

## **Reflections on Ambedkar's Economic Doctrine and Notion of Social Justice**

**Nitish Kashyap**

Department of Economics, Miranda House, University of Delhi

*Email Id:* [nitishkashyap2007@gmail.com](mailto:nitishkashyap2007@gmail.com)

**Abstract:** This paper intends to explore Dr. Ambedkar's economic doctrine to understand the features of such an economy and further probe whether his economic doctrine is in conformity with his notion of social justice. Ambedkar's position can be seen closer to free market theorists with his initial writings in place and with such a doctrine it becomes hard to accept him as a proponent of welfare state. At the same time he doesn't believe in Marxian prognosis that state will wither away with time, advocates for uniting the caste based oppressed populations, so these seemingly contradictions throw up the challenge to look into his writings more carefully so as to arrive at a conclusion. Through this paper we intend to highlight this contribution of Dr. Ambedkar and invoke his position as one of the free market theorists who championed the cause of equality through institutional arrangements.

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### **1. Introduction**

Ambedkar today is rightly remembered as a towering Dalit leader and someone who drafted the constitution of Modern India. In the wake of his admiration which focusses much on his contribution towards voicing concerns of Dalits, Backwards Classes and framing Constitution, one forgets his training as a professional Economist from London School of Economics and Columbia University and his subsequent contributions in the discipline. In fact one can observe that we as a society are abysmally unaware of the wide span of works carried out by this great man and his identity is reduced to being a Dalit leader only. Professor Narendra Jadhav, an eminent Economist while giving the 11<sup>th</sup> Ambedkar Memorial Lecture in TISS, Mumbai, attributes this lack of awareness to the intellectual slavery of the Indian society and hints at discrimination in recognition of his works especially in areas of Economic History. He says, even today, there is a blatant lack of awareness about Ambedkar's life and works and we have continued to underestimate, or worse ignore, the many original contributions that Ambedkar made to many mainstream economics theories in the latter part of the 20<sup>th</sup> century. In

light of the above, it's evident that his contributions to the field of Economics have remained largely in oblivion and this paper aims to reflect on his economic doctrine. While doing so we try to understand the basis of his economic doctrine and analyse whether or not such an economic doctrine is in conformity with his notion of social justice which is relatively more visible in public. We believe that the oblivion of his economic doctrine from academia and general public has often lead to an uninformed portrayal of Ambedkar as a social reformer based on his notion of Social Justice, which at times fails to attract appreciation from different sections. This paper attempts to bridge this gap whereby academia & policy makers in particular and politicians & common masses in general become aware of his economic doctrine and its underlying philosophy to understand his contributions better. Further this paper shall definitely add to the understanding of those familiar with the discipline of Economics towards understanding Ambedkar's unique position on Social Justice which later forms the basis of Professor Sen's Capability Approach in Development Economics, as Dr. Sen himself acknowledges Ambedkar as "Father of my Economics".

## **2. Ambedkar's Notion of Social Justice:**

According to Ambedkar, the term "social justice" finds its place in a social democracy which identifies equality, liberty and fraternity of all human beings as its guiding principles. Thus aim of social justice is to remove all kinds of inequalities based upon caste, race, sex, power, Position, and wealth. To be more precise, this calls for removing man-made inequalities of all shades primarily through law followed by morality and social conscience. This social justice shall bring equal distribution of the social, political and economic resources of the community. Now these principles of liberty, equality and fraternity in Ambedkar's view constitute a trinity in the sense that to divorce one from the other is to defeat the very purpose of democracy and this explains why he considers political democracy contingent upon these above mentioned guiding principles. In light of the above it becomes imperative here that we stress his emphasis on putting social democracy as a precursor to political democracy. With this point Babasaheb concerns himself with the distribution of social, political and economic resources in the country. This traditionally seem closer to socialist policies in principles and naturally requires an interventionist and a paternal state which assumes responsibility for ensuring distribution of economic pie as well as socio-political space for the benefits of the marginalised as argued by

several scholars like Anand Teltumbde and political flags. Even theoretically speaking, to alter the distributive outcome of a given matrix of policy and institutional set-up, does require some sort of intervention, if one can and one may eventually think of a complete transformation of the system which yields desired distribution. In a political democracy or even in a non-democratic set-up it's the state as an agency which vests itself with powers so as to bring such changes. A state with such an agenda would be interventionist for its conviction in such a social set-up and this explains why the welfare state is attached with the idea of an interventionist and paternal state. So in light of Ambedkar's affinity towards a distributive mechanism ensuring social justice, one finds him being heralded by political parties, certain sections of academia and common masses as someone who advocated state intervention for ensuring social justice. The trouble is such portrayal is that it's partially correct while largely ignorant of his methodology and reasoning which might not actually bring him closer to socialist policies in the sense as it's today in political discourse.

### **3. Ambedkar's Economic Doctrine:**

If one were to say his Economic doctrine in one sentence it would be, "a free-market theorist with socialist beliefs". This may seem contrary given the traditional wisdom but it is here that his style and methodology have largely remained in oblivion and have not attracted attention which they should have. So we'll first establish his position as a free market theorist, looking at his early writings. It would be informative here to know that Ambedkar published at least three erudite works in Economics making some original arguments especially with regard to Public Finance, Planning in an economy and on Monetary System of India. His books included (a) *Administration and Finance of the East India Company* (1915)(b) *The Problem of the Rupee: Its Origin and Its Solution* (1923), and (c) *The Evolution of Provincial Finance in British India: A Study in the Provincial decentralisation of Imperial Finance* (1925).

In his book "Problem of Rupee" he makes excellent case for having enough liquidity in the system for it helps to realize gains from trade and specialization to occur among the domestic producers freely. As B Chandrasekaran argues in his article heralding Ambedkar the greatest free market economist of India that Ambedkar defended multiple currencies issued by various commercial banks than a legal tender to be issued by government and similarly highlighted the

problem of coordination and management in a large economy, hinting at small size governments than before.

In the first case when he's defending use of Multiple Currency in front of Hilton Young Commission, he emphasizes possibility of government manoeuvring the exchange rate but given its liability is negligent, in case of any default the loss then becomes shared. Therefore he stresses that we must have multiple currencies issued by various commercial banks so as the defaulters face the heat as a system with competing currencies would not the loss spread head rather defaulting banks would face closure and insolvency. This is quite a setback to anyone who thinks of tying Ambedkar to notion of intervening governments; rather he's sceptical of political leadership leading to use of discretion than rules in matters of currency and exchange management and in order to avoid such risks he altogether chooses to curtail the possibility of any wilful managing by the government.

In the second case he emphasizes the problem of coordination in a large government and highlights the problem of knowledge in a centrally planned economy. He says, "...centralisation, unless greatly circumscribed, must lead to inefficiency....In such circumstances there must come a point at which the higher authority must be less competent than the tower, because it cannot by any possibility possess the requisite knowledge of all local conditions. He attacks the idea of centrally planned economy more vehemently in his "The Evolution of Provincial Finances in British India(1925)", where he says: "By centralisation all progress tends to be retarded, all initiative liable to be checked and the sense of responsibility of local Authorities greatly impaired. Besides, centralisation involves and must involve a serious sacrifice of elasticity, for it is naturally disagreeable to a central department to have to deal with half a dozen different ways of managing the same branch of administration, and which therefore aims at reducing all types to one." So the notion of social justice and welfare of marginalised being associated with economic doctrines relying on heavy state intervention, his reflections on state intervention and planning may put his position closer to a free market economist which at first may seem contrary to such objectives. However the works quoted here are essentially in principal against heavy state intervention and it seems reservation against state intervention has arisen from possibility of its political manoeuvring. Thus it would be uninformed to blame his

affinity for free-market domains as equivalent to uncaring or un-attending to the questions of social equality and justice.

#### **4. Reconciliation:**

Nevertheless it clearly marks departure from the idea whereby an active state machinery is subscribed in socialist ideals and this brings us temporarily in a flux whereby we need to find out how do we accommodate his sensitivity towards the marginalised for which redistribution of some sort is inevitable with minimal government interference leading towards a free market society.

The identification of Knowledge problem which highlights the fact that a single individual is incapable of possessing all the information and so plan optimally for the whole of economy, also gives the solution of our seemingly puzzle. Despite having similarity with free market theorists, whereby state intervention is discouraged for the cause of achieving equality at the cost of efficiency, Ambedkar develops a case for state intervention invoking the knowledge argument. Essentially the knowledge problem highlights the fact in words of Hayek that, *we need decentralization because only thus we can ensure that the knowledge of the particular circumstances of time and place will be promptly used*. This highlights the basis of Ambedkar's approach whereby despite seemingly closeness to free-market theorists he establishes a case of giving decision making in the hands of 'man on the spot' and he argues for a paternal state to establish equality to combat non-level playing grounds.

His contributions in this regard which are well reflected in terms of directive principles of state policy, advocacy for uniting marginalised caste groups and have political representation aren't theoretically contradictory rather they emphasize the point that to solve the challenges ahead of such socio-economic group one needs representation from them in the decision making process to address such local problems. It simply tells us that if one man doesn't have all knowledge to give us an optimal plan for the whole of economy we must make sure that decision making body is well represented by all types of people. If institutional arrangements have systematically deprived the historically oppressed castes over time to be a part of decision making process or courtrooms then State must ensure that it creates a level playing ground whereby each and every voice gets recognized in the political, social and economic discourses in the country. Since political representation commands the executive rights, state must ensure

one's rise to those ranks in political hierarchy and this forms the basis of redistribution in the economic sphere so that such target groups can earn a decent living and eventually be part of social and political discourse as well.

## **5. Conclusion:**

Essentially it's the notion of state in Ambedkar's philosophy which marks all the distinction, it's neither like the all-powerful socialist state nor the negligible free market capitalist society's state which is non-existent. His theorization of state is one of quite having strong moral character, as to play the role of a just facilitator than to use discretion each and every time. Therefore one finds that he rejects Marxian prognosis that state is a temporary institution that will wither away with time, for Ambedkar assumes full faith in political democracy and it's his faith in such an set up that he had tried to address the social evils of country through institutional arrangements. Furthermore his emphasis on such level playing ground is something quite similar to Professor Sen's capability approach in development whereby Dr. Sen argues about developing human capabilities as indicator of freedom i.e freedom to choose to what to do, so it doesn't seem coincidence that Nobel Laureate Professor Sen has rightly said Ambedkar as "Father of my Economics".

We through this paper intended to highlight this contribution of Dr. Ambedkar and invoke his position as one of the free market theorists who championed the cause of equality through institutional channels which curtail government's hands as well as avoid the dangers of overtly being generous.

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