
UNIT 12 ECONOMY AND TECHNOLOGY

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12.0 OBJECTIVES

After reading this unit you should be able to describe:

- the inter-relationships between economy, technology and society
- the process of development of technology in pre-modern and modern societies
- the impact of technological development on the process of production, and socio-cultural institutions of the society.

12.1 INTRODUCTION

In this Unit we will study the relation between economy, technology and society. We will study the technological development in simple societies, pastoral societies, peasant agricultural societies and urban industrial societies. We will also learn about industrial revolution and several other aspects of economy. This will include industrially advanced societies. The role of technology and economy in industrially advanced economies in modern societies. This

includes a discussion of technology and work relationship including work ethics. Job creation, role of machines, and unionism are the other issues discussed in this unit.

12.2 RELATIONSHIP BETWEEN ECONOMY, TECHNOLOGY AND SOCIETY

In all societies we find people struggling to survive. In this struggle for survival they use products of nature like wood, stone, mud, grass, metals etc. to create tools and other inventions to serve their needs. The satisfaction of material, physical and social needs of the people is what constitute the economy of that society. Now we will tell you what economy and technology are and how they are related with a distinct type of society.

12.2.1 Definition of Economy

Individuals everywhere in the world experience wants that can only be satisfied by the use of material goods and the services of others. To meet such wants, human beings rely on the economic system which consists of the provision of goods and services. Any need related to physical well-being is a biological want. People must eat, drink, maintain a constant body temperature, defend themselves and deal with injury and illness. Satisfaction of these needs requires the use of material goods, food, water, clothing, shelter, weapons, medicine and the co-operative services of others. In addition, social wants are essential to the maintenance of social relationships and availability of material goods and services. People identify particular social roles with special clothing and bodily adornments or tools.

For example, a doctor must wear special clothing, use special medical instruments and work in a clinic furnished with examination table, X-ray machine, etc. Without these material items and the services of nurses and technicians the doctor could not play the role successfully. People also use material goods and services to enhance social solidarity by exchanging them with others. Gifts, for instance, reaffirm kinship ties at religious and social functions.

12.2.2 Definition of Technology

Technology has been broadly described as practical arts. These arts range from hunting, gathering, fishing, agriculture, animal husbandry, mining etc., to manufacturing construction, transportation, provision of food, power, heat, light, etc. It also includes means of communication, medicine and military technology. Technologies have been described as bodies of skills, knowledge, and procedures for making, using and doing useful things. It centres on processes that are primarily biological and physical rather than psychological and social processes. They represent the cultural traditions developed in human communities for dealing with the physical and biological environment, which includes the human biological organism itself. (International Encyclopaedia of Social Sciences, Vol. 15)

12.2.3 Economy and Society

Economy of any society is related not only to the social standards of the community but it is also a function of tools and technological inventions that have taken place in that society. This fact is clearly evident when we examine the growth of human societies and the development of technologies from simple, pastoral to agrarian and modern industrial societies.

But before we go on to describe the development of technology in pre-modern and modern societies, we will like to explain that goods and services do not automatically fulfil biological and social wants of human beings. There must be some organised system of behaviour that permits individuals to create and obtain the material items and resources required. The economic system provides this organisation by defining some fundamental areas of activity such as production, distribution and consumption.

12.3 DEVELOPMENT OF TECHNOLOGY IN PRE-MODERN SOCIETIES

Broadly speaking the study of technological change merges with the general study of socio-cultural changes. Tools and techniques have developed along with the growth of human societies from simple societies to modern industrial societies via various stages.

12.3.1 Simple Societies

In simple societies people survived in the forests, deserts, mountains etc., by hunting and food gathering. They used simple tools like the bow and arrow for hunting; wore animal skins as clothes and sometimes domesticated dogs for help in hunting. During this time two great discoveries were made which gradually replaced the hunting life with new forms of economic organisations of greater complexities. These discoveries were, (a) the domestication of animals, such as cattle, and (b) agriculture. With these discoveries of agriculture and domestication of animals came other discoveries and mechanical inventions.

Agriculture led to the private ownership of land. However, there are many agricultural people whose land is owned by the clan. This is evident when we study the hunting cultures of the tribals who have plots assigned to each family from this communally owned land. The crops belong to the individual families working on the same plot. In such cultures, generally plough was not used. Instead a digging stick called the hoe was used. Therefore, this culture is also called hoe-culture.

In India we see tribal people practicing 'jhum' cultivation. Each season new plots were cultivated and the old one left fallow. This was possible when population was less and forest lands were more.

12.3.2 Pastoral Societies

Domestication of large animals assured a permanent supply of food as compared to the life in the wild state of nature as well as to the capricious nature of agricultural crops. Thus, we find several pastoral tribes in India, Africa and some other places.

Herds of cattle symbolise not only food but wealth as well, which can be exchanged and traded. However, this task was purely a male task and therefore, men assumed dominant position among pastoral peoples as compared to the hoe-cultures. Use of such animals as elephants, horses and camels led to the development of military techniques. They were used for swift transportation as well.

12.3.3 Peasant Societies

Agriculture, on a large scale brought stability which led to the building of permanent houses. Handicrafts like pottery-making are correlated with stable agriculture. The weaving of hair, or wool, or cotton developed. With cloth, pottery, baskets and crops, property began to accumulate and became very significant. The advanced skills required for these crafts led to further specialisation. The foundation for exchange was thus laid from this early period of agriculture.

12.3.3.1 Rise of Agricultural Surplus

With settled agriculture, plough was added to the domestication of animals and hoe. With the improvement of tools and techniques more land came under cultivation and the yield of crops increased. Individual ownership became the rule. This means that a family owns a plot of land and a family in this context could mean a large group of kins as well.

12.3.3.2 Emergence of New social Institutions

Land became the major basis of wealth in society. Since men desire wealth, there developed large landholdings by the process of purchase, by marriage alliances, and by force in places where surplus labour was available. This labour was in some places kinsmen, in others slaves or serfs, and in still others sharecroppers. This led to the development of social classes, like peasantry and landed aristocracy. The big landholders fought amongst themselves for wealth and power and the most wealthy and powerful among them assumed government functions, including the judicial and military.

The wealthy families sometimes sponsored art, architecture, and religious undertakings. The inception of feudalism took place at this time. Gradually and sometimes by revolution, family control was wrested away from these authoritarian single family dominations. This resulted in the birth of states. Villages developed into towns, and towns into cities and cities into metropolitan centres, etc. with the growth of trade and commerce. (Ogburn & Nimkoff 1968)

12.3.3.3 Division of Labour

Development of handicrafts led to the growth of property, as well as increasing demand for labour. Discovery of metals like copper, tin, gold, silver and iron led to the development of tools, weapons, valuable ornaments, etc. Since these metals were relatively rare, only some people could master the art of making them. Thus specialisation developed. Agriculture on a mass scale also led to the division of labour in society. In some societies like the Indian, it took the form of caste which had an elaborate division of people, according to birth into different occupational groups which were ranked.

12.3.4 Growth of Cities

With the increase of food surplus, handicrafts, etc. trade and commerce developed. Use of swift transportation led to the development of cities, or metropolitan centres, which gave rise to industrial urban cultures. In cities people do not grow food for themselves but buy it from the market. Thus, expansion of market economy occurred and trade and commerce thrived. Feudalism in Europe gradually gave way to capitalism which we borrowed from the Britishers during the long period of their rule in India. The great impetus of the process of development of capitalism in Europe and America has its origin in the Industrial Revolution in Britain. Let us examine some of the technological changes that have taken place during this revolution.

Activity 1

Interview 5 elders in your family/community about the history, population growth, geographical changes economic development, political and cultural involvement of your village/town/city where you reside. Write an essay of about one page on 'My village, town/city (whichever applicable to you) and its Growth'. Discuss your essay with other learners at your study centre.

12.4 DEVELOPMENT OF TECHNOLOGY IN MODERN SOCIETIES

One way of explaining the industrial revolution which began in England during the later half of the eighteenth century is to point out that it was made possible by a large number of inventors. Thus, James Hargreaves who invented the Spinning Jenny in 1764 and Richard Arkwright who invented the Spinning Frame in 1768 improved the methods of spinning yarn. James Watt who developed the steam engine in the 1780's showed the way to the use of steam power in the coal mines and textile mills and made it possible for England to increase her industrial production.

The contributions made by these remarkable persons to the industrial development of England are commendable, but the social conditions prevalent during the period are more important. If the social conditions did not encourage the application of these inventions to industrial production, the industrial revolution would not have occurred. For instance, in an earlier period Leonardo da Vinci (1452-1519), the famous Italian painter was also supposed to have been a remarkable engineer and architect who devised new weapons and had even made drawing of aeroplanes. But his drawings largely remained on paper because at that time the social and economic conditions were not ripe enough to apply his ideas to practical uses.

12.4.1 The Industrial Revolution

And when we turn to England during the period of industrial revolution, the industrial workers and craftsmen had formed scientific societies to learn more about science and engineering so that they could use this knowledge to increase industrial production. Similarly, when technological developments of great importance occurred in the U.S.A. during the nineteenth century they could be traced to social and economic conditions prevailing then in that country. There, the availability of vast agricultural lands and the shortage of people to work on it led to the discovery and use of machinery in agricultural universities and engineering colleges. Apart from these circumstances, the freedom, and encouragement that the American

culture gave to entrepreneurship is regarded by some persons as the single most important factor responsible for the technological development in that country. The operation of a free market in America encouraged individual mobility. People starting from small beginnings could make huge fortunes if they worked hard enough and had a good idea to sell. Anybody who was inventive enough could experiment with his ideas and reap the advantages of his inventions by acquiring a legal right over the use of his or her invention through the law of patents.

Change of Technology in Different Societies



Technology Advancement

12.4.2 Models of Development

While the U.S.A. provides us one model of development, Japan provides another. Since 1868 the year of the Meiji Restoration, the Japanese government actively promoted industrialisation by sending her young men to western countries to learn modern science and technology and by setting up several industrial units.

Japan's economic miracle has been spectacular especially since the 1950's. Japan became the first Asian country to be counted among the top ten wealthy nations of the world. The Japanese have become the technological leaders in various industries including electronics, iron and steel, automobiles and shipping. Several American industries have been unable to withstand the competition from the Japanese who are continually improving and upgrading their products.

The Japanese experience raises very interesting questions about the influence of social factors in promoting technological and industrial development in the last few years.

12.5 SOCIAL ASPECTS OF TECHNOLOGICAL DEVELOPMENT

In the western civilisation the individual is given importance and the values and norms of the society uphold the individual's rights, but in Japan, the 'individual' is subordinated to the society. The Japanese industrial corporation works like big communities. A corporation is a big business house which provides employment to a large number of people. It also has a large production capacity. Once a person joins a corporation he spends the rest of his working life serving that corporation. Wages and salaries are paid according to the seniority of the worker concerned and not so much by his qualifications. The production plans of the corporation are discussed by the workers in advance and approved. Once the plans are approved, it becomes the duty of everyone in the corporation to do his utmost to attain the production targets. A strong sense of corporate solidarity binds the workers and the managers into a well knit and efficient productive unit.

In comparison with Japan, the U.S.A. in recent years has not shown its industrial dynamism. It is argued that the very individualistic orientations of U.S.A. now comes in the way of gaining an edge in industrial competition. Investment in research and development, especially in the areas of advanced technology is a highly risky proposition. Such investment becomes worthwhile if everyone accepts the unspoken understanding that they will all continue to work together for a long period even if it means that some have to forego attractive opportunities to make profit.

12.5.1 Industrial Corporations

Thus the workers developing a new product or design may gain very valuable experience and may learn new ways of doing a job. For instance they may, in the course of their work, learn how to lower the percentage of defective casting made of some rare alloys. When they gain this experience, they are likely to be waived by other industrial corporations who will be willing to compensate them substantially for changing jobs. If the workers accept such tempting offers the entire investment made in developing the new technology may become wasteful. It is argued that the fierce individualism of the American society protects those who leave the corporation rather than those who remain with it. As a result, corporations and individuals are supposed to be hesitant to take up research and development efforts requiring heavy initial investments.

The comparison of Japan and the U.S.A. shows that in the U.S.A. the very institutions which promoted individualism there and in turn contributed to that country's technological and industrial growth in an earlier period are nowadays, perhaps, preventing it from acquiring industrial leadership in many spheres. This is all the more interesting because the U.S.A. continues to be the leading country in the world in terms of basic research in science and technology. This shows that it is not only important to create conditions for the promotion of modern science and technology but it is also equally important to ensure that these researches are translated into profitable production ventures.

12.5.2 Theses of Karl Marx and Max Weber

In the discussion above, it is possible to interpret the available evidence on technological development either from Marx's point of view or from Weber's point of view. It is important to note here that Weber's ideas on Protestant Ethic and its role in the origin of capitalism were specific to a particular period in European history. Nonetheless, Weber's thesis has been employed in explaining development in Japan and other third world countries. Such a demonstration involves identifying religious ideas of entrepreneurial communities and showing how similar they are to the Protestant Ethic. Such interpretations have been carried out on the Japanese technological and industrial development and with regard to several entrepreneurial communities in different parts of the world. Some of the more important of these studies have influenced the theories of modernisation which will be discussed later.

With regard to Marx's ideas, it is argued that a proper assessment should test Marx's predictions regarding the future of capitalism. This would naturally take our discussion to the study of the effects of technology and industrial production on society.

12.5.3 Emergence of Affluent Workers

One general remark made by many critics of Marx is that Marx's predictions have not come true. Instead of capitalism being overthrown, it flourishes with seemingly greater strength in the industrially advanced countries of the world including the U.S.A. Japan, U.K. and other West European countries. Instead of bringing about a revolution the working class seems to have accepted the capitalist system of production. This is attributed to the steady rise in the standard of living of the industrial workers in these countries. And because they are getting a better deal, the workers are said to be less interested in joining trade unions to fight for their interests. One of the more influential research efforts supporting this thesis is reported in the study on The Affluent Workers in The Class Structure, conducted in England in 1970's by Goldthorpe, Lockwood and others, to examine the embourgeoisement hypothesis. This study, has pictured the affluent worker as someone who regards his factory as only a source of his livelihood. He does not have any sense of pride in belonging to his factory. He does not develop a sense of friendship or comradeship with his fellow workers. Work does not anymore give him a sense of identity or meaning in life. He seeks his identity in his leisure time activities. He looks forward to going home and spending time with his family and a small circle of intimate friends. He leads a very private life and zealously guards his privacy. He continues to be a member of the trade union but he is not an active participant in the Union's affairs. He looks upon the union as a mere instrument in his getting higher wages. Thus instead of becoming an active agent of social transformations the worker is becoming a passive acceptor of the system and is interested only in getting a better deal for himself from the system. All this evidence seems to specifically contradict Marx's comments on the role of the working class in capitalist societies.

12.5.4 Alienation of Modern Workers

In fact, even before hard evidence was brought up by the affluent workers study, some leading Marxist thinkers had pointed to such a change in the workers attitudes. Marcuse, a highly influential Marxist theoretician, had commented in the 1960's that in the modern society, even the workers have become profoundly estranged and alienated. Industrialisation has robbed them of their individuality and has deadened their sensibilities. The worker has become a human extension of the machine. Just as a slave who has tasted no freedom cannot imagine what freedom is, the modern worker leads such a mechanical existence that he or she does not even want freedom from this slavery. That is why Marcuse considered that university students who are not yet spoilt by the modern society could be the people who could bring about the revolution.

Check Your Progress 1

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

1) How did development of technology lead to accumulation of property? Describe using about seven lines.

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2) Write a brief note on industrial corporation. Use about five lines for your answer.

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- 3) In what way has Marx’s prediction regarding revolution failed? Describe using about five lines.

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- 4) What were the main findings of the affluent worker study? Discuss in about seven lines.

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12.6 MODERN TECHNOLOGY AND WORK RELATIONSHIPS

If we want to understand the nature of modern technology it is important to understand the distinction between using a machine and using a hand tool. When a worker uses a hand tool he is controlling the pace of work himself. In a machine, even the simplest of them, this tool is taken away from the worker’s hands and fixed. It can be only moved in a particular direction in contrast to the tool in the human hand which can be moved in many directions. Once the tool is fixed in this manner, the worker has to adjust his speed of work to the machine rather than the other way round. But the advantage is that the machine can do more work and turn out more items than the human being because the machine does not get tired from repeated movements while the human hand does.

A machine comes into use when the number of products that need to be produced is large. Take for instance, the case of a cobbler making shoes. If he has to cut only a pair of leather shoes, he takes leather and cuts a number of pieces according to the shape and size of the foot for which the shoe is being made, places them one on top of the other and stitches them along the edge to make the sole. Then he cuts a large piece of leather to form the upper part of the shoe and stitches this upper part to the sole. Later he cuts leather again to make the heel of the shoe and nails the heel on to the sole of the shoe. This is followed by colouring and polishing of the shoe. After making one shoe he may proceed to make another repeating all the above operations. But if he has to make a large number of shoes, it pays for him to cut all the soles first, then cut the uppers, make the soles then stitch all the uppers to the soles and so on. It may prove worthwhile for him now to develop special tools and machines to undertake the different operations. It pays to standardise the sizes of shoes and use standard patterns for cutting the shoe uppers and the soles. For stitching, it will help if he can use special sewing machines. Use of specialised machines will speed up the work and increase the number of shoes produced. Further, it will prove advantageous to hire more workers and put each in charge of a specialised job. This type of division of labour, into separate operations, is facilitated by the use of machines.

12.6.1 Machines and Production

Once machines are introduced into the production process, a tendency is set in motion which gradually gets intensified. The machine at first takes away the tool from the hands of the worker and forces him to adjust his own motions to the rhythm of machine work. Gradually the machine not only takes away the tools but also the skills from the worker. This has been

facilitated in recent years by the use of computerised machines. For instance, a computer can perform a job today to a greater degree of accuracy than even the most highly skilled machinist. Once the specifications of the particular job are fed into the lathe, the computer itself gives directions to the lathe controlling the entire work process. The machinist can be replaced by an unskilled or a semi-skilled worker who is only required to read a panel and is called to press certain buttons mounted on it. True, the job of instructing the computer or to monitor the operation of the lathe is a highly skilled job and the systems analyst who does that and the engineers who ensure that the machines operate without any hitch, are highly paid personnel. But if the owner of the factory employs only a few of these highly skilled personnel he can dispense with several machinists and employ only a handful of semi-skilled workers at very low wages. This trend is noticed even in office work. For instance, computerisation has made the task of monitoring telephone calls, of maintaining a diary, and of reminding the manager of his appointments, a routine task which can be done without the help of a secretary. Similarly the use of word processors has simplified the task of letter writing, a task which can now be done by an ordinary typist. Thus the secretary's skill is broken down into operations which can now be handled by machines and less skilled workers. This is the process of de-skilling. Modern technology is strengthening this trend towards de-skilling of jobs.

12.6.2 Job Creation

The impact of modern technology on the creation of jobs is a controversial topic. Some hold the view that the new jobs created by modern machines are compensating for the number of jobs displaced by them but it is certainly true that modern technology is rapidly making skills redundant, and is thereby creating problems of adjustment for those rendered redundant. The modern society is getting divided into two classes of workers. On the one hand are a vast majority of the workers who are getting de-skilled whereas on the other a tiny minority is monopolising most of the skills. Already a typical modern industrial plant has become a place which hires only a handful of workers. The management of the company can afford to pay them high enough wages to keep them satisfied and can ensure that there is no militant trade union activity. Under these circumstances protests will stem from workers who have been thrown out of their jobs or those whose jobs have been de-skilled. Such protests, however, are as futile as the protests of drivers of horse-drawn carriages against the modern railways or buses.

12.6.3 Technology and Unionism

Modern technology is not only rendering workers redundant, it is sapping their capacity to collectively fight for their interests. The frustrating end of coal mine workers strike of 1984-85 in England is a pointer to the relative weakness of the working class. In spite of a long drawn strike, the mine workers in England had to ultimately capitulate to the decision of the government to rationalise mining to increase their productivity. Rationalisation means using modern technological devices extensively. The mine workers of England who were till recently famous for maintaining the tradition of working class culture and for retaining their autonomy in work, could not resist the intrusion of computerised machinery which have de-skilled their work. These industrial workers could not gain public sympathy for their actions because the government convincingly argued that rationalisation of mining would increase productivity. It would lead to prosperity for the whole country. The working class has been pushed to a defensive position rather than adopting an aggressive and assertive posture which is associated with trade union struggles.

There is some evidence from Japan which also indirectly supports the position that modern technology is changing the working class consciousness. A recent study of the impact of modern technology points out that the Japanese workers spend more time away from their wives and have bound their women even more securely to the home, because of modern household gadgets and television. The workers do not any more feel the need to come home because their wives can entertain themselves watching the television. Far from emancipating women, modern technology seems to have strengthened conservative attitudes towards women.

Activity 2

Watch at least one or two television serials that are being shown on the different TV Channels. Analyse the roles played by women in these serials and write a report on “Women and Technology : Past and Present” depicting the values and norms that they are displaying in these serials. Share your answer with other students at your study centre.

Some people point out that the helplessness of the workers and the general trend towards conservatism are due to the capitalist system of production that prevails in the advanced industrial countries. Modern technology, they say is capable of reducing the hours of work for every worker. Instead of being thrown out of jobs, under a different system of production the leisure hours of all workers can be increased and indeed it can be ensured that everyone gets a decent wage to pursue his or her creative interests during their leisure hours. Unfortunately, under the capitalist regime, it is argued, an equitable distribution of wealth is not possible and the tendency to create unemployment cannot be avoided. As against this, however, those in favour of capitalism point out that in socialist countries, because a free market did not operate and because there was no profit incentive, the production system became inefficient and there were always shortages. Socialist systems, it was argued only succeeded in redistributing poverty. These critics also point out that the recent policies of China in giving scope for private enterprise demonstrates the soundness of their argument.

Check Your Progress 2

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

- 1) Discuss briefly the relation between modern technology and work relationships. Use about seven lines for your answer.

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- 2) Write a note on technology and Unionism. Use about seven lines for your answer.

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12.7 LET US SUM UP

In this unit we have discussed the relationship between economy and technology. We have examined the development of technology in simple pastoral societies and peasant agricultural societies. Here we have described the various technologies developed during the process of industrial revolution. We have seen in this unit that modern technology has a very powerful impact on the production systems and on society. Modern technology has been weakening the position of workers and it is leading to their estrangement and alienation. But at the same time it also holds out a promise of creating a world of plenty. This promise, of course, goes along with the prospect of robbing the workers of their skills and their revolutionary potential. Instead of modernising societies, modern technology is indirectly strengthening the forces of conservatism causing alienation of individuals in society and leading to new social psychological problems of adjustment in societies, like depression, mental tension and stress, etc. However, it is unmistakable that there is an inherent tendency towards making the worker and the poor a vulnerable and dependent class.

12.8 FURTHER READINGS

Blauner, R. 1964: *Alienation and Freedom: The Factory Worker and His Industry*, University of Chicago Press, Chicago.

Mckee James, B. 1981: *Sociology: The Study of Society*, Holt Rinehart and Winston, New Your.

12.9 KEY WORDS

- Affluent** : A person or group which has great amount of wealth.
- Corporation** : A big business combine with a large employment and production capacity.
- Model** : A simplified description of a system which explains its crucial aspects.
- Technology** : The total sum of the means which provide objects required for human sustenance and comfort.
- Unionism** : A grouping together of workers to assert/demand their rights.
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12.10 MODEL ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress 1

- 1) When agricultural tools developed from hoe to plough and domestication of larger animals took place, large plots of land could be brought under cultivation. The yield of crops increased leading to the increase in food. This led to building of permanent houses, development of skills like weaving hair, wool and cotton for making clothes, pottery making, etc. which led to accumulation of property. Ownership of land by individual families their increasing landholdings and power led to their patronising art, architecture, religious undertaking, etc.
- 2) Industrial corporation is an institution where production process takes place. It is a big business combine with a large employment and production capacity. For example in Japan the plans for production of a corporation are discussed by the workers in advance and approved. After this step it becomes the duty of everyone in the corporation to complete the production target.
- 3) Marx's prediction regarding revolution by the working classes in industrial society has failed. Capitalism has not been overthrown, instead it flourishes with greater strength. The working classes seem to have accepted capitalism due to certain reasons like increase in wealth, standard of living etc.
- 4) This study revealed that the affluent worker regarded his factory as only a source of his livelihood. It did not give him a sense of pride to belong to that factory. He did not have any friends in the factory. The work in the factory did not give him any sense of satisfaction of identity or meaning in life any more. He sought identity in his leisure time and looked forward to spending time at home with his family and a small group of intimate friends.

Check Your Progress 2

- 1) The relationship between modern technology and work relationship is that modern technology takes the tedious, repetitive jobs from the worker. But it also creates unemployment by making a large number of unskilled workers redundant. Only a minority of skilled workers are required to operate the modern machines like the computers. This leads to monopolisation of work by a minority, which is well paid.
- 2) Development of modern technology is one of the reasons for the weakness of the working class. It has led to a decline in their revolutionary potential. The coal mine workers strike of 1984-85 ended without any result. Even the mine workers of England had to capitulate to their government's decision to rationalise mines. Thus, technology has led to the weakening of working class power and unionism.

UNIT 13 PRODUCTION PROCESSES

Structure

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 - 13.5.2 Material Forces of Production
 - 13.5.3 Economic Structure
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- 13.9 Let Us Sum Up
- 13.10 Further Readings
- 13.11 Key Words
- 13.12 Model Answers to Check Your Progress

13.0 OBJECTIVES

After reading this unit you should be able to describe:

- the economic organisation;
- the economists point of view regarding the production process;
- production as a social activity; and
- how eminent sociological thinkers have studied the inter-relationships between production, technology and society.

13.1 INTRODUCTION

In this unit you will read about the economic organisation. You will know about production processes and its various dimensions. This is done by introducing the economist's point of view. Other related issues such as land rights and social factors in production are also considered. We have also discussed the relationship between technology and production. The discussion is concerned with the views of Karl Marx regarding material forces of production. The views of Max Weber on Capitalism in Europe are also explained. The views of Durkheim are also discussed in this unit.

13.2 ECONOMIC ORGANISATION

Economic organisation is defined as the human behaviour by which goods are produced, allocated, distributed and consumed. This is to say, economic organisation is a planned

action that involves the combination of various kinds of human services, with one another and with non-human goods as such. They in turn satisfy the material wants of human beings. In other words, economic organisation is a design of human action by which goods are produced, distributed and consumed. In brief, it is an arrangement that provides the material means of individual and collective life of every society.

Economic organisation, in one form or another, is a functional prerequisite to the survival and continuity of every human society. But every society be it, a simple, a peasant, or an urban society has a distinct type of economic organisation. The simple tribal societies and the peasant societies have some basic difference from the monetised, market-oriented or state directed and industrialised societies of today. The economic organisation of simple and peasant societies are subsistence type which fall under the broad category of production consumption economy. In urban industrial societies economic surplus is enough to sustain a large non-agricultural population. In this unit we are going to discuss the production processes in all its dimensions.

13.3 THE ECONOMISTS' POINT OF VIEW

Economists define production as the process by which land, labour and capital are

combined to produce articles needed for daily consumption, and the machines, components of machines and raw materials which are in turn required to produce the articles of daily consumption. Land refers literally to the land for agricultural activity or land on which a workshop or a factory needs to be erected. Land is also sometimes used as symbol for nature. Economists used to regard that different pieces of land are endowed with different qualities and thought that these qualities are given and could not be appreciably altered.

Labour refers to the work that is put in by labourers. It is labour which uses machinery and raw materials to produce what the people in a society want. The machinery and raw materials refer to the capital that is required in production. Land, labour and capital are regarded as the important 'factors of production' and the behaviour of each of these factors needs to be studied in order to discover the laws of production. Occasionally economists would add another factor called organisation or entrepreneurship to the list, but by and large, they confine themselves to the study of land, labour and capital.

Gradually, however, it dawned on the economists that there is a human component in the process of production. True, labour is a human component in the process of production, but by assuming that a unit of labour can be treated as equivalent to another unit of labour like machines and tools, they overlooked some of the crucial social and human problems that crop up in the task of increasing production. It fell upon the sociologists to point out that the working and living conditions of the workers, their values and beliefs regarding work, and the social institutions and customs prevailing in the society need to be also considered if a country's production is to be increased. They also pointed out that there should be persons available who will be willing to risk their wealth in setting up industries to increase production. Such persons, called entrepreneurs, flourish best in certain societies which value entrepreneurial activity. This way the sociologists paid attention to the social factors that affect production which were by and large ignored by the economists.

13.4 PRODUCTION AND SOCIAL FACTORS

Production is affected by social factors because production itself is a social activity. In the process of manufacturing a certain article or growing food grains, people enter into definite relationships with each other. These relationships are shaped by the rules regarding ownership, and use of the community's resources. Let us take the case of the Mundas or the Kols who live in the forests of Ranchi district in Bihar. The Mundas are now regarded as a Scheduled Tribe by the government of India. Till recently, they used to practice slash and burn agriculture, locally known as *jara*, they used to clear a patch of forest land by burning. They dug the ground up, spread the ash left from burning and broadcast seeds. Every season the land used for cultivation earlier was left fallow and a new plot was prepared by the same procedure. This type of agriculture is now being discouraged by the government as it results in large scale deforestation. N.K. Bose, an anthropologist, has written about the land rights and social organisation among the Mundas. Originally the forests where the Mundas lived had

belonged to them, but as the contact with the outsiders increased during the British rule, the lands came to be controlled by the British Government in India. Middle men, who did not belong to the tribes entered the picture. They were called the *Khuntkattidars*.

Bose writes that *Khuntkattidars* are a class of landowners within the Munda villages who exercised absolute rights over land. But they allowed individuals to cultivate the tracts of land they needed and reap the harvest. It is clear here that there were several gradations of rights over land. Some had only rights to cultivate and harvest, others had more superior rights. These rights define not only the relationship that members of the society have with each other, but the *Khuntkattidars* apparently derived considerable political powers from their superior rights in land.

13.4.1 Aspects of Land Rights

It should be stated here that the above mentioned type of land rights among the Mundas got modified over the years as they came under the political control of local kings and later of the Moghul rulers, followed by the British. The *Khuntkattidars* now had to acknowledge the jagirdars and kings to whom they had to pay annual rents and tributes thereby restricting the Mundas rights and impoverishing them considerably.

Another example is the system of bonded labour that existed in many parts of India and has continued to survive today despite specific laws which have been enacted to abolish this institution. In Tehri Garhwal district of Uttaranchal, a labourer, usually belonging to the untouchable castes of Doms and Koltas borrows a small sum of money from a landowner in order to get married and subsequently becomes bonded to his landowner-moneylender. He has to work on the landowner's land till he repays his debt with interest which often takes a long time. Often, not only is he expected to work on the land, but his wife is expected to serve the master's household. It is reported that the landless labourers prefer to enter such bondage rather than remain free because in the former case they are assured of their daily food which is provided by the master, whereas the price of freedom may be deprivation of daily food.

13.4.2 Social Aspects of Production

Production is not only as social activity, but also a socially defined activity. In a way it is the society which determines what production is or is not.

Production involves producing some object that is considered to be valuable by society. The object that is considered valuable is called a product. A product has value in use and value in exchange. Value in use or use value, refers to the value that one derives from using a thing or object. Sometimes an object may have use value for some and not for others. For a non-smoker, cigarettes and beedis have no use value but for smokers they have. Besides use value, goods must also possess exchange value, that is, people must consider the object worth exchanging with other objects. Only when these two conditions are fulfilled can an object or thing be regarded as a product. Hence, if somebody spends his time and money to produce some object and if the object is not regarded as valuable in the above senses of the term, then it cannot be regarded as a product. What is regarded as a product in one society may not be regarded so in another. In India cow dung which is used as fuel has value and cow dung cakes are bought and sold. Hence while taking stock of the country's production, the value of cow dung cakes will also have to be added up. This will not be the case in other societies. Or take the instance of gold in India. Gold is considered to be a prestigious metal associated with the gods and hence it has a higher value in India than in other societies. Hence the goods that constitute one society's production need not be the same as that of another. But it should be stressed that as the markets have expanded and are getting integrated to encompass the whole world, there is greater agreement among countries as to the goods that constitute production

13.4.3 Services and Production

Does production only refer to the creation of goods? The answer for this question used to be yes in the past. Thus Adam Smith, who is regarded as the father of modern economics, wrote in his book "Wealth of Nations" published in 1776 that only those who are engaged in the production of goods are productive. Using this criterion, he went on to point out that the services of statesmen, clergymen, professors, artists and others, however prestigious they

may be considered, are not productive. Many of us still carry this idea in our heads when we talk of production consequences. To ignore the services of scientists, researchers, teachers, politicians and such others is to overlook the obvious fact that research, teaching and the framing of proper economic and political policies for the country may substantially contribute to the task of increasing a nation's production. In the modern world, intellectual activity has contributed so much to the production of new products and the development of new processes that the Adam Smithian distinction will be misleading. Moreover, as in the case of medieval professionals and performing artists, their services, though seemingly unconnected with productive activity, indirectly contributes to the well-being of the workers and enhances productivity. Hence services, even those not directly connected with the production of goods have also to be taken into account in calculating the total production of a country. Like in the case of goods, these services also have to be regarded as valuable by the society.

Activity 1

Visit your local library/study centre and collect information about Prof. Amartya Sen as an economist and Nobel Laureate. Write an essay on "Amartya Sen and his Ideas on Economy and Society" of about 1 or 2 pages. Discuss your essay with other students and your Academic Counsellor at your study centre.

13.4.4 Women and Production

Even when services are considered, some services are not included in the definition of production. Many economists point out that the method of calculation of a country's total production in a given year ignores the contribution of women. Women who work on a variety of domestic chores, right from helping their menfolk in agriculture to cooking, washing and nurturing children are treated as dependents, not workers. The statisticians ignore their services in adding to the total value of production because their services are unpaid. But the economists rightly point out that statisticians, however, calculate the value of the amount of food grains produced by the farmers (generally male) for their own consumption. This practice shows the inherent bias against women in society. After all, women's work is not only valuable in itself but household work supports in an important way the entire economy of a country. By minding domestic chores, women release their menfolk for work in the various factories and farms and thus help contribute to a nation's production. This example dramatically bring out how a society's values define what is productive and what is non-productive.

Check Your Progress 1

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

- 1) Write a brief note on the social aspects of production. Use about five lines for your answer.

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- 2) What is the relationship between services and production? Write a brief note. Use about seven lines for your answer.

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- 3) In what ways are the contribution of women in the production process ignored? Give an example using about seven lines.

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13.5 TECHNOLOGY AND PRODUCTION

In the description of production given above, what is missing is the mention of the technological aspects of production and this should not be ignored. The level of production in a society and the variety of goods and services available will depend on the kinds of tools and machines used. Knowledge of how to build machines and improve their performance and the availability of trained technicians and engineers. These are the technological aspects of production. Technology makes possible new products and processes and nowadays, economic development of a country depends on the stress it places on technological development. In modern societies various industrial corporations and government organisations undertake systematic research so that they can develop new products and processes. Such research and development efforts have made several products and services so inexpensive that even common people can now afford to have them whereas in the past only the rich could have access to them. For instance, modern electronic technology has made it possible for even the poor to acquire transistor radios or for that matter Black & White Television. Only a few decades ago even the radio could be found only in the houses of the well-to-do people in India.

The level of production in any society depends on the technology that is available and on the social relationships and values of that society. If we refer to the social structure and if we regard the values as components of the culture of that society, we can say that production is influenced by technology, social structure and culture. In fact, there are interconnections between technology, social structure and culture.

13.5.1 Karl Marx's Views

Karl Marx's name is associated with the Russian revolution in 1917 and the spread of the communist movement in Eastern Europe, China, Vietnam, Cuba and other countries. Karl Marx (1818-1883) wrote on the dominant social and political questions that preoccupied the intellectual and political circles of Europe during his life time. The contemporary social scientists and intellectuals of his time did not recognise his contributions to the understanding of social and economic changes in Europe. But this neglect was more than made up after his death. Almost all social scientists today have to come to terms with Marx's idea or ideas inspired by Marxism. This applies to political movements as well. Marx's deep insights and powerful analysis did provide new ways of understanding social change and development.

13.5.2 Material Forces of Production

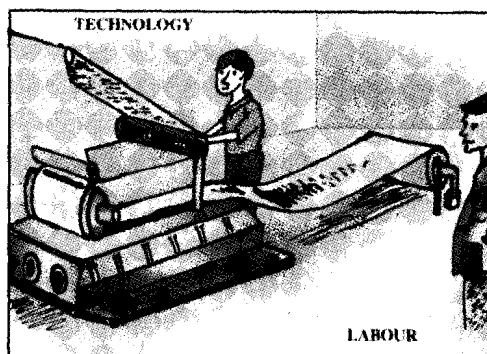
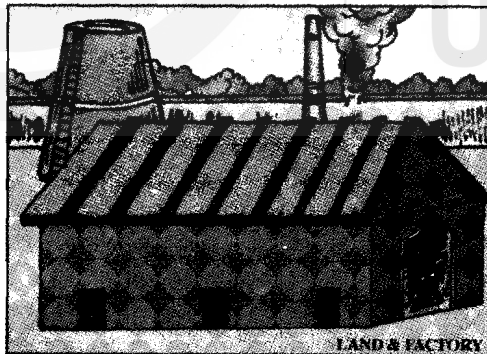
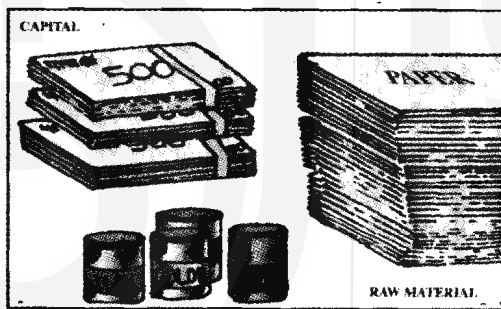
Marx gave importance to what he called the 'material forces of production' and 'relations of production' in explaining the changes that occur in the society. By 'material forces of production' Marx mainly refers to technology. The technological advances that have occurred in human history viz., the printing press, the steam engine, machines to produce goods on a mass scale, all show that these forces of production are continually expanding and social order should be congenial to such technological developments. The printing press or the steam engine could be developed, a time comes when their further development comes in conflict with the prevailing social order. Then the social order must change yielding place to a new order which allows the further development of forces of production. Marx uses the term social order as a substitute for what he calls 'relations of production'. These are definite relationships that men enter into with each other in order to enable the society to produce the goods and services it requires, although these relationships are not entered out of their free will. These relations of production refer to the relationships between a landlord and his serfs, in the feudal period or between the capitalists and the workers under capitalism. The capitalist owns the machines which are the means of production and hires labourers to work on his capital. The labourers hire themselves out to the capitalist because they do not any longer own the means of production and they are only free to sell their labour in the market.

Marx regards that the relations of production, especially the relations between capital and labour are the last antagonistic or conflicting relations. Here the capitalist is able to obtain a profit by exploiting the labourer, the wage the worker gets is much lower than the value of the labour he puts in. When the forces of production under capitalism develop further, a stage will come when the existing relations of production viz., capital-labour relationship prove to be obstacles to the further development of the forces of production. At this stage the social order will undergo a transformation in such a way that the capitalists are eliminated and capital is owned by society at large.

13.5.3 Economic Structure

Marx considers that the forces of production together with the relations of production constitute the economic structure or infrastructure of the society. It is this economic structure that is the foundation on which legal, political and social structure or super structure of the society is built. Marx seems to be using the example of a building here. The foundation of building is not visible but it is very important to decide how many storeys the building can have, the length and width of building and the thickness of its walls. He seems to suggest that it is in this sense that the economic structure of the society determines social relationships, legal and political institutions and the ideas and values that go along with these institutions.

Thus Marx points out that for technology to develop the production relations should be conducive and production relations in turn mature and develop under conducive technological conditions. Technology and production relations together determine the scope for the development of political and social institutions and the ideas and values that accompany these institutions.



Forces of Production according to Marx

13.6 MAX WEBER'S VIEWS

Max Weber (1864-1920) was a leading German sociologist who wrote extensively on not only European societies but also on China, India and Japan. He too was interested in the problems with which Marx was concerned and he took it upon himself to show that the relationship between the economic structure and the social institutions and ideas could be seen in reverse. That is, he specifically set about demonstrating that Marx's interpretation of social change giving the primary role to material conditions rather than ideas or values is at best a one-sided interpretation. In contrast, according to Weber, ideas and values could be shown to shape the material conditions.

13.6.1 Capitalism in Europe

To demonstrate his point, Weber takes as his problem the origin and development of capitalism in Europe. He points out that at the time of the origin of capitalism in Europe there were two other great civilisations which were in some ways more advanced than Europe. One was China, the other India, China was a flourishing civilisation - the first printing press and gun powder had been invented in China. In India, several sciences including mathematics and astronomy had advanced considerably. Yet, it was in England, rather than in China or India, that capitalism took root. To discover the answer, Weber traced the origin of capitalism to the widespread ideas and beliefs that prevailed among the common people belonging to certain sects of Protestant Christianity. These Protestants believed in the notion of predestination, that is the notion that some people had already been chosen by God for redemption. This belief, he argued, created an intense anxiety in them to be among the elect. One way of assuring oneself that one is among the elect is to engage intensely in worldly activities, devotedly working at one's calling or, a task in life that one has been divinely allocated. Mere engagement in one's calling or, a task in life that one has been divinely allocated. Mere engagement in one's calling is, however, not enough. One has to make sure of success in the calling by working methodically at it. But success should be achieved not for the prospect of enjoyment alone that it provides, but for the greater glory of God. These Protestants believed that any time spent in lazing or relaxation is time wasted from being utilised in working for the greater glory of God. Living in luxury is to practice self-indulgence and being distracted from God's work. Hence they led a simple, ascetic life. They also valued honesty in their transactions with others because when one is engaged in God's work there can be no short-cuts to success. These values, Max Weber argued, were in consonance with the spirit of capitalism. After all, saving and investment needed frugality combined with a desire to attain a profit. Methodical hard work, honesty in one's business dealings with others and meeting one's commitments made for predictability and calculability which are essential to ensure that one can, through one's own efforts, methodically attain success in business. True, the world had witnessed. Before the arrival of Protestant businessmen, several businessmen, traders and usurers who made immense fortunes - but they did so, not methodically but by gambling with their luck. Chance and the element of luck had played a major role in their success. Capitalism, however, emphasises rationality - a methodical way of reducing the chance element and increasing one's own control over the outcome of one's efforts. Thus, Weber is quick to point out that this relationship between Protestantism and capitalism was required only during the time of the origin of capitalism. Once capitalism matures, the Protestant Ethic may not be required so much for its further development.

13.6.2 Ideas and Values

Thus Weber regards the ideas and values as often being critical in supporting a particular system of production. Weber also considered the role of technology and the relationship between the capitalists and the workers but what he found remarkable about both technology and production was the principle of rationality on the basis of which they were organised. Technology gets rationalised in a modern factory by developing standardised parts and by dividing work into routine and repetitive actions. The relationship between the capitalist and the worker is rationalised by the organisation of work Weber finds that this rationality not only deprives the worker alone in an industrial unit from the means of his production, but deprives the officer, worker also from the means of his production. It also separates the office worker from the instruments of the bureaucracy because the office worker too, does not own the stationery, the furniture and the building that are required for conducting official

work. He goes on to point out that even when relations of production change, and a socialist system of society emerges in which the means of production are owned by the society at large, the nature of rational organisation of work does not change. The worker continues to perform repeated monotonous tasks to keep up with the rhythm of machine work. Hence Weber feels that relations of production are not important in modern society. What is significant is the spirit of rationality which spreads to every nook and corner of the society.

Check Your Progress 2

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

- 1) Describe Karl Marx’s views on technology and production. Use about five lines for your answer.

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- 2) Discuss Max Weber’s views on capitalism in Europe. Use about seven lines for your answer.

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13.7 EMILE DURKHEIM’S VIEWS

Durkheim was a leading French sociologist who was a contemporary of Max Weber. Like Weber, Durkheim also tried to come to terms with Marxist thought but his major concerns were different from the major issues of Marxist thought. Durkheim was interested in the problems of morality and social order. But his comments on modern society have relevance in the context of the relationship between production, technology and society.

Durkheim, in his book *The Division of Labour in Society* (1893) has given a relatively optimistic view of division of labour in society. According to him there is a fundamental difference between the pre-industrial societies and industrial societies. Pre-industrial societies have a form of social solidarity which he calls ‘mechanical solidarity’. Mechanical solidarity is a solidarity which comes from likeness and in these societies the ‘collective conscience’ of society envelops the individual members of that society. In these societies division of labour is based on uniformity and there is relatively little social differentiation, Individual members share the same beliefs and values, and to a large extent the same roles. Thus removal of any one segment of society, in an abstract sense, does not affect the rest of the society. These societies have legal and normative values of restrictive type. A criminal is punished not to reform him, but to satisfy the society.

In industrial societies solidarity is based not on uniformity but on differences. Here each part of the society performs a specialised task and the contribution that these tasks do is to maintain the total society. Thus, this division of labour is the type where all the parts of the society are interdependent. Therefore, we cannot remove one without affecting the others. In these societies the legal system is of the restitutive type where reform of the criminal is aimed at rather than the satisfaction of the society. Individual has more freedom in these societies.

Durkheim thinks that the change from mechanical to organic division of labour is like the evolution of an organism from simple to complex ones. This biological illustration suggests that he does not regard industrialisation or the production system as a key factor, in the shift from the mechanical to the organic order. Thus we can see that modern societies are structurally different from the traditional ones - a point that was implicit in Marx and Weber but which has been prominently highlighted by Durkheim. Modern technology and modern production system go along with a differentiated and complex society.

Activity 2

Observe and understand the nature of society you live in such as, your family, kinship group, school, college etc. and read about a tribal community located in the remote forest areas of our country, such as, the Jarwas of Andaman Nicobar Islands. Now try to compare these two cultures in the light of Emile Durkheim's distinction between "Mechanical Solidarity" and "Organic Solidarity" and write a note of about two pages on this comparison. Compare it with the note of other students at your study centre and also discuss with your Academic Counsellor.

Check Your Progress 3

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

1) What is division of labour? Explain in about three lines

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2) What are mechanical and organic solidarity? Explain in about seven lines.

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13.8 RECONSIDERATION

From the consideration of the views of Marx, Weber and Durkheim, it is clear that all the three recognised that important changes are occurring in the modern society. There is broad agreement between them as far as the description of the changes is concerned but in accounting for them, they differ radically from each other.

Since the time Weber and Durkheim wrote, there have been further social changes in the present day societies. The markets have expanded to cover the entire world. The whole world can now be seen as an integrated economy. Societies which have not developed modern production systems of their own, can import the products of modern technology. Some societies which were till recently working with primitive technologies and continuing with traditional social customs have been forcibly sucked into the vortex of modernisation processes because of the integration of markets. The changes taking place today are so complex that while each of the three thinkers seem to provide some insights into what is happening, there is clearly a need to go further than they have gone in order to raise relevant questions regarding contemporary social changes. In the next unit we therefore, turn our attention to the contemporary social processes.

13.9 LET US SUM UP

In this unit we have studied the production processes. Our discussion has been fairly complete. We saw how various aspects of production are related to social factors. Closely related to this were the various facts of technology and production. Among the important discussions in this unit was that of Karl Marx's views. Both economic structure and material forces of production were discussed. We also discussed Max Weber and Emile Durkheim's views. Finally, we have reconsidered the views of Marx, Weber and Durkheim.

13.10 FURTHER READINGS

Marx, Karl 1970: *A Contribution to the Critique of Political Economy*, Progress Publishers, Moscow.

Weber, Max 1930: *The Protestant Ethic and the Spirit of Capitalism*, Allen and Unwin, London

Durkheim, E. 1964: *The Division of Labour in Society*, Free Press, Glencoe.

13.11 KEY WORDS

Bonded	: When a labour becomes bound for a long period to a moneylender because the former owes money to the latter. He works on his land etc.; to pay back the debt.
Capitalism	: The economic system, which tries to maximise profits from the production process.
Predestination	: The doctrine that God in consequence of his foreknowledge of all events infallibly guides those who are destined for salvation.
Technological Development	: The capital intensive method of production which uses a very high proportion of machinery relative to that of labour.

13.12 MODEL ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress 1

- 1) Production is a socially defined activity. It is the society that determines what is production and what is not production. The value of the objects produced is socially determined. The object which is socially valuable is called a product. A product has value in use and value in exchange.
- 2) Services and production are intimately related. Earlier it was considered by people, especially like Adam Smith, that production is creation of goods only. But now we recognise the immense contribution made by scientists, researchers, political planners, economists, etc., to the process of production in the modern society. Without the help of these services the production process will soon decline.
- 3) Women's contribution in the production process is ignored by the scientists and statisticians. They work in the domestic sphere in a variety of ways, like cooking, cleaning, helping the men folk in agriculture, looking after children and so on. But inspite of their immense contribution they are treated as dependants and their services are underrated.

Check Your Progress 2

- 1) Karl Marx described the changes that occurred in society in terms of 'material forces of production' and relations of production. By material forces of production' he meant the technology, capital etc. The technological advances that have occurred in human history such as invention of steam engines, printing press, etc., show that technology keeps changing and advancing according to the needs of society.
- 2) Weber tried to discover the origin and development of capitalism in Europe. In spite of their advanced civilisations, capitalism did not develop in India or China, but in En-

gland. He traced the origin of capitalism to the widespread ideas and beliefs that prevailed among the people who belonged to a certain sect of Protestant Christianity. These Protestants believed in the notion of predestination of being God's chosen people, in the concept of calling, etc. These values helped in the origin and development of capitalism.

Check Your Progress 3

- 1) Division of labour refers to the way in which society gets divided into components, or segments with each component performing a special task.
- 2) Mechanical solidarity, present in traditional pre-industrial societies, refers to the division of society into segments which are similar in organisation and function. Removal of one segment does not affect the total society. But organic solidarity, present in complex industrial societies, is one where each component of society performs a specialised task thereby, leading to the existence of the total society.



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UNIT 14 DISTRIBUTION PROCESSES

Structure

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Distribution
- 14.3 Types of Exchange System
 - 14.3.1 Reciprocal Exchange
 - 14.3.1.1 Value of Goods
 - 14.3.2 Exchange Based on Redistribution
 - 14.3.2.1 The Potlatch Ceremony
 - 14.3.3 Market Exchange
 - 14.3.3.1 Features of Market Exchange
 - 14.3.3.2 Network of Services
- 14.4 Let Us Sum Up
- 14.5 Further Readings
- 14.6 Key words
- 14.7 Model Answers to Check Your Progress

14.0 OBJECTIVES

On going through this unit you should be able to describe:

- various aspects of the distribution system;
- different types of distribution and exchange of goods and services in various societies; and
- about market exchange and its features.

14.1 INTRODUCTION

In this unit you will learn about the concepts of distribution. Various types of exchange are discussed here. The idea of reciprocal exchange and the types of economic reciprocity are brought out. Exchange based on redistribution, features of the market exchange, and networks of services are all dealt with in this unit.

14.2 DISTRIBUTION

If people kept their products for themselves, the social benefits of co-operation would be lost. In every society the fruits of production are unevenly dispersed among people and in relation to time. To cope with this problem, every society manifests a system of distribution or a set of strategies for apportioning goods and services among the members of a community. The allocation or exchange of goods and services within a local group or between different local groups is known as distribution or a system of exchange. By far, the most common way people distribute goods and services is through economic exchange. It consists of the cultural rules for the transfer of goods and services that we need to survive and to live normal social lives through exchange. The system of exchange is found in every economy, even the most primitive. There are six possible kinds of exchange according to the items exchanged: goods for goods, services for services, goods for services, money for goods, money for services and money for money. The use of money occurs only in relatively advanced economies. The most notable fact about exchange is that it requires a transaction between people. Exchange system provide the rules and the motivation for individuals to give one another material goods and to provide each other with services.

14.3 TYPES OF EXCHANGE SYSTEMS

Karl Polanyi, an economic historian, has identified three different modes of allocation or principles of exchange: reciprocity, redistribution and market exchange. What we should remember is that every economy is characterised by at least one of these systems of exchange. However, many economies are based on two or all three of these systems of exchange. Let us know about each one of these systems one by one. Each mode embodies a particular system of rules that makes it different from others and each gives the transfer of goods and services special meaning.

14.3.1 Reciprocal Exchange

This method refers to transfer of goods or services between two people or groups based on their role obligations. We visit our grandparents with presents during holidays, offer a friend a ride to school and so on. We behave according to rules defined by reciprocal exchange, revolving around the notion of role obligation. The reason for their reciprocal exchange is not necessarily dictated by the desire for the material goods themselves as it is in the market. Certainly the mother and the son attempt to give each other items they know will be appreciated, but the reason for the exchange is their obligation to one another, an obligation they assume when they take on the status of mother and son. If the son fails to give anything to his mother, she will be hurt and disappointed. Similarly, a mother who did not give gifts would also have to face very disappointed children. For this reason, reciprocal exchange does not usually occur between strangers.



Resiprocal Exchange

Further, reciprocal exchange is not dictated by maximisation which is the basic principle operating in market exchange. When the mother gives her son some gift, she does not bother about what the son is going to give to her in return, nor will she give the set to the boy's sister (daughter) because the girl has a more valuable present for her. She simply makes the exchange because it is a culturally defined obligation associated with her role as a mother.

Activity 1

Find out from close family members or friends about a marriage held recently which you attended; as family or friend; about the kinds of gift exchanges or services hired. List out the kind of economic exchanges of goods and services that took place during the marriage according to its nature; eg. reciprocal exchange or market exchange, etc. Compare your list with other student's lists at your study centre.

14.3.1.1 Value of Goods

The value of the goods given need not be the same, but there is a tendency for an equality of value to characterise exchange between individuals of equal rank. As long as the value of items exchanged reciprocally is within the range of what is culturally defined as proper, the obligation of the parties to the exchange is met. Some forms of reciprocal exchange are difficult to recognise because they seem one-sided. It is easy to see that Christmas gift-giving is reciprocal because the two parties to the exchange give present to each other simultaneously. However, in many circumstances we may only witness a one-way exchange. For example, when a neighbour or a relative gives some money or an article as a gift to a bridegroom on the occasion of his marriage, the groom does not immediately return something of value to the donor. He will wait until the marriage of his friend or a relative. Delayed reciprocity of this sort places the people in a network of outstanding debts. Thus, we have seen two kinds of reciprocity:

i) Generalised reciprocity

In which neither the value nor what is given is calculated nor the time of repayment specified. Such transactions do not involve economic or other self-interest. That means generalised reciprocity is gift-giving without any immediate return or conscious thought of return.

ii) Balanced reciprocity

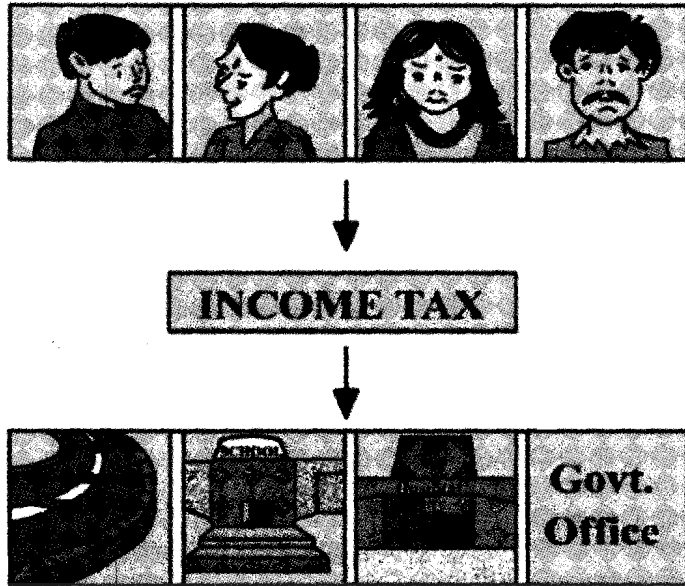
In which goods and services of commensurate worth are traded within a finite period (direct exchange). This sort of exchange is motivated by the desire or need for certain objects.

Thus reciprocal exchange serves as the major mode of transfer for members of hunting and food-gathering societies. For example, the animals caught or killed in the hunting by a solitary hunter are usually distributed among other members of the camp on the basis of obligations associated with kinship.

14.3.2 Exchange Based on Redistribution

This system of exchange refers to the transfer of goods and services between a group of people and a central collecting source based on role obligation. Like reciprocity, redistributive exchange occurs because people are obligated to each other. In other words, goods collected or contributed from members of a group flow to some central point from which they are redistributed to the society. Redistribution may be voluntary on the part of members for a society or it may be involuntary in that the collective centre uses agents to force the members to contribute goods and services to the authorities the redistributive centre varies from the head of a band or tribe to the ruler of a kingdom. Redistribution is the process which is found in all societies but it becomes an important mechanism of distribution only in societies with a relatively complex system of political organisation and a substantial economic surplus.

In all societies, there is some voluntary redistribution, at least within the family. Members of the family pool their labour or products or income for their common good. But redistribution exists in a majority of the hunting and fishing societies, in some horticultural societies, and in almost all pastoral and agricultural societies which contain political machinery of one kind or the other to co-ordinate centralised collection and distribution.



Redistribution

14.3.2.1 The Potlatch Ceremony

Potlatch ceremony among the North-West-Coast American Indians is also a form of redistribution. It involves ritual display of privileges and title and distribution of goods among the guests for the purpose of validating and enhancing the host's privileges and prestige. For example, the house building potlatch is most important, elaborate and spectacular. For about 10 years a man and his wife work hard to accumulate the required property. One year before the potlatch ceremony, the wife lends furs or blankets from the common store to various members of her clan.

Her clan members return them at the time of potlatch with hundred percent interests. At the time of potlatch the guests assemble in the new house and are seated according to their rank. Through this ritual while the recipients gain in material, the hosts acquire social and political prestige. While the host gets a dwelling and becomes thereby the house chief, the hostess gains social status for her children and for her clan. Both the host and the hostess thus gain political and social rank.

The most obvious example of a redistributive system is government taxation. In our role as citizens we are obligated to pay taxes to various governments both local and national. These governments are obligated to return taxes to us in the form of various services. The amount we pay may not equal the amount we get back and indeed, it is often difficult to determine the entire value of services that government provide to the people.

Check Your Progress 1

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

1) Write a note on reciprocal exchange. Use about five lines for your answer.

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- 2) Explain the idea of exchange based on redistribution. Use about seven lines for your answer.

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14.3.3 Market Exchange

It is the exchange of goods and services according to the law of supply and demand. The predominant feature of market exchange is that goods and services are bought and sold at a money price which is determined by the impersonal forces of supply and demand. Unlike reciprocity and redistribution, in which the social and political roles of those who exchange are important, a market exchange is impersonal and occurs no matter what the social position of the participants is. Market exchange is thus the most purely economic model of exchange. In this form of exchange social or political goals are less important than economic goals. Therefore, market exchange is also known as money exchange or commercial exchange. These exchange systems involving money emerge when an economy develops to the point where supplies of food regularly exceed the needs of those engaged in food production. Market exchange depends on how much people desire particular goods or services, and how much they must give to obtain them. Every time we speak of selling something or buying something we need, we are using terms associated with market exchange such as buy, sell, discount, price, money, cost, profit, loss etc. These words express various aspects of the many different transactions that characterise our complex market economy.



Market Exchange

14.3.3.1 Features of Market Exchange

Buyers approach the sellers because of their direct need or desire for goods. Similarly, the sellers wish to exchange their goods because they need the money it will bring. They do so because they have an immediate need for other goods or services.

When individuals conduct market exchange, they try to maximise their profit by getting the maximum number of goods and services for the least expenditure of their own resources. This also means that the price of a particular item may change from day to day in relation to supply and the demand.

The third attribute of market exchange is that it determines the parties to the exchange. Because a seller and a buyer attempt to get the most for their limited resources, they will choose to deal with the individual who gives them the maximum value. There is no need to know the person with whom the transaction occurs. Thus market exchange facilitates the transfer of goods among strangers and is ideally suited to large and complex societies of today where most people do not know each other. For example, when we visit a super market, we need not know the sales girls or packers to buy the food we require, nor must we be personally acquainted with the manager of the State Electricity Board to pay our monthly electricity bill.

Market exchange leads to a setting of the value of goods and services in terms of each other. Over a period of time, the value of each commodity under exchange in the market becomes related. That is, the worth of any one commodity eventually be stated in terms of the values of another. Money facilitates such inter valuation immensely. Normally money is a market device designed to facilitate exchange by acting as a medium for it.

Activity 2

List out the commodities and services that you have purchased during the last week. Make a chart of their value in money. Prepare another chart of the same commodities and services based on prices of the previous year. Compare the two charts and write a report of a page on "Price Fluctuation and the Market". Compare your report with others at your study centre.

14.3.3.2 Network of Services

Two organised networks of services stand out significantly in the modern market economy. They are (1) Banks and (2) Advertising. Banks serve not only to provide capital to investors, but also as accounting and frequently as credit agencies for consumers. Bank cheques serve as an alternative to official currency in financial transactions. In its simplest form advertising entails a mere announcement of where specified goods and services are available usually with a stipulation of price. In competitive distributional systems, the producer, wholesaler, retailer and consumer are aided by advertising agencies. Such agencies in mass society appeal to any consumer interests or irrational motivation that will lead to a sale. For example, an advertising agency conducts a survey to find out certain information regarding parent child relationship. They discover that working parents suffer from guilt and feel that they should compensate their children for leaving them alone at home. They make an advertisement showing the parents bringing chocolate of their brand for the child. This way the sale of chocolates of a brand increases as more parents buy it as gift.

Modern industrial economy is integrated around at least three principles that are not normally found together in primitive economy. These are the economy - wide market, the materially self-gainful economising, that is, the constant attempt, to gain surplus, that motivates the people and the monetisation of both internal and external trade. On the other hand, other principles such as reciprocity and redistribution are important in the movement of goods and services in primitive societies.

In industrial economy, the technological processes of production are very complex, but the distribution process is relatively simple as it depends mainly upon the market principle. The reverse situation is found in the primitive economy where the technological processes of production are very complex in both the organisation and the principles involved. In the simplest societies the division of labour is based on age and sex. This means that the members of each family together control the total production of the whole society. Even in peasant societies it is common to find that most of the families in any given village are engaged in the same agricultural activities. Using the same tools and technological skills. Thus, simplicity in technology is not normally associated with or a cause of simplicity in exchange or distribution.

Check Your Progress 2

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

- 1) Define market exchange. Give at least two features of market exchange. Use about seven lines for your answer.

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- 2) What are the three principles around which modern industrial economy is integrated? Use about five lines.

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14.4 LET US SUM UP

The economic system of any society consists of the cultural knowledge people use to provide goods and services to meet biological and social wants. It defines human productive activity and the distribution and exchange of goods and services. Once goods are produced, they are dispersed by a system of distribution which consists of a set of strategies that apportion goods and services among the members of a group. Distribution is normally effected through economic exchange which represents the cultural rules for the transfer of goods and services among people. Exchange takes three basic forms: reciprocity, redistribution and market exchange. While reciprocal exchange indicated the transfer of goods or services between two people or groups based on role obligations, redistribution refers to the transfer of goods or services between a group of people and a central collecting source based on role obligation. Finally, market exchange refers to a transfer of goods or services based on price, supply and demand. Each mode embodies a particular system of rules that makes it different from the others, and each gives the transfer of goods and services special meaning. However, it is to be noted that all three modes of exchange systems exist together in many economic systems.

14.5 FURTHER READINGS

Majumdar, D.N. and Madan T.N., 1976: *An Introduction to Social Anthropology*, Asia Publishing House, Mumbai

Smelser N.T., 1965: *The Sociology of Economic Life*, Prentice Hall, New Delhi.

14.6 KEY WORDS

- Distribution** : The method by which goods and services reach the customer(s).
- Economic Organisation** : The system through which goods are produced, distributed and consumed.
- Network** : The interconnection of relationships, which are useful and reliable.
- Reciprocity** : To have a relationship in which giving of goods is accompanied by receiving other goods.

14.7 MODEL ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress 1

- 1) Reciprocal exchange refers to transfer of goods or services between two people or groups based on their role obligations. This exchange may or may not be directed by the desire for the material goods themselves as it is in the market. For example exchange of gifts between mother and son.
- 2) Redistribution system of exchange refers to the transfer of goods and services between a group of people and a central collecting source based on role obligation. Redistribution may be voluntary on the part of members of a society or it may be involuntary. It may be involuntary in the sense that collective centres may use agents to force the members to contribute goods and services to the authorities.

Check Your Progress 2

- 1) Market exchange is the exchange of goods and services. According to the law of supply and demand some of its major features are that here goods and services are bought and sold at a money price which is determined by the impersonal forces of supply and demand. In this exchange people try to maximise profit by giving less resources for more goods and services.
- 2) Modern industrial economy is integrated around the three principle which are the economy-wide market, the materially self gainful profit oriented economising which motivates the people, and the monetisation of both internal and external trade.

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UNIT 15 CONSUMPTION PATTERN

Structure

- 15.0 Objectives
- 15.1 Introduction
- 15.2 Some Fundamental Questions
- 15.3 The Nature of Consumption
 - 15.3.1 Relationship Between Consumption and Production
 - 15.3.2 Social Aspects of Consumption
- 15.4 The Definition of Concepts
 - 15.4.1 The Areas of Consumption
 - 15.4.2 The Level of Consumption
- 15.5 Patterns of Consumption in Pre-industrial Societies
 - 15.5.1 Social and Cultural Aspects of Consumption
 - 15.5.2 Seasonal Variations in Food Production and Consumption
- 15.6 Consumption in Industrial Societies
 - 15.6.1 Factors Affecting Consumption in Industrial Societies
- 15.7 Let Us Sum Up
- 15.8 Further Readings
- 15.9 Key words
- 15.10 Model Answers to Check Your Progress

15.0 OBJECTIVES

After reading the present unit you should be able to

- describe the concept of consumption as one of the dimensions of the economic organisation of any society;
- discuss the nature of consumption;
- elaborate and explain the definitions of various concepts that are associated with consumption;
- present comparative picture about the nature and patterns of consumption in pre-industrial and industrial societies; and
- outline the various factors affecting the consumption process in contemporary industrial societies.

15.1 INTRODUCTION

In this unit we are going to discuss some fundamental questions regarding the nature of consumption, the social aspect of consumption and the relationship that it has with production. We will examine the patterns of consumption in both pre-industrial and industrial societies. It includes an account of the factors that affect consumption in technologically advanced societies.

15.2 SOME FUNDAMENTAL QUESTIONS

Three fundamental and basic questions will be asked generally in the study of the economic organisation of any human society. They are:

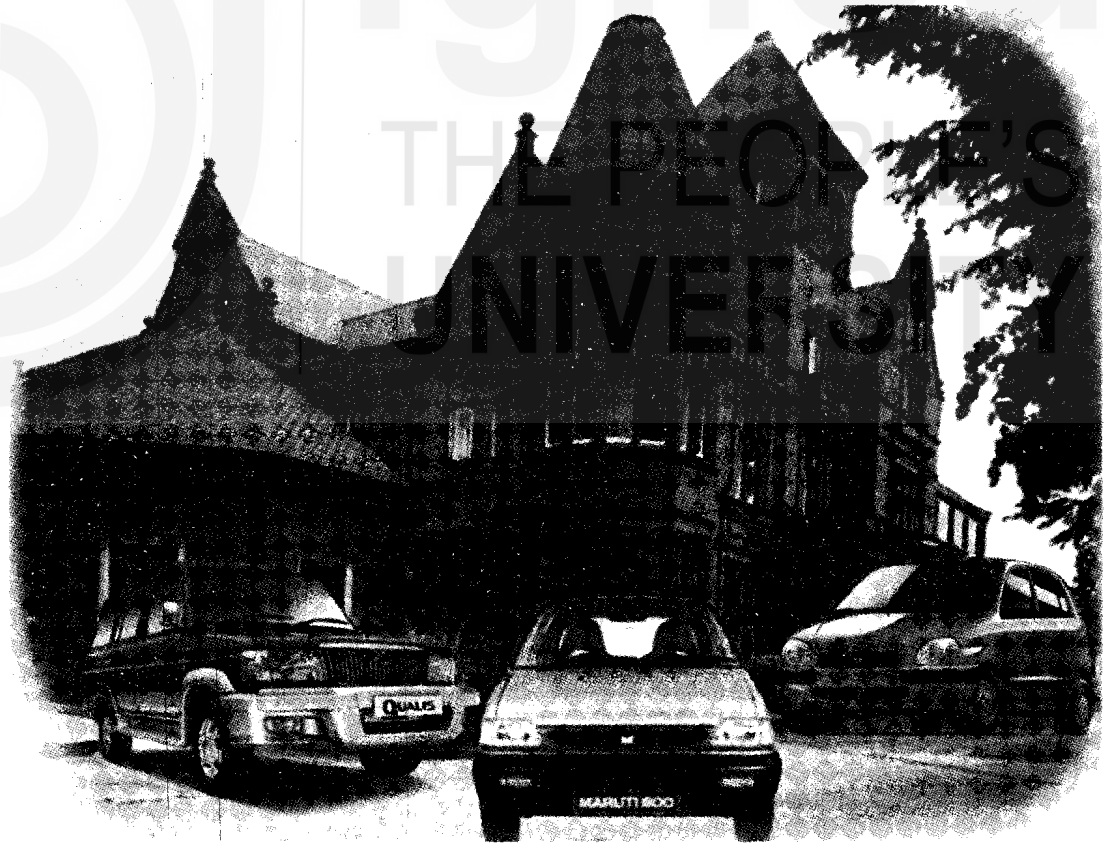
- i) How are the goods and services wanted by human societies produced?
- ii) How are the produced goods and services distributed or allocated among the members?

- iii) How are the goods and services produced and distributed eventually put to use and consumed and what patterns of behaviour govern this process?

All these three questions involve behaviour networks of goods production and production of artifacts; distribution, exchange and allocation and utilisation, hoarding and consumption everything which is concerned with production and utilisation of goods and services. While the answers to the first two questions were provided in the earlier units of this block the present unit aims at giving an answer to the last question. The consumer and the process of consumption have received relatively little attention from the social scientists. From the earliest times, their interests have been focused more on the production, distribution and exchange of goods than on this phase of economic cycle, namely, consumption. It received only a passing recognition. However, the economics of consumption in both primitive and modern societies is a subject to which sociologists and social anthropologists are attracted only recently.

15.3 THE NATURE OF CONSUMPTION

Consumption involves a broad slice of human activity. It is concerned with all phases of the using up of goods and services in living. Thus, we may be said to be consuming when we are eating food, sleeping on a bed, visiting the doctor or going to school. But there are other aspects of consumption. The choosing or selecting of a particular basket of goods and services is a part of the consumption process. This in turn involves acquiring information, participating in transactions making decisions and so on. Then, it may be suggested that production involves consumption: many white sheets of paper were consumed, used up, in the production of this unit, or the worker eating his lunch is consuming in order to acquire the energy to continue with his production activity.



Consumption

15.3.1 Relationship between Consumption and Production

Consumption is a common feature in human societies. Sometimes even after goods have been produced, a large amount of it goes waste in our economic system. This waste occurs

due to a poor consumption process. This kind of consumption not only results in a loss of satisfaction on the part of those who consume, but it may also result in a misuse of productive resources.

A consumption process which gives little satisfaction to consumers produces individuals in society who lack energy and therefore, the will to work. Whereas a process of production, with little or no waste of goods produced, is likely to lead to greater satisfaction to consumers. This, in turn, will produce relatively more healthy individuals, who will be better equipped to take part in the productive processes in society. In this sense consumption is closely linked with production.

Activity 1

Prepare a list of items that you have purchased from the market in a week; such as, food items, soaps, grocery etc. Write a note of about one page on "Consumption and its Social Nature" where you analyse the nature of your purchase and its utility - was it an essential item or were you driven by what others are using. Compare your note with others at your study centre. Discuss with your Academic Counsellor at the Study Center.

15.3.2 Social Aspects of Consumption

Consumption is not entirely an individual matter but has important social aspects. For example, much of what we consume is the result of the consumption of others. We often imitate others because we may not know what to consume or because we wish to avoid being conspicuous through the omission of certain articles in our consumption. The consumption problem deals with the final purpose of the products manufactured by society. How much is consumed relative to the amount saved? If there is conspicuous consumption, what forms does it take in societies? Of the amount that is saved, whether and how it is invested or hoarded? These are the basic issues related to the main theme, consumption.

15.4 THE DEFINITION OF CONCEPTS

Consumption is generally defined as the use of goods and services to give satisfaction to the consumer. There is an element of selection in consumption - the selection of a particular set of goods and services. There is an element of using up in consumption - the using up of different goods and services in living. And there is an element of obtaining something in consumption - this output we call satisfaction or utility. Thus selected goods and services are used up in consumption to produce satisfaction or utility for the consumer.

In this view, consumption is comparable to production - only the nature of product is different. While the output of a productive activity is so many units of physical goods or services, the output of consumption is so many units of satisfaction. A consumer is defined as an individual human being who consumes. In the sense of, using up inputs of goods and services to produce satisfaction. The choice of goods and services to be consumed is often made within the family unit and individual members consume in accordance with that chosen pattern.

15.4.1 The Areas of Consumption

It is convenient to distinguish four categories of consumers, although each could be divided further in terms of such variables as type and volume of purchase. They are: (i) The household or family. (ii) Agencies of the government at national, state and local levels. (iii) Manufacturing and business establishments. (iv) Various non-profit organisations such as voluntary association, private schools, hospitals, and religious and charitable organisation.

The plane of consumption is described by the list of goods and services acquired in the market and actually consumed. The plane of living is described by the list of all goods, services and conditions actually consumed or experienced. It is an inclusive concept in that it includes all things consumed or experienced in living; goods and services acquired in the market plus such things as the use of public facilities like parks, schools, location of residence, etc., which are non-marketable goods, services and conditions.

15.4.2 The Level of Consumption

The level of consumption is described by a composite or aggregate of the list of goods and services acquired in the market and actually consumed. It is expressed in one number which provides a convenient means for ranking different planes of consumption.

The level of living is described by a composite or aggregate of all items which comprise the plane of living. It is an expression of the plane of living in one number or value.

The standard of consumption is described by the list of goods and services that may be acquired in the market which people think they should consume. It is a normative concept in that it refers to what ought to be rather than what is, as in the case of plane or level.

The standard of living is described by a list of goods, services and condition which the individual or group strives to attain, to maintain if once attained and to regain if lost. It is a normative concept describing how the individual or group believes he or she ought to be living.

To summarise these ideas, 'plane of living' is a more inclusive concept than 'plane of consumption'. But in either case 'plane' and 'level' refer to items actually consumed. Similarly, 'standard of living' is a broader concept than 'standard of consumption' but in either case 'standard' refers to some derived performance. A standard of living may be viewed as a level of living which people feel belongs to them.

Check Your Progress 1

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

- 1) What are the fundamental questions regarding the study of economic organisation of any human society? Give two examples. Use about five lines.

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- 2) Tick the correct answer:

i) Consumption is concerned with all phases of the using up of goods and services in the process of living. yes/No

ii) We often imitate others because we do not want to become conspicuous among others with whom we live, such as in our way of dressing etc. Yes/No

iii) Not all human societies have the process of consumption. Yes/No

- 3) Give the definition of consumption in about three lines.

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15.5 PATTERNS OF CONSUMPTION IN PRE-INDUSTRIAL SOCIETIES

Sociologists and social anthropologists usually classify the economies of the world, into five types (1) hunting and food gathering, (2) 'herding' (3) horticulture, (4) agriculture and (5) factory-industrialism. In the first four types, groups are normally organised for both production and consumption on the basis of kinship, and there is consequently little separation of the two function in organisation, that is, the family is the basic unit of both production and

consumption. In industrial societies, on the other hand, there is a separation of the production and consumption units as they are organised on different principles. The major consumption unit of final products is still the family although other institutions such as the government also becomes an important consumer. While markets are of less importance in the first four types of economics, production and consumption units are linked through the mechanism of the market under factory-industrialism.

15.5.1 Social and Cultural Aspects of Consumption

A major factor that has rendered the study of consumption difficult in some of the pre-industrial societies has been the absence of a pecuniary standard of value, whereby the worth of resources assigned to various ends can be calculated and the resultant planes of living of a people effectively described. Certain methodological problems were indicated by researchers in their attempts to calculate the exact quantity of food the households consumed, how much was given away or wasted and how much received.

If we turn to the traditions which determine the consumption of goods in non-industrial cultures, we are confronted with some surprises. Food, the most fundamental necessity of life offers the most striking case in point. Even the consumption of this elementary necessity is found to be influenced by ideas of what is and what is not suitable for human nourishment. A comparable selectivity is found in clothing also by considering the differences not only in style but also in the materials that differentiate the clothing of the two sexes. It is easy to recognise how arbitrarily the selections are made from the available supply of goods.

Besides the questions of nourishment and individual taste, patterns of food consumption involves the factor of prestige also. Foods must be served to guests in order to maintain a particular social status, regardless of what may be eaten in private. Further, it is held shameful if a man has to send to the market for food with which to entertain unexpected guests. Also the utilisation of goods for ritual purpose and, in particular ceremonial consumption so as to gain prestige, are among the most important and consistent elements in the use of available food resources in many pre-industrial societies.

15.5.2 Seasonal Variations in Food Production and Consumption

Further, the food of people in pre-industrial cultures varies with the season of the year and the region of the country in which they live. Similarly, consumption of certain food stuffs can effectively be stopped for a time if a chief decides so in order to save food for a social occasion.

Activity 2

Take an outline map of India. Put the name of various states/regions, such as, Punjab, Uttar Pradesh, Gujarat, Rajasthan, etc. Try and find out what are the main or staple diet of people of these areas and what major food items like, wheat, coconuts, rice, etc. that they consume. Put this on the map and write a page on "Major Food Products and Preparations Consumed in India". Compare your answer with other students at your study centre.

In several agricultural societies domestic food supplies are at the lowest at the time of the most arduous output of physical labour and highest when there is least agricultural work. In other words, it would seem that food availability is inversely correlated with food requirements, if we assume that more food is needed to sustain the arduous agricultural labour of the rainy season than the leisure months of the dry season.

The agriculturists lack neither the technique of storing food stuffs nor the concepts of thrift and frugality. It must also be remembered that besides differences in the amounts of food available at any given time, the rate of consumption may be affected by the amount of work done at a given season of the year, or by the sudden arrival of guests or unexpected demands from kinsmen in the village. Diversity in food resources holds the level of basic subsistence goods relatively constant and compensates for seasonal variation in supply that can constitute a serious problem where reliance is placed on a single source and the technology is simple.

Check Your Progress 2

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

- 1) On what basis have the sociologists classified the economies of the world into five types? List these types. Use about five lines.

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2) Tick the correct answer:

- i) In hunting and food gathering, herding, horticulture and agrarian societies family is the basic unit of both production and consumption. Yes/No
- ii) In industrial societies there is no separation of production and consumption units. Yes/No
- iii) Patterns of food consumption depend on social variables like prestige and status besides the question of nourishment. Yes/No
- iv) The food of people in pre-industrial cultures remains the same throughout the year. Yes/No

15.6 CONSUMPTION IN INDUSTRIAL SOCIETIES

Many of the things consumed by modern people in industrial societies are no longer produced at home and the efforts of family members are focused instead on earning a living. Buying is the process through which the varied output of industries must somehow flow to provide acceptable standards of health, possessions and happiness to the members of the society. It is the negotiation of this exchange of money for goods and services that reveal what we call the problems of consumption. We try and balance our income with the necessary items and extra comforts that we require in life. Science, technology, improved merchandising, extension of personal credit facilities. Rising standards of living has created outright, brought into volume production, or raised to the position of necessities of life, a long list of new goods and services. These involve new standard of health, child rearing, comfort, convenience, cleanliness, travel and variety of living. Along with these, there is also a measure of one-up man ship in most societies where consumption pattern denotes your social status, i.e. one tries to emulate those who are better-off and higher in status than ourselves. In the Elective Course, ESO-03 you will learn more about an American sociologist, T. Veblen (1857-1929) who gave the concept of “Conspicuous Consumption” to explain why people tried to imitate their neighbours in terms of consumption.

Also, French sociologist, Pierre Bourdieu (1991) believes that different classes in a society make a distinction among themselves not only on the basis of objective reality but create a demarcation based on symbolic reality. For eg. style of living, model of car one uses, etc.

15.6.1 Factors Affecting Consumption in Industrial Societies

i) Availability of Choice

The consumer’s problem now is one of selection to a degree never before known. The production units in turn face the necessity of competing not merely against rival makes of the same commodity, but against the entire field of alternate goods and services in the ever widening arena of competition for a share of the consumer’s rupee.

ii) Amount of Income

The consumer's ability to buy goods depends on the money he has. Availability of consumer credit widens their range and flexibility of buying power. The instalment and small loan facilities allow a common consumer to buy expensive goods.

iii) Family Size

The size of the family is one of the predominant factors affecting the balance among expenditures. Studies conducted on family consistently reveal the declining size of the family unit, particularly in an urban environment, which facilitates a rise in consumption levels over the rural people. There is a trend in our urban culture towards rearing children as major economic outlays rather than as the economic assets of an earlier era. In other words, parents in modern times consider children as economic liabilities rather than assets. Children have come into direct competition with other consumption goods. As the money available for house-building decreases, people go for smaller living units. Rising standards of living, equality between parents and children make it possible to distribute incomes more evenly. There is a growing margin of leisure time activity in the modern family. These leisure-time activities are adapted to the needs of separate age and sex groups. They affect the consumption of a wide group of goods and services in modern 'society' such as cinema, theatre, clubs, restaurants etc. The steady secularisation of Sunday has made it more than ever before an occasion for spending money. The annual vacation habit is also spreading.

iv) Availability of Goods

In addition to the amount of income and varying family needs, the differing localities or regions in which people live exert different pressures to consume. Climatic factors influence consumption in such matters as clothing, fuel, housing and automobiles. Since standards of consumption are so largely social rather than private in character, the level of wealth; and availability of goods in a given community exert powerful pressures on the consumer. For example, a farmer is under less compulsion to dress up to a high standard than is a businessman in a large city; and a family closely surrounded by multiple trading centres with elaborate shop networks and high standards of competitive spending tends to be under more pressure to buy many types of commodities than is a family served by a single and meagre trading centre. Thus the differences in the availability of goods to different sections of the population operate to increase or restrict the area of choice confronting consumers. However, it is significant to note that even in geographically remote and socially isolated areas, more goods are available today as compared with a generation back.

v) Merchandising Practices

The pressure to sell more goods, necessitates the development of merchandising practices such as advertising and branding. Advertising goes hand in hand with volume of production and retail distribution. The general aims of advertising are:

- i) to create awareness among consumers,
- ii) to break down consumer resistance,
- iii) to create consumer acceptance, and
- iv) to create consumer demand.

Further, the specialisation of commodities and heightened competition of manufacturers in their efforts to create national markets, facilitated the spread of packaged and branded goods. Accordingly, the value of a brand name has mounted steadily and the number of brands of selected commodities has gone up. For eg. A report by NCAER N.Delhi (1993) found during its research that the Nirma brand of washing powder has the highest sale in India which was about 700,000 tonnes of detergent sold in India. Meanwhile, the consumer is reported to be shifting at an accelerating rate from brand to brand and retailers are lamenting that customer loyalty is now not what it used to be. Style, price, quality and convenience shuttle in and out of the picture as millions of citizens make daily purchases.

vi) Consumer Literacy

The increase in new kinds of goods and services, the decline in home handicraft knowledge, the increased complexity of mechanical devices and fabricated commodities, new pressures

on the consumer to buy and new tensions within the consumer, all make new demand for consumer literacy. This problem of literacy involves two things: knowledge of commodities and of what one can afford. The growing co-operation of government with industry and the mounting volume of printed and radio material issued by it to consumers render its role outstandingly significant in the consideration of consumer habits. In addition, certain professional and non-profit agencies have emerged to buttress the consumer. Consumer co-operatives also, play a role in this area of consumer education.

The above analysis, thus, has been concerned with specific factors influencing the consumption process. None of these factors, however, can be isolated as primary cause of consumer behaviour, because they are all so closely part of the complex system of family budgeting. The ways in which individual families allocate their total incomes are revealed to some extent by budget studies. While shopping is still a pleasure to some consumers, there is evidence that, with the multiplication of alternate activities, there is a mounting distaste on the part of both men and women for the labour of buying things. They desire to simplify and expedite the process as much as possible.

In more developed countries like America, people use the Internet facility to purchase nearly everything ranging from jewellery, clothes, plane tickets, cinema tickets to even fruits and vegetables. This trend is catching up in India, as well especially in the metropolitan cities. Thus, in terms of consumption, the world has become a global world.

Check Your Progress 3

Note: a) Use the space below for your answers.

b) Check your answer with the one given at the end of this unit.

- 1) What is meant by the problems of consumption in modern societies? Answer in about seven lines.

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- 2) In relation to consumption what are the consequences of development in science, technology, improved merchandising, etc. in industrial societies? Use about five lines.

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- 3) What are the factors that affect consumption in industrial societies? Use about seven lines for your answer.

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15.7 LET US SUM UP

Economic organisation can be explained as the human behaviour by which goods are produced, distributed and used. In non-industrial societies in which the techniques of production and distribution are simple, the mechanism of consumption is prevalent within a small group. They produce only to consume. For them, food, clothing, shelter and articles of protection are the primary consumption goods. In industrial societies in which the techniques of production and distribution are complex and surpluses are produced in large quantities, the mechanisms of consumption have also become complex. The variety of factors which are involved in the formation of consumer habits in modern societies are traced out and explained in this unit.

15.8 FURTHER READINGS

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15.9 KEY WORDS

- Conspicuous Consumption** : Any consumption which distinguishes one consumer from another consumer by such an action as buying two or more cars in order to show one's wealth.
- Transaction** : To carry on the exchange of goods and services in a business deal.
- Utilisation** : To make use of goods and services in the process of consumption.

15.10 MODEL ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress 1

- 1) The two fundamental questions regarding the study of economic organisation of any human society are: i) How are the goods and services wanted by human societies produced? ii) How the produced goods and services are distributed or allocated among the members?
- 2) i) Yes (Check section 15.3)
ii) Yes (Check sub-section 15.3.2)
iii) No (Check Sub-section 15.3.1)
- 3) Consumption is defined as the use of goods and services to produce satisfaction for the person who consumes, namely, the consumer.

Check Your Progress 2

- 1) The sociologists classified the economies of the world into five types according to their main subsistence base. These five types are : i) hunting and food gathering; ii) herding; iii) horticulture; iv) agriculture; and v) factory-industrialism.
- 2) i) Yes (Check section 15.6)
ii) No (Check section 15.6)
iii) Yes (Check section 15.6.1)
iv) No (Check section 15.6.2)

Check Your Progress 3

- 1) In industrial societies the bulk of things that are consumed are produced outside the home. Therefore, family members concentrate on buying a living. Buying has to take care of the varied outputs of industries. These outputs have to provide for acceptable standards of health, possessions and happiness. This process of exchange of money for goods and services constitutes consumption in industrial societies.
- 2) Development in science and technology, improved merchandising, credit facilities, etc. have led to the acceptance of large number of products, goods and services as the necessities of life. These include new standards of health, child rearing, cleanliness, etc.
- 3) The factors that affect consumption in industrial societies are: i) availability of choice; ii) amount of income; iii) family factors; iv) availability of goods; v) merchandising practices; and vi) consumer literacy. Family affects consumption in industrial society as it constitutes the major consumers of the society. There is a direct relationship between the family size and proportion of consumption in industrial societies.

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References cited in block IV: (These are given here for those students who wish to follow certain points in detail.)

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