

#### NIAS-IPRI Brief

# Gandhi's idea of Trusteeship Relevance in 21<sup>st</sup> Century

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Gandhi believed that God is the master of all wealth and material universe. According to him, wealth does not 'belong' to the businessman, he is rather the person entrusted with managing the wealth for the welfare of the society - namely a 'trustee'. And only by sharing his wealth with the relatively less privileged, can a businessman truly become useful to his society. For Gandhi, economy with social justice promotes good of all, equally, including the weakest, and is indispensable for a decent life. Arguably, such a position of Gandhi would hardly find any criticism for political and social equality would mean little without economic equality being guaranteed. He also believed that if nature's abundant resources were to be distributed equally, there would be no poverty in the world.

Mohandas Karamchand Gandhi, the mention of this name today evokes varied responses, ranging from reverence, relevance and shockingly even ignorance. But the wise know that whenever there is a tumult of elements, as in the world of today, referring to the great minds that shaped world thinking and drawing from them to enlighten us is always a sound strategy. So here we are today, when capitalism vs socialism, business for profit vs business for good, are all being debated, we look up to guidance from Gandhiji, who introduced the world to an alternate concept of progress and development through the idea of *trusteeship*. Gandhi was one of the greatest political, spiritual and social leaders the world has ever seen. He peacefully led millions from bondage to freedom—never once straying from his avowed principles of Satya and Ahimsa. Thus, his ideas and philosophies, though formulated a century ago, remain relevant even in twenty first century. It is, therefore, crucial for us to revisit them in order to address the challenges we face in the contemporary world today. This chapter is an attempt to highlight the relevance of Gandhi's ideas of *trusteeship* and its relevance in twenty first century.

### Gandhi's ideas on Trusteeship

Gandhi once said, 'A violent and bloody revolution is a certainty one day unless there is a voluntary abdication of riches, and the power that riches give, and sharing them for the common good<sup>1</sup>.' He, therefore, conceptualized 'Trusteeship' to serve as the businessman's contribution to the well-being of the society, community and country at large. In this process he lit a torch to reveal a path.

Trusteeship, as a philosophy, sought to redefine the relationship between the businessman

<sup>&</sup>lt;sup>1</sup> M. K. Gandhi. (1948). Constructive Programme, Ahmedabad, Navajivan Publishing House: 20-21.

and the worker in the grand design to bring them together for the national movement<sup>2</sup>. It was, as any student familiar with the discipline of social science can tell you, a mammoth task. And the fact that he succeeded in this endeavor only goes a long way to show the effectiveness of his doctrine for our infant nation's goal of political mass mobilization. The success and effectiveness in terms of mobilizing people around the idea amidst a political movement against colonial rule with a pursuit to nation building merits the concept of *trusteeship* for deeper understanding.

Gandhi believed that God is the master of all wealth and material universe. According to him, wealth does not *'belong'* to the businessman, he is rather the person entrusted with managing the wealth for the welfare of the society—namely a *'trustee'*<sup>3</sup>. And only by sharing his wealth with the relatively less privileged, can a businessman truly become useful to his society. In Gandhi's opinion, true economics cannot be separated from social justice<sup>4</sup>. For him, economy with social justice promotes good of all, equally, including the weakest, and is indispensable for a decent life. Arguably, such a position of Gandhi would hardly find any criticism for political and social equality would mean little without economic equality being guaranteed. He also believed that if nature's abundant resources were to be distributed equally, there would be no poverty in the world.

Trusteeship, therefore, is a reminder to the rich that by amassing wealth for themselves, they are depriving their fellow countrymen of a dignified standard of life. He was, however, opposed to violently attacking them as it would go against the creed of *ahimsa*. Therefore, by re-conceptualising the idea of *trusteeship* as benevolence<sup>5</sup>, Gandhi tried to create a channel to bring together, both, the haves and have-nots of India in the national movement for freedom. A voracious reader, Gandhi's philosophies often reflected the influence the world had had on him. With regard to Trusteeship, he seemed to have derived his ideas from English common law, the Quakers (*he was a known friend of Horace Alexander, Agatha Harrison, Muriel Lester, Marjories Sykes and others*), Hindu scriptures (*Isavasya Upanishad*) and also the intellectual traditions and practices of the Gujarati bania community. A dive into the past of our subcontinent will show that trusts had existed long before the arrival of the British—only they were called *pedhis*. Along with other extraordinary ideas, Gandhi's concept of trusteeship was conceived in the early years of 20th century. Despite the changing socio-economic circumstances in India and elsewhere, the ideas around trusteeship still offers significantly in the 21<sup>st</sup> century.

### Idea of Trusteeship in 21st Century

While our world has progressed leaps and bounds in the past century, the past decade has forced us to unlearn much of what had helped propel that progress, mostly in terms of economic growth and development. Development—the poster word for Capitalism—has been the preoccupation of most countries. '*Change*' has been viewed as a critical need of every society left behind in the industrialization race. There is a '*demonstration effect*' where every poor country looks to global giants like the United States (US) or a China as yardsticks for progress and modernity, making wealth accumulation the primary aim of every business.

<sup>&</sup>lt;sup>2</sup> Bidyut Chakrabarty. (2015). Universal Benefit: Gandhi's doctrine of Trusteeship: A review article. *Modern Asian Studies*. 49(2). pp. 572-608.

<sup>&</sup>lt;sup>3</sup> M. K. Gandhi. (1960). *Trusteeship*. Ahmedabad. Navajivan Publishing House: 5-40.

<sup>&</sup>lt;sup>4</sup> Shailender Kumar Tiwari. (2009). Social Justice: Gandhi and Ambedkar. *Indian Journal of Political Science*. 70(2). Pp. 429-439.

<sup>&</sup>lt;sup>5</sup> Joydeep Balakrishna, Ayesha Malhotra and Loren Falkenberg. (2017). Multi-Level Corporate Responsibility: A Comparison of Gandhi's Trusteeship with Stakeholder and Stewardship Frameworks. *Journal of Business Ethics*. 141. pp. 133-150.

This, therefore, has induced (un)avoidable competitions among the nation states and the business companies which has eventually resulted in more problems than solutions. One can also argue that the journey for development and accumulation of wealth has also directly contributed to large-scale poverty across the countries. The issue of poverty remains one of the greatest manifestations of economic violence, the world over. Although, ideally, a company's financial success, in the long term, depends on its ability to generate positive economic, social and environmental value in every facet of business, in our obsession with economic development in the past few decades, we seem to have forgotten about the other two variables, almost entirely. These two variables, social and environmental values along with economic growth, can be better addressed through Gandhi's idea of *trusteeship*.

At the present scenario, the doctrine of trusteeship has implications at both the macro and micro levels. It insists on equitable distribution of wealth as the real indicator of progress. Gandhi also insisted that this equitable distribution is about ensuring human dignity and not charity<sup>6</sup>. The data from the Global Consumption and Income Project (GCIP) shows that Brazil, Russia, India, China and South Africa (BRICS) countries still account for 45 per cent of global poverty. The largest share of the responsibility for continued efforts at inclusive growth, therefore, lies with the BRICS.

Considering the rapid development and emerging market in one hand and the incredible presence of poor population in India, we have a huge responsibility. This is where Gandhi's concept of Trusteeship becomes relevant in order to bridge the gap between uneven distribution of resources and accumulation of wealth and the poverty. It questions wealth accumulation as the goal of business forces us to reevaluate our present ways of achieving long-term financial success. In this process we face critical questions like: Are our current ways sustainable? And if not, is it even efficient to continue with them?

Moving towards a just and sustainable world would mean a shift towards a 'simpler' and less energy-intensive way of life, especially for the ones who are over-consuming. It would require us to live, not austerely, but by being mindful of what we really need to live well. This means an overhaul of our current systems of production and consumption to promote new cultures that encourage a sustainable and mindful way of life. Therefore, the need of the hour is not ad-hoc damage control strategies but innovation in processes and new management thinking. Years of short-term management seems to have exaggerated the importance of Chief Executive Officers (CEOs) in the companies and driven the status of others to easily replaceable commodities. Every budget crunch, small and big, begins and ends with the downsizing of human resources. For responsible management of business, we should alternatively build our companies like communities<sup>7</sup> too. Community, according to Henry Mintzberg (2009), means caring about our work, our colleagues, and our place in the world, geographic and otherwise, and in turn be inspired by this caring. There is a reason why the companies that most inspire us have been known to have a strong sense of community. This includes Pixar, Toyota, Semco, Mondragon, and the Tata.

<sup>&</sup>lt;sup>6</sup> Bidyut Chakrabarty. (2017). Gandhi's Doctrine of Trusteeship: Spiritualizing Interpersonal Relationship, *NCDS Working Paper No.67.* available at <a href="http://ncds.nic.in/sites/default/files/WorkingandOccasionalPapers/WP67NCDS.pdf">http://ncds.nic.in/sites/default/files/WorkingandOccasionalPapers/WP67NCDS.pdf</a> (retrieved on December 11, 2019).

<sup>&</sup>lt;sup>7</sup> Henry Mintzberg. (2009). Rebuilding Companies as Communities. *Harvard Business Review*. Available at <u>http://www.erev.de/auto/Downloads/Skripte\_2012/2012\_09\_Mintzberg\_Rebuilding\_Companies\_as\_Communities\_10\_2009.pdf</u> (retrieved on December 11, 2019).

## JRD Tata and Trusteeship

The Tata Group is known for its dedication to Corporate Social Responsibility, as articulated in Gandhi's concept of *trusteeship*. The abiding principle of doing business for the founders of Tata was to integrate environmental and social principles in businesses, ensuring that what comes from the people goes back to the people many times over. J.R.D. Tata, at a seminar on Trusteeship in 1977, spoke of *VARIG*, which was once the largest airline of Brazil. The special thing about Varig, according to him, was that it was owned, to the extent of 50-60%, by the employees themselves. A few decades before the time, when the airline was still very small, the employees had bought it, for practically nothing, to save their jobs and the airline from going broke. He said that they did a very wise thing—they put their shares into a trust and created the perfect example of trusteeship in industry.

The Tata Trusts holds 60% of the wealth of the Tata Group which flows back into community projects, demonstrating a unique global model that makes it possible to generate profits while doing social good. Following the footsteps of its founder, Jamsetji Tata, the Group has treated its employees with dignity from the very beginning. Through grant-making, direct implementation and co-partnership strategies, the Trusts support and drive innovation in the areas of healthcare and nutrition; water and sanitation; energy; rural livelihoods; natural resource management; urban poverty alleviation; and education. JRD Tata's philosophy and approach to business critically highlighted business and philanthropy intrinsically related for him<sup>8</sup>. It was in practicing *trusteeship* that JRD Tata<sup>9</sup> conceived of NIAS in 1988.

Small companies, committed to their mission, usually have such a sense of community making and feeling. They are young, enthusiastic, and cohesive, like a close-knit family. But sustaining this feeling of community, as the company matures, is not easy. As companies get bigger, bureaucracy and politics slowly creep in; sapping the environment of its energy. It is often observed that community is easier to create in the non-governmental organisations (NGOs), not-for-profits, cooperatives—the social sector. The goal is more profound, and the people more inspired. But somehow, in our hectic, individualist careers, the sense of community has been lost in too many companies, organizations and, by extension, in the world.

However, there are institutions that still function around Gandhi's idea of community life and *trusteeship*. Ela Bhatt, the visionary behind SEWA and an avowed Gandhian, introduced the concept of mutual interconnectedness in 2015, in her book titled *Anubandh*<sup>10</sup>. Anubandh stresses the importance of understanding the effects of every individual action on the land and the people of our community. It, moreover, identifies six essential needs of daily life as indispensable for the survival of any individual and, by extension, the community. These basic needs are—roti, *kapda* (cloth), *makaan* (house), healthcare, education and financial services<sup>11</sup>. She believes that each of these needs can be met with locally, within a hundred-mile radius. In doing so, innovative and practical solutions can be found for solving problems related to illiteracy, environmental degradation, exploitation and, above all, poverty. A localized economy would help reduce the distance between the consumer and producer, and the producer and raw materials. This would in turn empower people to begin the process of restoring economic and political balance in the world. She is of the opinion that the sustainability of the model rests on a simple approach that it takes towards integrated

<sup>&</sup>lt;sup>8</sup> Sundar Sarukkai. (2020). JRD Tata and the Ethics of Philanthropy. New Delhi. Routledge.

<sup>&</sup>lt;sup>9</sup> Sundar Sarukkai. (2012). JRD Tata and the Idea of Trusteeship. in *Zoroastrianism: From Antiquity to the Modern Period*. PHISPC: Centre for Studies in Civilizations, New Delhi, pp. 307-324.

<sup>&</sup>lt;sup>10</sup> Ela R Bhatt. (2015). Anubandh: Building Hundred-mile Communities. Navjivan Press. Ahmedabad.

<sup>&</sup>lt;sup>11</sup> Ibid.

development, at the level of hundred-mile communities.

Such integrated approach towards development also gets reflected in Gandhi's ideas. Gandhi believed that *'independence must begin at the bottom'*<sup>12</sup>. Thus, he envisioned every village in India to be a Panchayat having full powers. This meant that every village should be self-sustained and capable of managing its affairs even to the extent of defending itself against the whole world<sup>13</sup>. *'Panchayat Raj'*, therefore, was considered by Gandhi to be the true form of democracy. He envisioned the culmination of the theory of Trusteeship and the Swadeshi Movement to be the construction of such cooperative villages as he was disillusioned by the idea of modern industrialization. Gandhi's alternative ideas to this can be best understood through Schumacher's views where he stresses on *'we need methods and equipment which are cheap enough so that they are accessible to virtually everyone; suitable for small scale application; and compatible with man's need for creativity'<sup>14</sup>. The root of this idea can be linked to his belief that, <i>'the poor of the world cannot be helped by mass production, only production by the masses*'<sup>15</sup>. He, therefore, stressed the use of the charkha for spinning khadi, during the freedom struggle period.

His life was a testimony to his belief that, 'Independent India can only discharge her duty towards a groaning world by adopting a simple but ennobled life'<sup>16</sup>. It can only rise 'by developing her thousands of cottages and living at peace with the world'<sup>17</sup>. While the applicability of this Gandhian model of development in our modern global materialist societies is often questioned, examples such as the Grameen Bank in Bangladesh and Sarvodaya Movement in Sri Lanka testify that his philosophy is relevant in the construction of better human societies. According to Amartya Sen<sup>18</sup>such alternative theories, which take a spiritual or qualitative approach to development, aim to enable 'deprived' people to participate in social development in order to restore their 'capability'. He understands poverty as the deprivation of an individual's capability to live a good life.

Therefore, rather than stressing on indicators like per capita income, Sen advocates for the advancement of the real freedoms that individuals enjoy as the true measure of development. Indeed, to really develop, third world countries must come up with alternative roads to development, considering their own distinctiveness and the specificity of their historic situation. We should consider our own special needs and evolve endogenous and non-emulative designs of living. This might mean looking at indicators, other than economic growth, as the overarching goal of economic policy. Currently, economic growth is seen to be the only parameter for progress in India—but while our Gross Domestic Product (GDP) and Gross National Product (GNP) is on the rise, it does not account for inclusive growth.

In 2012, the first ever UN Conference on Happiness was held with more than 600 delegates. The elementary idea behind the conference was that economic growth was not the sole parameter to measure the quality of human life. While obviously beneficial for lifting people out of poverty, economic growth is often accompanied by unwanted by-products such as rise in inequality, environmental damage and mental illnesses. Decoupling environmental damage and economic growth is, in fact, one of the biggest challenges that we face today.

<sup>&</sup>lt;sup>12</sup> M.K. Gandhi. (1989). India's Independence Must Begin at the Bottom. Kurukshetra.

<sup>&</sup>lt;sup>13</sup>M.K. Gandhi. (1968). 'Village Panchayat', *Harijan*, 28 July 1948. *The Selected Works of Mahatma Gandhi*, Vol. VI. Navajivan Publishing House. Ahmedabad.

 <sup>&</sup>lt;sup>14</sup> E. F. Schumacher. (1973). Small is Beautiful: Economics as if People Mattered. New York. Harper and Row. P. 297.
<sup>15</sup> Ibid.

<sup>&</sup>lt;sup>16</sup> M. K. Gandhi. (2009). India of My Dreams. Delhi. Rajpal & Sons. P.37.

<sup>&</sup>lt;sup>17</sup> Ibid.

<sup>&</sup>lt;sup>18</sup> Amartya Sen. (2006). Human Rights and Capabilities. Journal of Human Development. 6(2). Pp. 151-166.

In his opening address at the Conference, the then prime minister of Bhutan, Jigmi Thinley, spoke of a 'deeply troubled' world, and the 'obsession for creation of wealth at any cost'<sup>19</sup>. It seemed to have caused us to lose our sense of direction. An inspiring leader, he spoke of the intricate link between happiness, the preservation of our natural world and sustainable lifestyles. Bhutan is curiously different from her neighbors and the developed world. Their concept of Gross National Happiness (GNH) has a solid underlying methodology and is of great relevance to the contemporary world. It is based on 72 indicators across nine domains. These indicators include time use, psychological well-being and community vitality, to name a few. Laura Chinchilla, the then president of Costa Rica, also spoke proudly of the achievements of her country. They had managed to successfully combine high levels of life satisfaction with a relatively small environmental footprint. For those who still question the practicability of Bhutan's GNH, The World Happiness can be measured in a meaningful way. We should be paying attention to such a finding.

Earlier, while quoting the Mahatma, I had referred to *'man's need for creativity'*. The needs to grow and strive to better our lot is also intrinsic to the human psyche. This makes it essential for us to engage creatively with the world, so that we grow to be the right size for it. Aiming for growth in our overall happiness should ideally include more than just pursuing economic growth, which has, often, resulted in lopsided development. To put it differently, our goal of development should evolve to include other goals such as reduction of inequalities of income, provision of adequate housing and provision of healthcare and education facilities. It is only then that we can think of liberating the poor from what Oscar Lewis<sup>21</sup> calls the *'culture of poverty'*. Therefore, the most important task ahead, for third world countries, is to commit ourselves to growth that is inclusive in nature. If we want to ask for an equitable international economic order, then it only makes sense that we try to ensure some sense of equity and justice for our own people.

This brings us to our greatest worry today—the rising risks of conflict. We live in a country characterized by its hierarchies, cleavages and differences. It often seems impossible to escape conflicts between different brackets of people in public life. As inequalities rise, it is going to be a difficult task to keep peace. Businesses, today, need to realize the role they can play in conflict resolution. India has an age-old tradition of graded inequality which creates social tension and gives rise to conflicts in public life. Businesses, through their supply chains, can have a great impact in restoring dignity to all by providing opportunity to all.

Another area of concern is the continual degradation of our natural resources. Extending the Gandhian principle of trusteeship, every global citizen that consumes the earth's re-sources must remember that we hold the planet in trusteeship for future generations. Hence judicious use of water, sensitivity to pollution and environmental damage, protection of green cover, handling of wastage responsibly, and climate change measures is our moral responsibility. Individuals, governments, and businesses need to do more to address this issue. We should be more careful, for we are the future of business.

<sup>&</sup>lt;sup>19</sup>Jigmi Y. Thinley. (2015). The Double Bottom Line: How Rich We Really Are. Inaugural Address. International Leadership Symposium on Ethics in Business, at the European Parliament, Brussels. Available at http://wfeb.org/speech-by-hon-mr-jigmi-yoser-thinley/ (retrieved on December 13, 2019).

 <sup>&</sup>lt;sup>20</sup> World Happiness Report 2015. Available at https://worldhappiness.report/ed/2015/ (retrieved on December 13, 2019).
<sup>21</sup> Oscar Lewis. (1969). The Culture of Poverty. In Daniel P. Moynihan (ed) On Understanding Poverty: Perspectives from the Social Sciences, New York: Basic Books. pp. 181-200.

A prominent Indian writer and Gandhian intellectual, Rajni Bakshi, poses some important questions for today's responsible business movement: '*How you make your money in the first place is more important than how much you give away*<sup>22</sup>.' She argues that everyone does not have wealth-generating capabilities. Those that do, are somehow better endowed which means that they, therefore, have more responsibility. While this is directed at entrepreneurs and companies, it also holds true for urban educated India. It is our role, as the privileged few of the country, to act as trustees for those who are disadvantaged and deprived.

One such group that has been recurrently disadvantaged is the farming community of our country. ASHA (Alliance for Sustainable & Holistic Agriculture) was created in May 2010, as a response to the need felt amongst many civil society organizations that we aren't doing enough to help the problems of rural India. These include the issues of rural livelihoods, food and seed sovereignty and security and, therefore, sustainable development. It is a nation-wide network that includes over 400 organizations across 20 states of India. The goal of the network is to ensure that farming communities have control of productive resources and can, therefore, produce safe and nutritious food that is available for all Indians. ASHA also seeks to promote policies and practices that can make Indian agriculture ecologically sustainable. It firmly believes that problems of cultivators in the country cannot be ignored. I think we can all agree that ensuring dignified lives and livelihoods for our farmers must be at the forefront of our nation's agent.

Gandhi felt that it was cooperation, and not competition, that was the natural state of mankind. Businesses, therefore, need to realize their social role in helping local and national political structures meet the basic daily needs of people. This means helping local governments increase their capacity to efficiently provide the basic services required by people in their day-to-day life. Creating the required infrastructure to meet those needs is one way to do it. It is not enough for big corporates to distribute two bottles of water across a specific region. What is required of them is to help the local government make clean drinking water available to common people at the tap. Capacity building, therefore, becomes one of the key components for responsible growth. To really grow, we need to help each other grow.

# Conclusion

Today, in the 21<sup>st</sup> century, we stand at a major crossroads of history—while these are troubled and troubling times, these are also times of gigantic change, the world over. In our blind pursuit of wealth creation, it is important for us to stop and rethink: What, eventually, is this wealth for? As Bakshi explains: *Your physical self is a temporary manifestation in time and space. In this context, Gandhi is saying whatever you generate is never fully yours be-cause it's going to be there long after you'<sup>23</sup>. Even a toothbrush remains on the planet for 400 years! We are only caretakers. Chasing wealth forever is, therefore, a fruitless endeavor, as is an economic system with the singular aim of wealth creation. India needs new and better aims. The place and culture we grow up in forms an integral part of who we are; it is home and it is comfortable. But sometimes, comfort is dangerous, and we need to be disturbed from time to time. Every change is accompanied by discomfort. But there is no growth without change.* 

<sup>&</sup>lt;sup>22</sup> Rajni Bakshi. (2013). The relevance of Gandhi in the capitalism debate. The Guardian. Available at

https://www.theguardian.com/sustainable-business/blog/relevance-gandhi-capitalism-debate-rajni-bakshi (Retrieved on September 12, 2019).

<sup>&</sup>lt;sup>23</sup> Ibid.

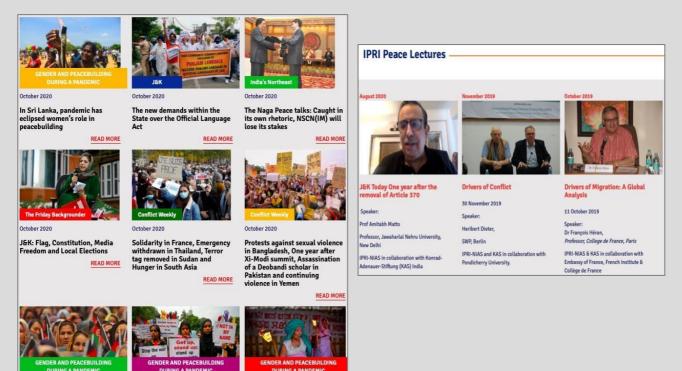
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The International Peace Research Initiative (IPRI) is part of the Conflict Resolution and Peace Research Programme at the National Institute of Advanced Studies (NIAS).

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