

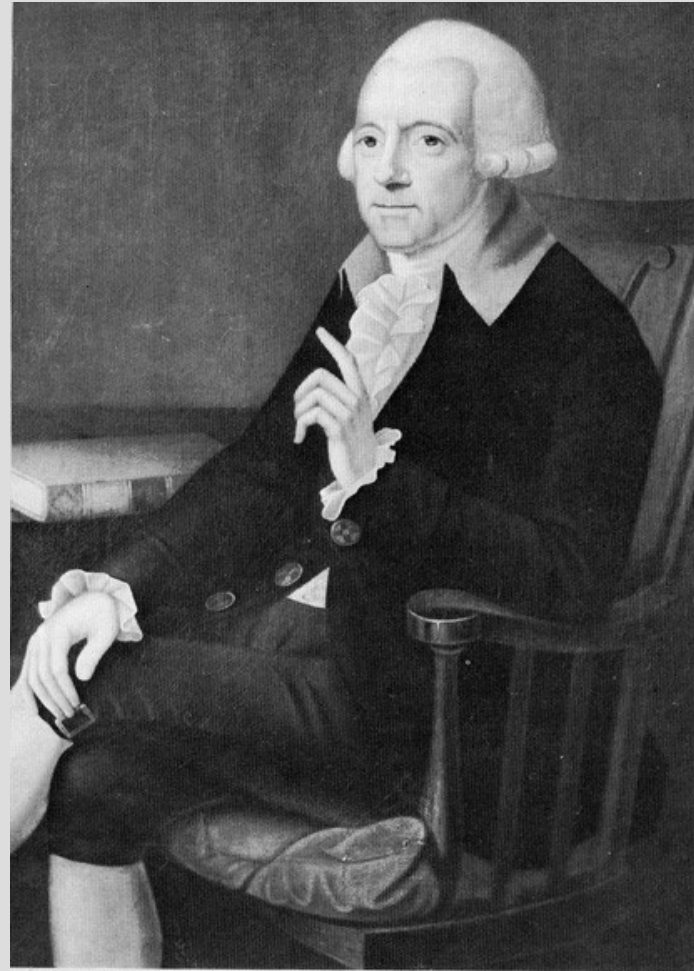
# Multiple Models of Industrialization

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



The Founder: Adam Smith as professor.

# Adam Smith

- “An Inquiry into the Nature and Causes of the Wealth of Nations” (1776)
- “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<sup>th</sup> 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<sup>th</sup> century liberalism

- Greater role for state
- Market to be guided by ethical and moral considerations
- T.H. Green
- Early 20<sup>th</sup> 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

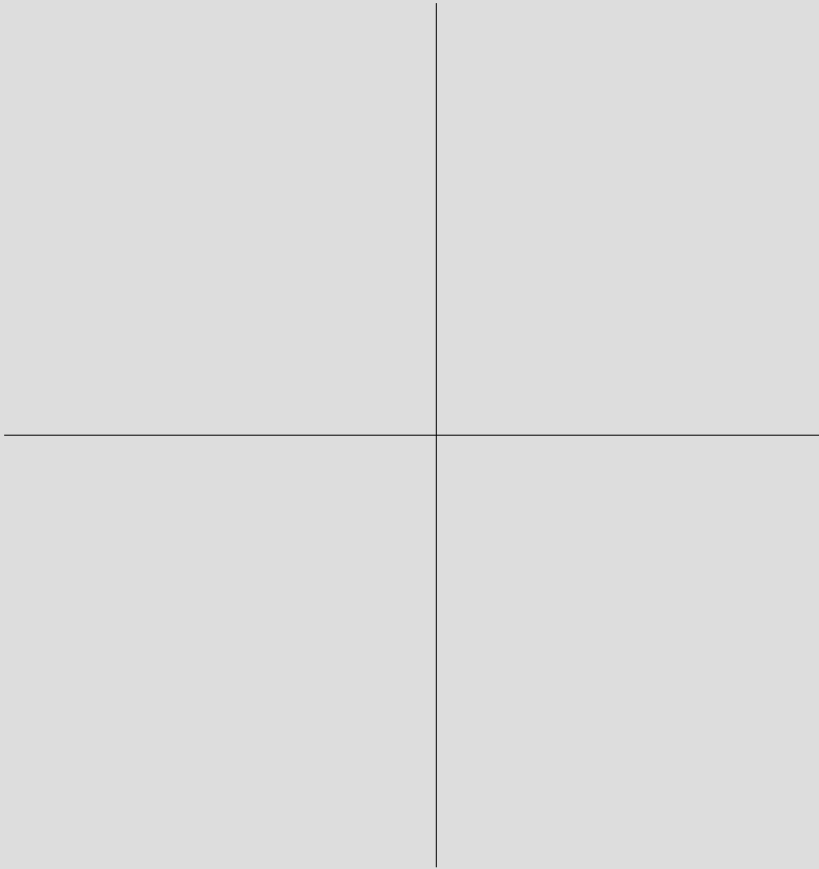
# Major Poles

Centralized control

Market-based

Culture & Society-based

Decentralized control



# 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?

# Rochdale 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.

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# 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)?