Between the Nation and the World: Economic Nationalism, Globalisation, and the Enduring Relevance of Deen Dayal Upadhyay's Economic Philosophy

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Abstract

The tension between economic nationalism and globalisation has become increasingly intense in the present decade. Major global disruptions, including Russia's invasion of Ukraine in 2022, the Houthis' attacks on Red Sea shipping from late 2023, U.S. tariff escalation of 2025, and the 2026 U.S.–Israel–Iran conflict that triggered a major oil and energy shock, have exposed the fragility of a deeply interdependent globalised economy. Rising energy prices, disrupted trade routes, and decreasing global trade have revived concerns over economic security, national resilience, and strategic self-reliance.

Amid these overlapping crises, this paper draws upon the economic philosophy of Pandit Deen Dayal Upadhyay (1916–1968) to develop an analytical framework for understanding how a developing country like India can navigate between the double risks of over-dependence and economic isolation. The paper argues that Upadhyay Ji's principles of Swadeshi, Antyodaya, Gramodaya, and Dharmic duty offer a pragmatic path for building a robust, resilient, people-centric, and culturally rich rooted model of economic sovereignty in an uncertain global order.

Keywords: *Economic Nationalism, Globalisation, Swadeshi, Antyodaya, US Tariffs 2025, Ukraine War, Atmanirbhar Bharat, WTO, Deen Dayal Upadhyaya*

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I. Introduction: A World Order in Crisis

The early 2020s have witnessed a series of geopolitical and economic shocks that have challenged the foundations of the post-1990 globalisation model. A system once seen as stable, built on open markets, global supply chains, and international cooperation, now faces growing uncertainty. Four major disruptions have significantly reshaped the global economic landscape.

First, the Russia–Ukraine war exposed the dangers of depending too heavily on global markets for food and energy security. Second, the Gaza conflict and Houthi attacks on Red Sea shipping disrupted one of the world's key trade routes, forcing cargo ships to take longer and more costly journeys around Africa. Third, the United States' tariff escalation under President Donald Trump in 2025 raised concerns about the weakening of the rules-based trading system supported by the World Trade Organisation.

Finally, the 2026 U.S.–Israel–Iran conflict triggered a major oil and energy shock. Rising tensions in the Strait of Hormuz, a vital route for global oil and LNG supplies, led to rising energy prices and fears of inflation, trade disruption, and slower growth. Together, these crises revealed how vulnerable global interdependence can become during geopolitical instability.

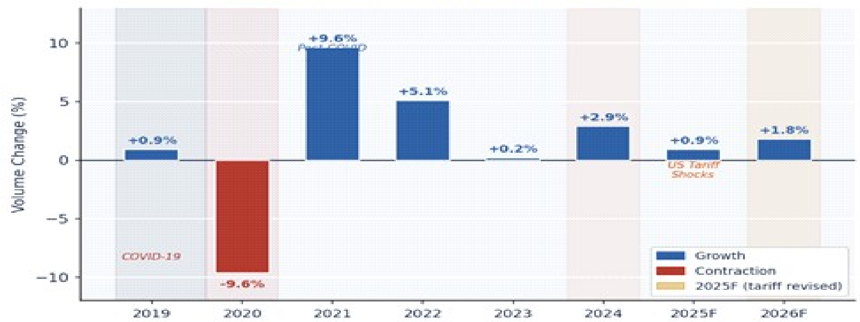
These developments are more than temporary disruptions; they signal bigger structural changes in the global economy. Trade growth slowed, uncertainty increased, and although global trade showed limited recovery in 2025, concerns about weaker global economic growth remained strong into 2026 (Table 1).

Table 1: Global Trade & GDP Forecast, 2023–2026 (WTO Data)

Indicator	2023 (Actual)	2024 (Actual)	2025F (Tariff Scenario)	2026F
Merch. Trade Vol. Growth	0.2%	2.9%	0.9% (revised Apr→Aug)	1.8%
Goods Trade (volume)	−1.9%	+2.9%	−0.2% (April est.)	—
Services Trade Vol. Growth	+9.0%	+6.8%	+4.0%	—
WTO World GDP Forecast	2.9%	2.9%	2.2%	2.4%
North America Export Growth	+1.8%	+2.0%	−12.6%	—
AI-enabling Goods Trade ($T)	—	$3.43T	$4.18T (+21.9% YoY)	—

Source: WTO Global Trade Outlook & Statistics (April 2025, August 2025); WTO News, March 2026. F = Forecast.

Figure 1: Global Merchandise Trade Volume Growth (%), 2019-2026
(Revised downward by US tariff escalation in 2025)



Source: WTO Global Trade Outlook April 2025; WTO August 2025 Update; WTO March 2026. 2025F reflects August 2025 upward revision; downside risk to 2026 persists.

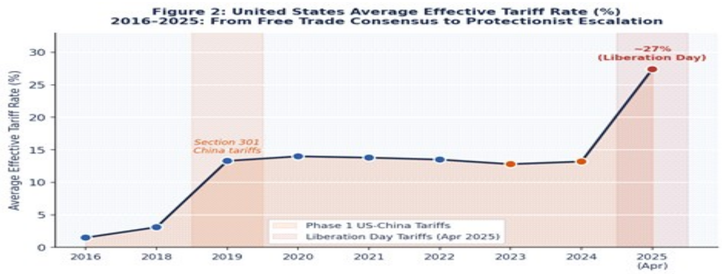
In this uncertain global environment, an important question arises: how can a country like India stay connected to global markets while protecting its economic independence and cultural identity? This paper argues that the answer lies in revisiting the economic ideas of Upadhyaya Ji, whose philosophy remains relevant in today's uncertain and interconnected world.

II. The Great Tariff War of 2025: Economic Nationalism in Raw Form

Since early 2025, the United States has imposed a series of sharp tariff increases on imports from major trading partners, especially China, Canada, and Mexico. A broader package of "reciprocal tariffs" announced in April 2025 further intensified trade tensions. Although some tariffs were later paused, those on Chinese goods remained significant, rising above 145% before being reduced after negotiations.

As shown in Figure 2, the average U.S. tariff rate rose sharply from about 1.5% in 2016 to nearly 27% in 2025—the highest level in almost a century. Such protectionist measures, not seen since the 1930s Smoot–Hawley Tariff Act, created uncertainty, weakened business confidence, and slowed global trade.

This shift presents an important irony. The United States, once a strong supporter of free trade through institutions like the World Trade Organization, has increasingly adopted protectionist policies. For countries like India, the lesson is clear: relying only on global trade without strengthening domestic production can create long-term economic risks.



Source: Tax Foundation 2025; CEPR VoxEU 2025; WTO Global Trade Outlook April 2025. The 2025 'Liberation Day' tariff figure represents the average effective rate at peak escalation.

This concern closely reflects Pt. 's economic thinking. Upadhyaya, particularly his idea of *Swadeshi*. For him, *Swadeshi* did not mean isolation from the world, but building enough domestic strength to reduce harmful dependence. A country unable to produce essential goods, technology, or strategic resources risks weakening its economic independence and decision-making power.

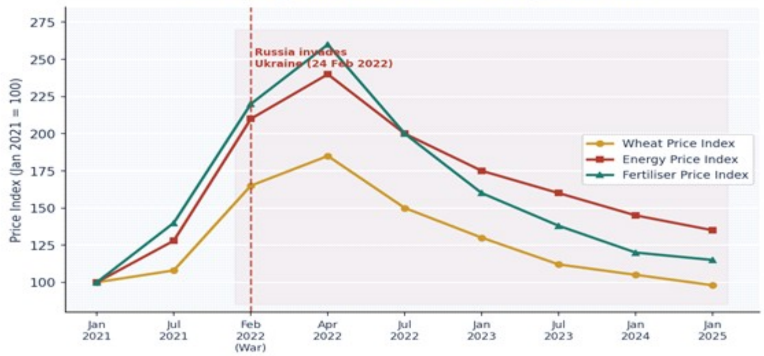
III. The Ukraine War: Food, Energy, and the Fragility of Global Supply Chains

Russia's invasion of Ukraine on 24 February 2022 exposed the vulnerability of a highly interconnected global economy to geopolitical conflict. What began as a regional war quickly turned into a wider economic crisis, disrupting food supplies, energy markets, and global trade. The conflict forced many countries to rethink their heavy dependence on international markets.

The most immediate effects were seen in food and energy prices. Wheat prices rose sharply, reaching almost 85% above 2021 levels, while energy prices more than doubled. Fertiliser costs also increased significantly, adding pressure to agriculture and food production worldwide. These rising costs contributed to inflation across both developed and developing countries.

Before the war, Ukraine was a major exporter of wheat, corn, barley, and sunflower oil. However, disruptions at Black Sea ports sharply reduced grain exports, worsening global food shortages. Rising food and fuel prices, particularly in poorer regions of Africa, have increased concerns over hunger and economic insecurity.

Figure 3: Global Commodity Price Shock from Russia-Ukraine War
Wheat, Energy and Fertiliser Price Indices (Jan 2021=100)



Source: World Bank Commodity Price Data (Pink Sheet); FAO Food Price Index, 2021–2025. Indices normalised to January 2021 = 100. Peak values correspond to April–May 2022.

Table 2: Russia-Ukraine War — Key Economic Impact Data

Impact Domain	Key Metric / Data Point	Source
Wheat Price Spike (peak 2022)	+85% above Jan 2021 level	World Bank / FAO, 2022
Energy Price Index (peak Apr 2022)	+140% above Jan 2021	World Bank Commodities
Fertiliser Price Spike (peak 2022)	+160% above Jan 2021	World Bank, 2023
Ukraine grain exports decline	−24% in 2023/24; further decline 2024/25	Economics Observatory, 2025
Grain destroyed (UN estimate)	~60,000 MT destroyed via port attacks	UN / Economics Observatory
People at risk of food insecurity	61–107 million additional (2023 est.)	Nature Sci. Reports, 2023
Black Sea port accessibility	Largely inaccessible since Feb 2022	INFORMS / Nagurney, 2025
Global GDP impact (IMF)	−1% global growth deviation 2022	IMF WEO, 2022

Source: World Bank Commodity Data; FAO; INFORMS/Nagurney (2025); Nature Scientific Reports (2023); Economics Observatory (2025); UN.

Beyond rising prices, the Ukraine war exposed a deeper weakness in the global economy. For decades, countries were encouraged to depend on international markets for essential goods under the idea of comparative advantage. However, the crisis showed that when wars or disruptions affect trade routes, countries heavily dependent on imported food, fuel, or industrial inputs become highly vulnerable. This concern closely reflects Upadhyaya Ji's thinking. He believed that true economic independence requires a country to remain sufficiently self-reliant in essential sectors. A nation unable to secure food, energy, or critical supplies during crises cannot fully protect its economic sovereignty.

IV. The U.S.–Israel–Iran Conflict: The Most Severe Energy Shock of the Decade

The geopolitical crisis that began in February 2026, when U.S. and Israeli forces carried out strikes on Iranian nuclear and military sites, triggered one of the biggest energy shocks since the 1973 oil crisis. At a time when global trade was already under pressure from U.S. tariffs and Red Sea disruptions, the conflict added further strain to an already fragile world economy.

The crisis centred on the Strait of Hormuz, a key route for nearly 20% of global oil and a large share of LNG exports. When Iran threatened shipping in the region in March 2026, oil markets reacted sharply. Brent crude prices crossed USD 100 per barrel, raising fears of inflation, slower growth, and wider economic instability

The crisis was not limited to oil. Qatar, one of the world's largest LNG suppliers, temporarily disrupted exports, leading to sharp increases in natural gas prices, particularly in Europe and Asia. This highlighted how unevenly different regions depend on Middle Eastern energy supplies. Economic forecasts suggested that the conflict could slow world GDP growth in 2026, with Europe expected to face the greatest impact.

Figure 4: Brent Crude Price Surge & India Petrol Impact — U.S.-Israel Military Operations Against Iran (2025-2026)

Sources: Oxford Economics (Feb 2026); Al Jazeera (Mar 8, 2026); WEF (Mar 12, 2026); JPMorgan Global Research (Mar 13, 2026); Business Standard / GTRI (Jun 2025). India petrol prices are approximate estimates based on Brent pass-through analysis.

4.1 India's Serious Vulnerability

For India, the conflict was not a distant geopolitical event; it had direct economic consequences. India imports nearly 90% of its crude oil and depends heavily on Gulf countries for LPG and LNG. Since Qatar supplies a major share of India's LNG, disruptions in the Gulf quickly led to higher domestic energy costs, rising LPG prices, and growing inflation concerns.

The crisis also put pressure on government finances. Higher oil prices strained subsidy spending on LPG and fertilisers, forcing difficult choices between increasing public expenditure, passing costs to consumers, or cutting spending elsewhere. At the same time, uncertainty in Gulf countries raised concerns for nearly nine million Indians living there and the remittances they send home. India reduced some risk by increasing imports of Russian crude oil since 2022, helping diversify energy sources. However, because fuel prices still largely follow global oil markets, this offered only limited protection.

The crisis also underlines the relevance of Pandit Deen Dayal Upadhyaya's idea of *Antyodaya*, which places the welfare of the poorest at the centre of policy. Rising fuel and fertiliser costs hurt low-income families, small farmers, and daily wage workers the most, making their welfare the true test of economic resilience during global crises.

V. The Economic Thought of Pt. Deen Dayal Upadhyaya: A Framework for Turbulent Times

Upadhyaya Ji sought to offer an Indian alternative to both Western capitalism and Marxist socialism, arguing that neither fully suited India's social and cultural realities.

5.1The Philosophical Foundation

His holistic view of development is guided by Dharma, a principle of moral responsibility, social balance, and duty. According to this philosophy, economic progress should go beyond wealth creation and focus on human dignity, community welfare, environmental care, and the well-being of the weakest sections of society.

5.2 Swadeshi: Strategic Self-Reliance, Not Isolation

Upadhyaya Ji viewed *Swadeshi* as a practical strategy for strengthening India through local industries, suitable technology, and employment-oriented growth. In *The Two Plans: Promises, Performance, Prospects* (1963), he criticised excessive dependence on imported development models. However, *Swadeshi* did not mean economic isolation. Rather, it meant building domestic strength first so that India could participate in global markets with confidence. In today's world of tariffs, trade restrictions, and geopolitical tensions, this idea is better understood as economic resilience rather than protectionism.

5.3 Antyodaya: Welfare of the Poorest

The principle of *Antyodaya* focuses on improving the lives of the poorest and most marginalised. For Upadhyaya, economic success should not be measured only by GDP or national income, but by the living conditions of the weakest citizens. This idea remains relevant today. Global crises, rising food prices, shipping disruptions, and energy shocks affect vulnerable groups the most. *Antyodaya*, therefore, reminds policymakers that economic decisions must prioritise those who bear the greatest burden during instability.

5.4 Gramodaya- Decentralisation, and Economic Resilience

Upadhyaya Ji's emphasis on *Gramodaya* (village-centric development) and decentralisation has become even more important in an era of repeated global disruptions. Recent crises have shown how overdependence on global supply chains can create serious vulnerabilities. A decentralised economy with strong local production systems is often better equipped to absorb shocks such as trade conflicts, shipping disruptions, and rising prices. India's growing MSME sector reflects this idea by supporting employment, manufacturing, and local resilience, helping build a more self-sustaining economy in uncertain times.

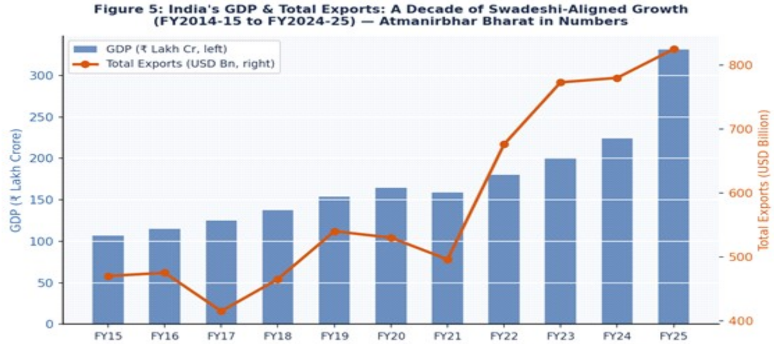
India's Response: Atmanirbhar Bharat as Applied Integral Humanism

The connection between Pandit Deen Dayal Upadhyaya's ideas and India's current economic strategy is clearly visible. The *Atmanirbhar Bharat* initiative, launched in 2020, aimed to strengthen economic self-reliance through reforms and financial support. A key step has been the *Production Linked Incentive (PLI) Schemes*, designed to boost sectors such as electronics, pharmaceuticals, and manufacturing while reducing import dependence.

The economic results have been notable. India's GDP and exports grew significantly, and by 2025 the country became the world's fourth-largest economy. Employment opportunities also improved, including greater participation by women in the workforce, which contributed to better living standards.

Many of today's policies reflect Upadhyaya's core ideas. *Swadeshi* is visible in efforts to strengthen domestic manufacturing and reduce import dependence. *Gramodaya* can be seen in support for MSMEs, rural infrastructure, and local production systems. Greater focus on domestic supply chains and logistics also reflects the need to reduce dependence on fragile global trade routes. At the same time, India's growing global role shows an effort to balance national priorities with international engagement.

Figure 5: India's GDP & Total Exports: A Decade of Swadeshi-Aligned Growth (FY2014-15 to FY2024-25) — Atmanirbhar Bharat in Numbers



Source: PIB India (May 2025); DGCI&S. GDP in [1] Lakh Crore (current prices); Total Exports include merchandise and services. FY25 GDP is advance estimate.

Table 3: Upadhyaya's Economic Philosophy - Mapped to Contemporary Global Crises and Indian Policy

Upadhyaya Principle	Global Crisis Lesson	India's Policy Response	Outcome Data
Swadeshi (Self-reliance)	Tariff wars expose import dependency as a strategic risk	Atmanirbhar Bharat; PLI Schemes (₹1.97L Cr / $26Bn)	Exports ↑76% to $825Bn (2024-25)
Antyodaya (Last person first)	Ukraine war: 61–107 Mn at food risk globally; poorest hit hardest	PM Garib Kalyan Anna Yojana; PM Kisan; MGNREGA	800 Mn food beneficiaries; Female LFPR 23→41%
Gramodaya (Village first)	Supply chain disruptions hit localised food producers hardest	MSME cluster promotion; PM Gram Sadak; ODOP	MSMEs: 30% GDP; 11 crore employed
Decentralisation	Over-reliance on Red Sea / Suez = single-point-of-failure	Multi-modal logistics; Sagarmala; domestic supply chains	Logistics cost: GDP ratio declining
Dharmic duty of the state	Global order fragmented; WTO disciplines weakening	Voice of Global South; G20 Presidency (2023); bilateral FTAs	India in 4th largest economy (2025)
Source: Author's synthesis. Policy data from PIB India (2025); WTO (2025); Ministry of MSME; World Bank. Outcome data from PIB India (2025).			

However, the connection between Upadhyaya's vision and present policy remains incomplete. *Atmanirbhar Bharat* has focused strongly on competitiveness and economic growth, but Upadhyaya's deeper concern was human welfare, especially the well-being of the poorest. His idea of *Antyodaya* reminds us that development should not be judged only by GDP or exports, but by whether vulnerable groups truly benefit.

In a time of tariff wars, supply disruptions, and inflation, protecting small farmers, informal workers, low-income households, and rural communities must remain central to economic policy. Otherwise, India may achieve *Swadeshi* in economic terms while missing the larger social purpose of *Antyodaya*.

Conclusion

Upadhyaya Ji's ideas are not without limitations. His strong focus on villages and small-scale industries, though culturally important, may not always suit a world where technology, innovation, and large-scale production often determine economic competitiveness. Likewise, while *Dharma* offers moral direction, its practical role in economic governance is not always clearly defined. In an interconnected world facing challenges like climate change, pandemics, and digital regulation, it also needs support from global cooperation. Yet, His philosophy offers valuable lessons. *Antyodaya* reminds policymakers to prioritise the poorest during crises, while *Swadeshi* encourages self-reliance without isolation. *Gramodaya* and decentralisation also highlight the need for resilient local economies Today, the need for a more balanced and resilient form of globalisation is increasingly recognised. The World Trade Organisation has itself emphasised "re-globalisation", a system that is more inclusive and better prepared for crises. Recent shocks, including the Russia–Ukraine war, Red Sea disruptions, rising U.S. tariffs, and the U.S.–Israel–Iran conflict, have exposed the risks of excessive dependence on fragile global systems. For India, these crises have highlighted both the strengths and unfinished tasks of *Atmanirbhar Bharat*. Upadhyaya's vision was never about isolation; it was about building a confident, self-reliant, and culturally rooted nation capable of engaging with the world on its own terms. His ideas continue to offer valuable guidance in an uncertain global economy.

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