

Revisiting Dr. B.R. Ambedkar's Economic Ideologies and Contemporary Relevance

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Abstract:

Research paper delves into the economic ideology of Dr. B.R. Ambedkar, a prominent social reformer, jurist, and the principal architect of the Indian Constitution. While Ambedkar is widely recognized for his contributions to social justice and political rights, his perspectives on economics are equally significant. This paper aims to explore Ambedkar's economic philosophy, examining its roots, key principles, and implications for contemporary economic discourse. Through a thorough analysis of his writings, speeches, and policy recommendations, this research seeks to shed light on the relevance and applicability of Ambedkar's economic ideas in the present socio-economic context.

Keywords: Economic Ideas, Public Finance, Currency, Indian Rupee, Agrarian and Financial Reforms.

1. Introduction:

Background of Dr. B.R. Ambedkar

Bharatratna Dr. Babasaheb Ambedkar, a distinguished socio-economic thinker and transformative figure, profoundly influenced India's economic trajectory by incorporating core principles of State Socialism into the Constitution of independent India. A postgraduate of Columbia University, Dr. Ambedkar earned his doctoral degree in economics in 1917 and later achieved a D.Sc. from the prestigious London School of Economics in 1921. During his studies abroad, he collaborated with renowned economists like Prof. Seligman and Prof. Cannon. From 1918 to 1920, he lectured in economics at Sydenham College in Bombay. Dr. Ambedkar's extensive body of work includes numerous writings, speeches, and statements in various capacities. Notably, Dr. Ambedkar was the first to connect the social injustices of untouchability and the caste system with economic structures. He played a pivotal role in integrating critical financial and economic provisions into the Constitution of India. Beyond his economic contributions, he was a philosopher, social thinker, scholar, leader, political activist, and a savior to millions—an architect of an egalitarian society. Dr. Ambedkar's revolutionary spirit and visionary outlook aspired for a peaceful and prosperous world devoid of malice. This research paper delves into some of his lesser-known economic ideas concerning the economy, the rupee, and development, which remain highly relevant today and merit greater scholarly attention.

2. Objectives

1. To Unearth the Foundations of Ambedkar's Economic Vision:
2. To Evaluate the Role of Land Reforms in Ambedkar's Economic Ideology
3. To Understand Ambedkar's Perspective on Industrialization and Economic Self-Reliance

3. Research Methodology:

This paper endeavors to explore the often-overlooked economic insights of Dr. B. R. Ambedkar, neglected by contemporary scholars. The research is both historical and descriptive, relying heavily on documentary evidence sourced from primary materials such as Dr. Ambedkar's books, letters, and various articles and books written about him. Additionally, journals and publications, including Dr. Ambedkar's writings and speeches published by the Government of India and the Government of Maharashtra, serve as valuable data sources for this study.

4. Vision for Economic Development

From a research perspective, Dr. B.R. Ambedkar believed that the primary focus of an economic development strategy should be on eradicating poverty, eliminating disparities, and ending mass exploitation. While he concurred with Karl Marx on the existence of exploitation and the subjugation of the masses by the wealthy few, Ambedkar did not fully embrace the Marxist development paradigm. In his article "Buddhism and Communism," Ambedkar articulated his thoughts on communism, noting that unlike Marx, he did not view economic interactions as the sole determinant of human activity or the driving force behind all human endeavors.

Ambedkar highlighted that oppression manifests in multiple forms, including economic, social, religious, and political dimensions. In the Indian context, he asserted that societal servitude was as severe as economic exploitation. Ambedkar posited that socialism should represent a revolution rather than mere reform. He critiqued communism for its endorsement of revolutionary measures to defeat capitalist resistance and establish a proletariat dictatorship, arguing that such approaches often neglect humanity.

As a staunch advocate of human rights and democracy, Ambedkar opposed any form of authoritarianism and rejected violent methods of change. He believed in constitutional provisions and democratic processes as the means for achieving reform. Ambedkar was critical of Marx's totalitarian approach, which called for absolute control over all means of production, and he rejected the notion that abolishing private property ownership alone would alleviate poverty and misery among the poor. Furthermore, he did not accept Marx's prediction that the state would eventually 'wither away.'

Ambedkar advocated for a classless society but maintained that the state would continue to exist as long as human civilization persisted. In his book "State and Minorities," he emphasized the state's obligation to plan the economic life of the people in a way that maximizes productivity while ensuring equitable distribution of wealth and maintaining avenues for private enterprise. This perspective deviated from the Marxian concept of totalitarianism and state monopoly.

Ambedkar's vision of State Socialism, as outlined in "States and Minorities," was based on three core principles: (i) government control of agricultural land and key industries to meet the needs of society's poorest segments; (ii) state maintenance of productive resources; and (iii) fair distribution of common produce among all people, regardless of caste or creed. He envisioned an active but well-defined role for the state in the country's economic affairs, advocating for state-ownership of agricultural land with democratic collectivized cultivation methods and limited control over heavy industries and large public utilities (Gail, 2004).

5. Ambedkar's Notion on Money - Finance - Taxation

Ambedkar in his monumental book *The Problem of the Rupee: Its Origin and its Evolution* discusses the

evolution of the Indian currency as a medium of exchange and its equivalence in terms of precious metals such as gold and silver (Ambedkar, 1923). He traces the history of the Indian currency between 1800 and 1893 and brings the crisis of the currency that existed in the 1920s. He studied the relative effectiveness of the pure gold standard vis-a-vis the gold exchange standard and endorsed a kind of gold standard against the views offered by John Maynard Keynes where Keynes suggested that India must accept a gold exchange standard. In contrary to Keynes views, Ambedkar argued that it will permitted greater freedom for the issuer and that will lead to manipulate the supply of money and will endanger the stability and solidity of the monetary unit. His Ph.D. dissertation, *The Evolution of Provincial Finance in British India* elaborates on the centre-province financial relations. He affirms that the prevailing taxation procedure is complex for a poor country like India where the taxation burden was shouldered by the poor and marginalized in lieu of the affluent, and maximum public money were spent to maintain the privileges of the officials and zamindars and public welfare were not given attention. To a great extent, he professes that the centralization of government finance was a failure as there exist an administrative dichotomy between the imperial and provincial government. He argued that, 'justice' was nowhere during the British rule and its fiscal policies were based on injustice and exploitation. He argued for a healthy and sound administrative system, where the political unit will be able to finance and maintain its expenditure through generating its own resources without depending on other. His principles regarding fiscal responsibilities and price stability still find apposite when we consider today's economic problems. To sum up, Dr Ambedkar was an unparalleled social economist, who strived hard to promote economic welfare of all, particularly the poor. Although many of his thoughts have gone into the process of public policy making and have contributed towards nation building activities in the post independent period, quite a number of his far-reaching thoughts have been shelved and are yet to find place in the policy making process.

6. Ambedkar's perspectives on Land, Agriculture and Labour

As part of his agrarian reforms, Dr. B. R. Ambedkar critically examined the issue of land consolidation, identifying property inheritance and population growth as primary sources of agricultural problems. He noted, "If it is said that Indian agriculture suffers from small and scattered holdings, we must not only consolidate but also enlarge them. Consolidation may mitigate the issues of scattered holdings, but it will not resolve the problems of small holdings unless the consolidated holdings are economically viable and sufficiently large" (Govt. of Maharashtra, 1989). He highlighted the fallacy of assuming that all large holdings are economically viable, critiquing the views of renowned agricultural economist Prof. Jevons. Dr. Ambedkar countered Prof. Jevons's definition of economic holdings based on consumption norms, arguing instead that they should be based on production efficiency. Furthermore, he recommended collective farming under state capitalism to the Constituent Assembly, but this proposal faced opposition from the dominant rural landed elites and castes associated with land ownership. According to Dr Ambedkar, boosting agricultural output is dependent on a variety of elements, including land area, capital, labour, and other resources. As a result, if resources or labourer are scarce, insufficient in quantity and quality, then even a big size of land can become barren. On the other hand, if these resources are available in large quantities, then the small size of land increases productivity. He also explicitly mentions slavery and exploitation of labour under the caste system, which is extremely bad for economic improvement and he has fought hard for its repeal. He also emphasised that caste was not a division of labour but labour division to show only the hierarchical

order, which was not acceptable in a civilized society. (Mahadev, 2020) He argued that caste-based labour division would lead to unemployment, apart from paving way to social discrimination and economic exploitation.

His unique advice on collective farming, economic occupation of land or equal distribution of land, large scale industrialization, government funding, water, seeds and fertilizers, allocation of land to landless workers, the minimum wage for workers have importance even today.

He also emphasized the requirement for industrialization favoured agriculture in a way that it acts as a barrier to fragmentation and subdivisions of land. Another problem of Indian agriculture during the time was that agriculture was unable to generate a surplus which eventually led to the scarcity of capital. This led to the inefficient use of resources, surplus labour, and superfluous employment by raising the cost of production culminated in low agricultural productivity. Hence, Ambedkar anticipated the conception of 'disguised unemployment' three decades before Arthur Lewis for which he was awarded Nobel Prize 1969 (Pramit Bhattacharya, 2020). According to him, there is a very significant role for the state in transforming the agriculture and advocates for the nationalization of land and to distribute it to a group of farmers who are inclined to form cooperatives to develop agriculture. On October 10, 1927, in Bombay Legislative Council, Ambedkar said that the solution to the agricultural problem was "not in increasing the size of farmlands, but in having intensive cultivation by employing more labour and capital on the farms that we have". Further, he says: "the better method is to introduce cooperative agriculture and to compel owners of small strips to joint in cultivation" (Moon, 1982).

7. Dr. Ambedkar was a forward-thinking economist focused on people-centered development.

Dr. B. R. Ambedkar's contributions to nation-building are profound and far-reaching, extending well beyond the drafting of the Indian Constitution. His visionary proposal for state socialism, though not implemented, was truly revolutionary. He advocated for the entire economic structure to be governed by constitutional law rather than parliamentary statutes, believing that without this, 'one man, one vote' could not become 'one man, one value'. His academic critique of creating linguistic states is both rich and significant. Scholars highlight that Ambedkar intensified Gandhiji's efforts to eradicate untouchability by targeting the core of the caste system, which adversely affected social relations (Guru, Gopal, 2017).

Recognized for his scholarship and contributions to nation-building, Dr. Ambedkar was invited by Prime Minister Jawaharlal Nehru to join the first cabinet as the Law Minister, further consolidating India's hard-earned freedom. He became known as the 'Modern Manu' (Venkataraman, R 1990). Dr. Ambedkar championed human dignity, labor rights, and women's rights, leading the struggle to reduce working hours from 12 to 8 hours a day and writing on women's empowerment as early as 1916. As India's first Law Minister, he introduced the Hindu Code Bill, granting women the right to inheritance and property ownership.

He is also credited with establishing several top-level institutions, including the Central Bank, the National Power Grid System, the Central Technical Power Board, Employment Exchanges, the Central Water Project, and the Policy & Navigation System (Sukhadeo, 1998). His foundational work on these institutions and projects was pioneering and significantly advanced India's development.

8. Findings

Dr. B.R. Ambedkar is revered as a profound thinker, avid reader, visionary scholar, and versatile writer,

with a deep commitment to human dignity and rights, particularly for oppressed classes. His remarkable journey from a challenging childhood to attaining higher education at prestigious global institutions and his significant academic contributions offer invaluable lessons to students, teachers, policymakers, and philanthropists.

Ambedkar's analytical prowess and extensive knowledge, particularly in historical and constitutional studies, were instrumental in drafting the Indian Constitution, earning him the title "Father of the Constitution." Esteemed economist C. Rangarajan noted that economics was Ambedkar's first love. He dedicated himself to establishing socio-political systems and economic structures that fostered human potential and ensured stability and dignity for all citizens. His approach to economics, which combined positive and normative methodologies, anticipated many ideas later popularized by Prof. Amartya Sen.

Ambedkar's pioneering work in monetary economics, provincial and public finances, federal structures, agricultural economics, and radical socio-economic reforms highlighted the critical role of economics in policy-making. Despite their historical significance, these contributions were often overlooked in India's economic discourse. His economic ideas, although overshadowed by his work in legal theory, social philosophy, political science, and caste studies, showcase him as a great nation-builder.

Ambedkar meticulously created institutional structures, including the Constitution of India, to provide stability and unify fragmented entities into a sovereign democratic republic. His scattered economic ideas warrant renewed study to recognize his contributions as an economic thinker and enrich contemporary economic thought. Ambedkar's work offers valuable insights into India's socio-economic-political transformation, providing a foundation for improved governance and effective policy-making, especially in achieving the justice, liberty, equality, and fraternity he envisioned.

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