

TD 638: Development Perspectives

History of Social, Economy, Political, Technological Systems

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History of Social, Economy, Political, Technological Systems

Feudalism (in Europe) . . . 1

Socio-Economic-Political Organization of Society in Europe (and most of the world) before mid-1700s

- Most people *lived in* rural areas,
 - **Social Dimension**: In *large size families* and *clans and under social customs/ religious beliefs* strictly controlled by the *Church*
 - **Political Dimension** : **Repressive political control** and **regulation** by **Kings** and **Overlords**
 - **Technological Dimension** : Use of **primitive tools** and **technologies** for **artisanal scale production** in **small workshops**.

Feudalism (in Europe) . . . 2

Socio-Economic-Political Organization of Society in Europe (and most of the world) before the mid-1700s

- **Economic Dimension:** *Reliance mainly on* subsistence agricultural production as farmers and laborers,
 - which was *heavily taxed* by Feudal lords and Kings
- **Manufacturing:** Some people *produced* manufactured goods
 - at an artisanal scale in small, house-based workshops,
 - using primitive tools and technologies.
 - These were operations of large families.
- **International trade** existed on a comparatively limited scale,
 - trading niche products such as spices, precious metals, and some luxury goods.

Imperialism, Colonialism, and Mercantilism

- **Imperialism** is a political system in which an imperial state
 - *exercises* strong control over territories beyond its initial borders.
 - This control manifests simultaneously in diverse manners, like colonialism, militarism, cultural hegemony.
- **Colonialism** is an economic-political system in which a colonizing country *conquers and rules over* other regions.
 - It *involves exploiting* the resources and markets of the conquered country for the benefit of the conqueror.
- **Mercantilism** is an economic-political system—a form of economic nationalism—that works
 - to *empower* a nation *by acquiring* wealth and resources *while increasing* its military and political power
 - *by maintaining* a favourable trade balance.
 - **Economic Policies:** *maximizing exports of manufactured goods and imports of raw material*
 - through restrictive trade practices.

Mercantilism: How it Works?



Capitalism . . 1

Capitalism: A new *social organization* of *production* (=how society organized *economic activity* of *production*)

- **Production** (manufacturing) was *organised in* privately owned units, (need not be by members of same family)
 - whose *owners* (manufacturers) *had capital* (=funds/ finance/ money), hence, they were called **capitalist**
 - **Capitalists** used *capital* to *buy* the *means* and *materials required for Production* (manufacturing)
- **Labour** (One Means of **Production**): These *workers* *had* no other *means* of making *a living*,
 - *But to sell* their *labour power* in the (labour) *market* to **Capitalists**.
- **Market:** *Main mechanism* for *manufacturers*, *workers (labour)*, and *consumers* (of production)
 - *to sell* what they had to offer (for sale)
 - and to *buy* what they desired and could buy

Capitalism . . 2

- **Capital** and **Market** were hitherto (before Capitalism) *either absent*
 - Or *constrained* by **political regulation** (**King**) and/or **social customs/ religious beliefs** (**Church**)

Under **Capitalism**,

- **Economic:** **Capital** and **Market** *started governing* the **social production** (= *production by society*)
- **Social:** **social customs/ religious beliefs** were *changed to serve Capital and Market*, rather than *constrain* them
- **Political:** **Political regulation** were *changed to serve Capital and Market*, rather than *constrain* them
- **Political:** New **Capitalist State** *became* committed to
 - creating and maintaining the **capitalist production**.
- **Comment:** “*Never before in human experience had societies been governed by such unjust, impersonal, and uncontrolled institutions.*”

Comparing Feudalism and Capitalism in Brief. . . 1

Axis of Comparison	Feudalism	Capitalism
Human Habitation	Most people <i>lived in</i> rural areas	Most people <i>live in</i> urban areas

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Political Organization	<ul style="list-style-type: none">• <i>Repressive political control</i> and <i>regulation</i> by <i>Kings and Overlords</i> or even <i>Church</i>	<ul style="list-style-type: none">• Political regulation <i>were changed to serve Capital and Market</i>, rather than constrain them• <i>New Capitalist State</i> became <i>committed to</i> creating and maintaining the <i>capitalist production</i>.

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International Trade:	International trade existed on a limited scale, in niche products (spices, precious metals, and some luxury goods)	International Trade is one of the main sources of increasing production and wealth.

Industrialism/ Industrialization . . 1

- **Industrial Revolution**: Starting in Great Britain in the 1750s, steam engines and other mechanized and technical processes began to be applied to the production of manufactured goods. (Why it is a **Revolution?**)

Productivity in Factory Mode of Production: Division of Labour

- Most famous passages in Adam Smith's *Wealth of Nations* is his description of the division of labour in the pin factory.
- He saw a factory employing 10 labourers making 48,000 (paper) pins in one day.
- Contrasting the output of ten people, each specialising in a stage of the process
 - with one person making whole pins as in artisanal mode of production:
- *"Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day"* (WoN, paragraph three).

Industrialism/ Industrialization . . 2

- **Industrial Revolution:** Led to transformation in the mode (manner) of production
 - Different workers specialized in different trades/ skills worked in different stages or tasks (Division of Labour)
 - worked in larger groups and with machinery (Factory Mode of Production)
 - This unleashed rapid increases (i) **productivity** per person or **productivity** per unit of capital
 - Also (ii) in the quantity of material goods i.e., **production**
 - that could be **produced for** mass and luxury consumption.

Industrialism/ Industrialization . . 3

- Both **Productivity** and **Production Increased** due to **Industrial Revolution**:
 - Division of Labour, Steam Engines, other mechanized and technical processes **increased** both productivity and production of manufactured goods.
- This, in turn, **triggered** a process of faster **economic growth** (increase in money value of goods produced)
 - and **structural transformation** in the British **economy**, (from subsistence-agri based to mass production/ industrial)
 - **Similar processes** took place soon after in France and the **Benelux countries** (Belgium, the Netherlands, Luxembourg).

Industrialism/ Industrialization . . 4

- **Industrialism/ Industrialization:**
- **Agriculture** was also *gradually transformed* in Great Britain and France at this time
 - as communal lands and smaller farms *were absorbed* into larger landholdings *employing mechanization*,
 - while much of the rural populations *were encouraged*
 - or *forced to migrate* to urban centres (*Enclosure Movement*).
- Boost for **International Trade**: As more goods *were produced*,
 - more goods *became available* for export,
 - and demand *grew* for imported raw materials for industrial production
 - and for foodstuffs for the growing urban populations.
- Push for **Mercantile Capitalism** and **Colonialism**

Industrial Capitalism . . 1

- **Industrialism/ Industrialization** *flourished* because of **Capitalism** (which was already present in NW Europe)
- So **Industrial Capitalism** (= **Industrialization** flourishing under **Capitalism**)
 - Led to **expansion** of **productivity** and **production** to the **previously unimaginable scale**
- Based on this massive **productivity** and **production**, societies were given

The **promise** of **Industrial Capitalism** = **Human/ Social Progress**

= absolute and **rapid increase in wealth for all**

- **Industrial Capitalism** was at **the base** of the **idea of Human/ Social Progress**
- However, this **promise** of **Human/ Social Progress** **did not materialize.**

Industrial Capitalism . . 2

Promise of **Industrial Capitalism** = absolute and rapid **increase in wealth for all** = (**Human / Social Progress**)

- However, this **promise did not materialize**.

Reasons

1. **Capitalists** did not pay the **workers full value of their labor** (what they spent to be able to do the labor)
 - A large part of the surplus value created by laborers was converted into **profits** by **capitalists**.
 - According to capitalists, this was necessary for their survival,
 - as they have to continuously invest in productive activity in order to survive in competition.
- So, these **Industrial Workers** did not **benefit from** the **promise of Industrial Capitalism**
 - and did not see **Human / Social Progress**.

Industrial Capitalism . . 2

Promise of **Industrial Capitalism** = absolute and rapid **increase in wealth for all** = (**Human / Social Progress**)

- However, this **promise did not materialize**.

Reasons

2. Further, the **coordination of market** which was expected to **happen automatically** (**invisible hand**)
 - Often failed, creating repeated crisis in **economy** (Great Depression of 1930s & Great Recession of 2008)
 - **Cycles** of **Boom** and **Bust**
 - **Causing** serious adverse impacts on **industrial labour** and **other poor sections** in society

Invisible hand: *Assumption that, in a free market economy, self-interested individuals*

*operate through a system of mutual interdependence,
which leads to coordination among participants in the market.*

Industrial Capitalism . . 3

Promise of **Industrial Capitalism** = absolute and rapid **increase in wealth for all** = **Human / Social Progress**

- However, this **promise did not materialize**.

Reasons

3. Capitalist did not pay the **workers full value of their labour**, which was necessary for **creating their profits**.

- So, the **workers** in society **despite their large number**
 - **did not create adequate demand** for the **goods produced** by the **Capitalists**.
- Hence, **Capitalism required and created** a constantly expanding **world market**
- Not only through **(free) trade but mainly through political conquest (of colonies)**.
- **Subjugated by** militarily superior and industrially advanced **colonizing countries**,
 - the **colonised countries became poorer** and **underdeveloped**.
- They did not **benefit from** the **promise of Industrial Capitalism** and did not see **Human / Social Progress**

Industrial Capitalism . . 4

These *Limitations* and *Adverse Effects* of *Capitalist system*

were *known, recorded* and *addressed* by *thinkers* from early days of *Capitalism*.

Adam Smith: Celebrated *the productivity* of *Capitalism* but *did not support* the *unbridled free markets*.

Markets to be controlled by *moral sentiments* and *human relations in society*.

Karl Marx: *Critical* of *Capital's injustice* and *anarchy* but *appreciated* its *prodigious productivity*.

Hegel: Saw the *State* as *indispensable* for *correcting* and *opposing corrosive forces* of *markets* (of *Capitalism*).

Frequent Cycles of *Boom* and *Bust* required *the state* (or *political* and not *economic*) *regulation*.

Colonialism . . . 1

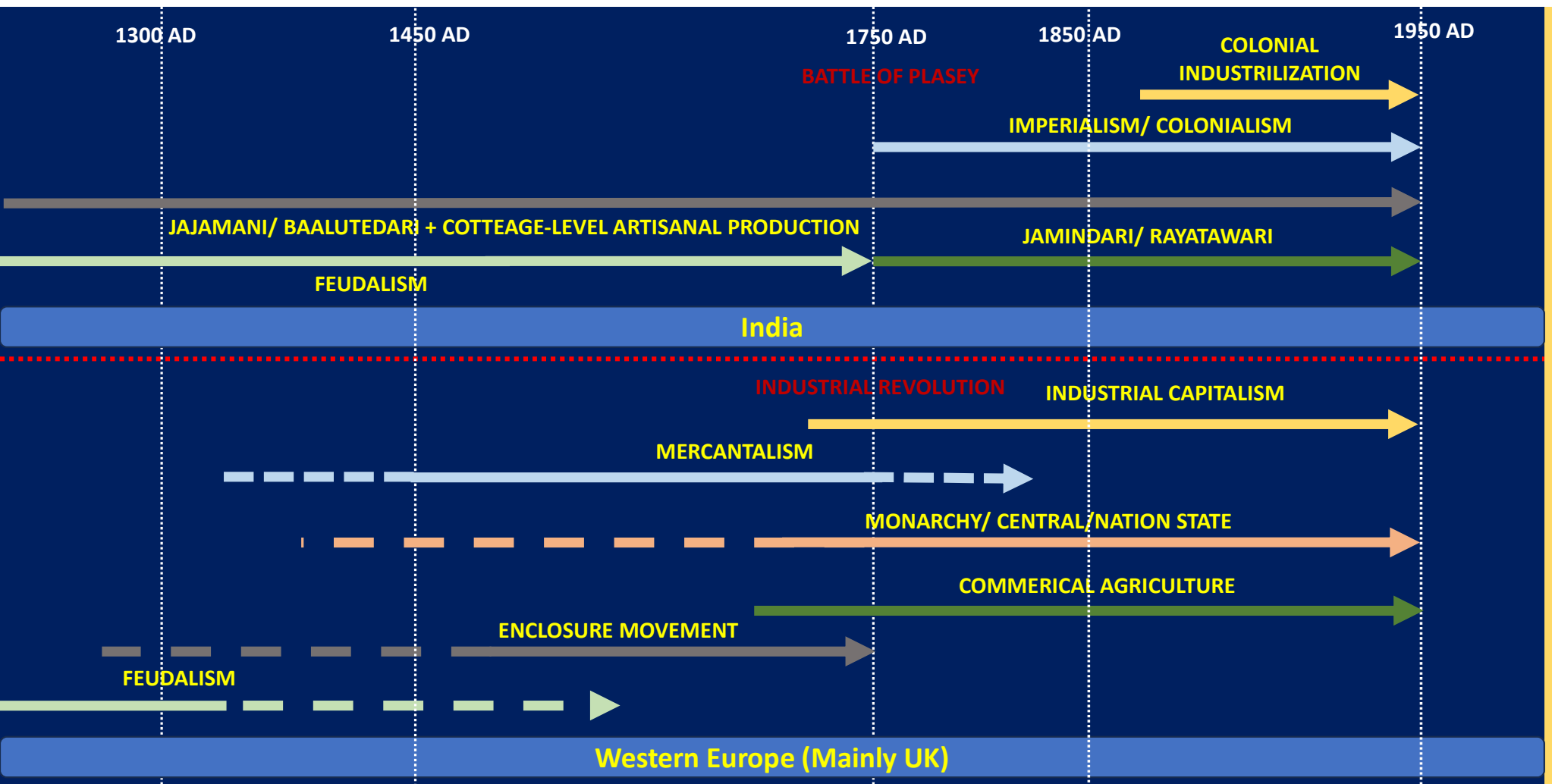
Colonialism = The *political control* of *people* and *territories* by *foreign states*, whether accompanied by significant permanent settlement or not'.

- *Political control* is associated with *dominance* in other spheres such as the *economy* and *cultural practices*.
- *Economic exploitation* involved:
 - a) *exploitation of natural resources usurped* free or at suppressed prices,
 - b) use of colonies as *captive markets* (controlled through different prohibitive rules and indirect taxes),
 - c) use of colonial subjects as *cheap labour* enforced to work in different modes and ways.
- Hence, **Colonialism** = *Enforced Underdevelopment*

Colonialism . . . 2

- **Effects** of **Colonialism**: (different perceptions of different sections of society)
 - “negative” destructive impacts on especially on local social, political and economic governance systems and cultural norms in many colonized societies.
 - as well as “positive” transformations (political freedom from local fiefs and social emancipation from repressive traditional social systems)
- The **power inequalities** between colonized and colonizing societies and the **economic exploitation** of colonized countries
 - was reason for **development experiences** of colonized countries in colonial as well as post-colonial era
 - which were **Different** from colonizing or non-colonized communities .
- **Legacy effects** of **colonialism**, even after the **independence** of colonized countries,
 - restricted their economic, financial, and even political autonomy.

Comparative Historical Overview of Western Europe (UK) and India



Thank You