins, Khatriyas (the class of warriors and the kings) Vaishyas (or the merchants). Swamiji believed that a day would come when the Sudras (the working people) would emerge as a strong, social force. He believed the driving force in the innate tendency of human beings to manifest their inherent spirituality, and not in economic motive, although Vivekananda did not rule out altogether the role of economic force in history. Secondly, Swamiji, unlike Karl Marx, was not in favour of annihilating and crushing the upper class. He wanted to improve the lot of the lower strate of the society through proper education and necessary assistance. Thirdly, to Swamiji, religion was not the “Opium of the People” as stated by Lenin. Religion is the basis of human life. Vivekananda’s concept of religion was based on not not a dogma or a myth, nor had it any obscurantist element. It is the manifestation of the divinity already in man. Swamiji had a great understanding of the situation of the world economy of his time. On September 7, 1893 Swamiji presented a paper before the American Social Science Association meeting entitled ‘Use of Silver in India’. The American Daily Saratogan reported his lecture under the title ‘Money was the subject’ and wrote “…At the conclusion of the reading Vivekananda, the Hindoo Monk addressed the audience in an intelligent and interesting manner, taking for his subject the use of silver in India”. Mr. Eric Hammonds commented: “Swamiji soon showed that he was equally versed in History and Political Economy. He stood among these people on their own ground". It is quite clear from these observations that Swamiji had enough knowledge of the then contemporary economic literature. Furthermore, he must had a thorough knowledge of the contemporary currency system of India, especially the debate about bimetallism that agitated the minds of economists of his time [10,11].In Swami Vivekananda’s writings, there is explicit recognition of the householder as a creator of value and wealth [12]. The means whereby that wealth is generated, and its subsequent use, is a different matter. Swamiji gave importance to the acquisition of wealth by good means which is evident from the following lines [13].

“The householder is the basis, the prop, of the whole society. He is the principal earner. The poor, the weak, the children and the women who do not work — all live upon the householder; so there must be certain duties that he has to perform, and these duties must make him feel strong to perform them, and not make him think that he is doing things beneath his ideal. …At the same time, he must struggle hard to acquire these things — firstly, knowledge, and secondly, wealth. It is his duty, and if he does not do his duty, he is nobody. A householder who does not struggle to get wealth is immoral. If he is lazy and content to lead an idle life, he is immoral, because upon him depend hundreds. If he gets riches, hundreds of others will be thereby supported. If there were not in this city hundreds who had striven to become rich, and who had acquired wealth, where would all this civilization, and these alms-houses and great houses be? Going after wealth in such a case is not bad, because that wealth is for distribution. The householder is the centre of life and society. It is a worship for him to acquire and spend wealth nobly, for the householder who struggles to become rich by good means and for good purposes is doing practically the same thing for the attainment of salvation as the anchorite does in his cell when he is praying…”

Eradication of Poverty and Inequality

Vivekananda was the first to draw the attention of the Indian leaders to the social implication of the curse of mass poverty. Many persons at that time recommended in their individual ways to feed the starving people. But Vivekananda categorically pointed out that freedom of the people from want of daily bread was the first condition of national regeneration of India. Swamiji pointed out [14]: “Their extreme poverty is one of the causes why the Chinese and the Indians have remained in a state of mummified civilization.”

Vivekananda’s analysis of the causes of poverty of the Indian masses stemmed from his own experience when he moved from one part of India to another as paribrajak prior to his leaving for Chicago. He highlighted two major factors responsible for the extreme poverty of the Indians. One, the exploitation of the Indians by the British imperialist regime resulting in the lack of income of the people, and two, the exploitation and repression of the poor farmers, labourers and the ordinary people by the feudal lords, zamindars and priests. Vivekananda’s main prescription for ameliorating the condition of the poor was an all-out effort to educate them. Education was the essential need of the poor to resist and also to get rid of the oppression and exploitation that they had been subjected to. He advised the youth,

“…Try to get up a fund, buy some magic-lanterns, maps, globes, etc. and some chemicals. Get every evening a crowd of the poor and low, even the pariahs, and lecture to them about religion first, and then teach them through the magic-lantern and other things, astronomy, geography, etc. in the dialect of the
people. Train up a band of fiery young men. Put your fire in them, and gradually increase the organization, letting it widen and widen its circle. Do the best you can, do not wait to cross the river when the water has all run down” [15].

He thought that the solution of the problem of poverty lay in science and technology. He suggested for wide use of western science and technology to create an industrial revolution in the country. He had seen how the West had won its battle against poverty through the use of science and technology. He observed that Japan also had done the same trick. He wanted that in fighting poverty India should follow in the footsteps of the West. He was not for ready-made solutions, but for solutions determined with regard to history and circumstances. Each country had to tackle its problems in its own way, according to its intellect. According to Swamiji the rejuvenation of India is primarily a process of spiritual rejuvenation. And this spiritual rejuvenation is to be supported by massive programmes of economic development. To solve this twin purposes he propagated the idea of practical Vedanta which helps in the material and spiritual development of the masses. The major implications of practical Vedanta are: (i) Development of spirituality or the potential of divinity present in the human being, (ii) Work ethic as an approach to the realization of this divinity, (iii) Education as a means for the integrated development of man and (iv) Positive Secularism. Swamiji may not have any formal training in economics but as a traveler he came in close touch with cultivators and laborers. Swamiji strongly believed that to ameliorate the depressed economic conditions of the people it was necessary to attack the problem both from the economic and religious angles. This is because poverty, in his view, is not just an economic problem, but a social problem as well [10]. The flip side of wealth-creation is distribution which is called inclusive growth in the modern time. Swamiji’s vision of economics was concerned with wholesome development of all categories of people including weaker sections and women. On the input side, one can argue that everyone should have equitable access to inputs like health, education, physical infrastructure, law and order, financial products, marketing networks, information and technology. On the output or outcome side, one can argue that everyone should have the same income. The importance of wealth creation as emphasized by him may be understood from the following lines [12].

“We find, therefore, that all these ideas of the millennium and of absolute equality are not only impossible but also that, if we try to carry them out, they will lead us surely enough to the day of destruction. What makes the difference between man and man? It is largely the difference in the brain. Nowadays no one but a lunatic will say that we are all born with the same brain power. We come into the world with unequal endowments; we come as greater men or as lesser men, and there is no getting away from that pre-natally determined condition. …Just as inequality is necessary for creation itself, so the struggle to limit it is also necessary.”

Agricultural Development

Swamiji had great understanding of the rural development as well as agricultural development of the country. He felt that India has inherent strength in Agriculture. He was in favour of commercialization of agriculture for improving the income of the farmers. Through Swamiji was highly impressed with the success of American agriculture as a result of its method of cultivation, yet he did not recommend it for adoption by Indian farmers. He hated blind imitation of anything. The size of Indian farms was small due to sub-division and fragmentation of lands. Hence the economic prosperity of agriculture had to be brought about by cultivating those small sizes. Swamiji believed that this could be done if we are serious enough [10]. Swamiji realized that illiteracy of our farmers was the greatest drawback in our quest for rural economic prosperity. Hence he attached top priority to education. Education, Swamiji sincerely believed, would enable the poor farmers to asset their rights and privileges. The poor farmers in India were victimized by all and sundry because they were illiterate, ignorant and apathetic toward their misfortunes. Proper education was thought by him as the chief remedy. He also recommended for proper education women folks as ignorant mothers can not rear a good family. [10].

Industrial Development

Vivekananda felt the needs of industrialization of the country. He thought that that the country needed proper utilization of the vast natural resources for industrial development. He also favoured simultaneous development of both agriculture and industry. He thought that imports of many consumer goods could be minimized and a number of goods could be exported abroad if India gave stress on developing the manufacturing industries. Vivekananda’s ideas in this regard were well expressed in his interactions with Jamshedji Tata while both of them were co-passengers in the same ship when Vivekananda was on his journey to America to attend the Parliament of Religions in Chicago in 1893. Vivekananda had asked Tata why he imported matches from Japan to sell the same in India instead of producing it in the country so as to check the outflow of money from the country and also to pave the way for employment of the indigenous workers in its production. Vivekananda also advised him to set up new industries in India. Swamiji was interested in industries, for he knew that India would be able to rise
only by mastering Western technology. When he was in America he carefully studied the advancements made in agriculture and industries there. After his return to India he took initiative in starting of industries in different parts of country as one of the objectives of Ramakrishna Mission. Vivekananda was not afraid of machines. The following quotations [16,17] express the urge for industrialization by Swamiji.

"India has to learn from Europe the conquest of external nature, and Europe has to learn from India the conquest of internal nature."

"You have not the capacity to manufacture a needle and you dare to criticize the English, - fools! Sit at their feet and learn from them the arts, industries and the practicality necessary for the struggle of existence."

"They (Western people) will, no doubt, be your Guru regarding practical sciences etc., for the improvement of material conditions, and the people of our country will be their Guru in everything pertaining to religion."

"It would be better if the people got a little technical education that they might find work and earn their bread, instead of dawdling about and crying for service."

"If I can get some unmarried graduates, I may try to send them over to Japan and make arrangements for their technical education there, so that when they come back, they may turn their knowledge to the best account for India. What a good thing will that be!... There, in Japan, you find a fine assimilation of knowledge, and not its indigestion as we have here. They have taken everything from the Europeans, but they remain Japanese all the same, and have not turned European."

From these quotations above, we can well infer the attitude of Swamiji towards large-scale production. The last quotation shows his immense admiration for the Japanese achievements. By technical education, he certainly meant for the use of the modern machineries and techniques. Indeed Swamiji wanted that the material sciences should be mastered by Indians and applied to their daily life as they were being done in the West. So, it can be inferred that Swamiji was in favor of introducing the Western industrial methods in India. However, machines can have a dehumanizing effect only when man himself behaves like a machine. The Karma Yoga that Swamiji had taught enables us to use even machines as a means to spiritual unfoldment [17].

"Machinery in a small proportion is good, but too much of it kills man’s initiative and makes a lifeless machine of him... Doing routine work like a machine, one becomes a lifeless machine."

Relevance of Vivekananda’s ideas to Welfare Economics

The term Economic Development is applied chiefly to the economies of underdeveloped countries and also of developing countries. By the 1970s it became clear that per capita GNP was inadequate as a measure and economic development. Hence economic development came to be defined in terms of the elimination or reduction of poverty, and improvement of the quality of life or standard of living which includes health, education, housing, child care, environment etc. The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living [9]. The new paradigm shift may be described as the humanization of economics. The centre of economic thinking has been shifted from abstract ideas to man. Growth and welfare now constitute the main focus of economics. Recognition of non-economic factors has become an essential feature of its methodology. It is obvious that Vivekananda’s economic ideas come within the purview of that branch of modern economics known as Welfare Economics. The aim of Welfare Economics is to evaluate economic policies in terms of their effects on the well-being of the community. Amartya Sen has made pioneering contributions in this field. His work essentially begins at the failure of conventional economics and of market forces to tackle poverty and mass deprivation. His ‘capability approach’ provides a satisfactory alternative to utility approach in under-developed and developing economics. The ‘capability’ of a person depends upon two factors: (a) how he is now functioning, i.e. what he is now actually doing and (b) how much freedom he has achieve those [9]. Sen’s ‘capability’ approach acts as a connecting link between conventional economics and Vivekananda’s idea of potentiality of the soul. As a matter of fact, it is only in the light of the views of Amartya Sen can we understand properly the economic implications of Swamiji’s ideas which otherwise appear to be merely spiritual or patriotic exhortations. Although Vivekananda’s economic ideas were not based on modern methods of economic analysis, one cannot fail to notice that they are in broad harmony with the concepts discussed above. As a matter of fact, Swamiji’s concepts of potentiality and freedom bear a striking similarity to Amartya Sen’s concepts of capability and freedom. Vivekananda also stressed freedom as the primary condition for development and asserted, ‘Liberty is the first condition of growth’ [16]. By freedom, he meant not merely negative freedom, that is, freedom from want, social injustice, exploitation, etc., but also positive freedom, freedom to contribute to social and national well-being. It may be mentioned here that it is this positive freedom which has been stressed by Amartya Sen also. Apart from the concepts of potentiality and freedom, another
contribution of Vivekananda to social welfare in India was the creation of an awareness of collective responsibility for the condition of the downtrodden and oppressed masses. Before Swamiji, poverty was regarded as retributive consequences of one’s Karma done in the past, and so the responsibility for them was believed to lie with the individuals themselves. It was Vivekananda who introduced the idea of collective, social responsibility. He showed that the poverty and backwardness of the masses were caused by the utter neglect, suppression and exploitation of them by the upper classes and castes.

CONCLUSION

It is clear from the recent growth experience of Indian economy that overall economic growth is necessary but not sufficient condition to cure the problem of poverty and inequality. Growth rates do not capture the social reality as the demands of development go beyond economic growth. In fact inequality in the world has been consistently growing all over the world under globalization. Even after twenty years of rapid growth, India is still one of the poorest countries in the world. India has the world’s highest proportion of undernourished children and women, one of the world’s highest rates of maternal mortality in the world [18]. Swamiji emphasized all round development of different sections of society [19]. It may be observed that India is emerging as one of the powerful economies after independence. India remains as one of the very few countries least affected by the recent global financial crisis in 2008. Different studies indicate that India has her own methods of functioning aided by the strong fundamentals and unique social and cultural backgrounds. So, Indian ideas and approaches are getting the attention worldwide. Swami Vivekananda desired even at that time when India was under the British rule that India should develop her own system for the development of the economy. Swamiji’s approach towards social and economic problems is still very much relevant. The problems that he saw in his time are largely present in our contemporary world. For their effective solution, the modern development economists while constructing their own models of socio-economic growth must take care of Swamiji’s perception about development of a nation to become Jagat Guru[19].

REFERENCES


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