Multiple Models of Industrialization

How to balance Economy, Culture & Politics?
Classic Liberalism:
Adam Smith (1723-1790)

- Freedom of market from feudal constraints
- State must guarantee education, army and justice
Adam Smith

- “Invisible hand” will maintain balance.
- Monopolies destroy balance.
- Moral basis for the market.
- Cooperation and mutual sympathy are part of self-interest.
Early Socialism: Robert Owen (1771-1858)

- Mill at New Lanark, Scotland
- Campus & housing for workers
- Education for children
- Cooperative shop for workers
- Motivation through social relationships
Anarchist: Pierre-Joseph Proudhon (1809-1865)

- Opposed centralization of power
- Opposed reliance on the state
- Self-help and cooperatives
Anarchists: Proudhon (contd.)

- Develop rules and systems to prevent centralization of power in organizations
- Criticism of the belief in individual ownership (private property)
- Proposes ways of overcoming contradictions of capitalism as well as bureaucracy
- Attractive forms of employment will automatically draw support
- No need of violent revolution
Marxists

- Without capturing the state cooperatives cannot succeed
- Revolutionary party (vanguard of the proletariat) is needed.
- Becomes a powerful stream amongst socialism by end of 19\textsuperscript{th} century
Centralized Socialism: Communism

- Union of Soviet Socialist Republics (USSR)
- Command economy
- Bureaucratization of entire society
- Great successes – food, housing, medical care
- Very high levels of production
- Loss of freedom to dissent
- Gradual decline in productivity
Late 19\(^{th}\) century liberalism

- Greater role for state
- Market to be guided by ethical and moral considerations
- T.H. Green
- Early 20\(^{th}\) century: John Maynard Keynes
Major types of market-society relationships

- Oligopolic capitalism (crony capitalism)
- Libertarian capitalism
- Centralised capitalism
- Centralised (state) socialism
- Decentralised (libertarian) socialism
- Market socialism
Major Poles

- Centralized control
- Decentralized control
- Market-based
- Culture & Society-based
Changing Liberalism

The New Deal: USA in the 1930s

- Regulatory bodies for the stock market
- Greater interventions by financial institutions
- Unemployment benefits
- Minimum wages
- Limits on hours of work, etc.
- Because of internal processes and also in response to the threat posed by the USSR
Twentieth Century Liberalism: Welfare State (1950s onwards)

- Housing benefits
- Medical care
- Education
- Bureaucratization and its problems
- Increasing criticism since 1970s, but not much actual decrease in welfare services
Return of Free Market: the Neo-Liberals

- Friedrich Hayek
- Ludwig von Mises
- Free market is best way of communication of needs of society
- Great popularity in 1990s
- Press for reduced regulations on large industry
- Motivate through economic returns
Return of De-centralized Cultural and Political factors

- Decline of state-centred socialism
- Alternatives to centralized bureaucracies
- Anarchism & Mutualism
- Environmental critique
- Religious critique
ALTERNATIVE ORGANIZATIONS

THE CO-OPERATIVE

e.g. the Israeli Kibbutz
How to design a better organization?

- What values?
- What structure?
- What rules?
- What roles?
- What procedures?
Rochedale Principles of Cooperation

- Voluntary and open membership
- Democratic member control
- Member economic participation
- Autonomy and independence
- Education, training and information
- Cooperation among cooperatives
- Concern for community
An Anarchist Example:
The Kibbutz of Israel

- Collectively owned organization
- Around 2000, 2.5% of population of Israel lived in a Kibbutz, but produced 33% of its agricultural products and 6.3% of its manufactured products
- Set up farms and later small industries
- Former prime ministers like Golda Meir and David Ben-Gurion lived in a kibbutz.
Kibbutz

- “From each according to ability and to each according to need.”
- All income of kibbutz goes to a common pool. Personal allowances are given.
- All major decisions made through meetings and democratic processes.
- Rotation of work. Emphasis on equality.
- Motivation through culture and nationalism.
- Children reared collectively.
Decline of Kibbutz

- Tended to be secular, got into political conflicts with religious groups in Israel
- Unwise borrowing in 1970s, leading to huge debts
- Many children chose to leave the kibbutz for various reasons
Return of Kibbutz

- Renewed cultural energy
- More flexible work assignments
- From each according to preference and to each according to need
- Greater hiring of labour from outside kibbutz
- Children now raised primarily by family
- Greater disparity in personal allowances
Cooperatives in India

- Important element of freedom struggle
- Gujarat Cooperative Milk Marketing Federation Limited, owned by 2.4 million farmers in Gujarat, owners of AMUL brand
- Institute of Rural Management, Ahmedabad (IRMA)
- Pradan, Cooperative Development Foundation, etc.
- Cooperative housing societies
Cooperatives in India

- Problem of infiltration and seizure by local elites – 66 – 75% cooperatives in India have this problem.
- 25 – 33 % do well.
- Hutatma Ahir Sugar Cooperative, Sangli Maharashtra, has the highest productivity amongst ALL sugar mills in India.
Environmental / Technological Alternatives

READING:
E.F. Schumacher's “Toward a Human-Scale Technology”
The Big Question

• What is Good Work?
• This is fundamentally a moral question
• We have the capacity to do both good as well as evil.
  How to choose?
Basic problems with industrial society

- Draws upon our mental energies too much, distracting us from more important questions
- Consumerism and advertising emphasize greed, avarice, envy and egotism. However, all cultures agree that these are values that should be discouraged.
- Our personality gets stunted, no longer with any ideals of truth, beauty or goodness
- Autocratic methods of management
The Good in Industrial Society

- Good must be seen in moral, not material terms
- Industrial Society has increased freedom
Worldly failures of industrial society

- Disrupted organic relations
- Depleted non-renewable resources
- Degraded our mental and intellectual resources while these are exactly what our society needs the most
- Breeds violence
The answers

- Technology has values embedded in it
- Reaffirm human values and build technologies which embed human values
Present Trends in Technology

- Bigger
- More capital-intensive
- More complex
- More violent
Direction of Solutions

- Develop a human scale technology
- Make things smaller
- Less capital intensive
- Simpler
- Less violent
The Gandhian Approach

Moral Directions for Industry
Reading (not compulsory)

M.K. Gandhi (1909) “Hind Swaraj”
Central Questions:

- What kind of industrialization is a better industrialization?
- How to apply this question in the present day situation?
BASIC PRINCIPLES

- Must focus on Prem and Ahimsa
- There exists enormous unhappiness and oppression
- Self-rule – control of one's passions by one's mind
- Swaraj does not come simply with the leaving of the British
Basic Principles for Industrialization

- Moderation and temperance
- Satya or truthfulness
- Justice – freedom from possessiveness and greed
- Courage
Practical Steps

- “My life is my message”
- Encourage village industries, avoid centralization
- Use labour-intensive technologies, avoid mechanization
- Develop social trusteeship, not ownership
- e.g. Khadi, village handicrafts, etc.
Weaknesses of Gandhi's Approach

- Unimaginatively applied
- Did not grasp possibilities of new technologies
- Relied on older mode of production
Exercise

Try to think of two examples from your field of specialization which can further an industrialization driven by the value of compassion (and not violence)?