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TWO YEAR MASTER'S DEGREE COURSE
(CBCS in Accordance with NEP 2020)

SEMESTER - II

ECONOMIC SOCIOLOGY

Surya Kumar Bhuyan School of Social Sciences

KRISHNA KANTA HANDIQUI STATE OPEN UNIVERSITY

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MASTER OF ARTS
Economic Sociology

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System of production, circulation and consumption

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COURSE INTRODUCTION

Economic Sociology is a significant area of study within the disciplinary dynamics of Sociology. This course is meant for M.A. Sociology course (Third Semester). It is designed to help the learners have a deep understanding about various concepts and theoretical dimensions regarding the study of Economic Sociology. This course comprises of thirteen units, which are divided into two blocks. The first block is constituted of six units (Unit 1 - Unit 6). The second block comprises of seven units (Unit 7 - Unit 13). This course begins by providing an introductory understanding of Economic Sociology. It is followed by detailed discussions on the various theoretical perspectives that provide an insight into the discipline. Further, important concepts, ideas and relevant issues and aspects associated with the discipline have been discussed in detail. After going through the entire course, the learner shall get a detailed understanding regarding the various aspects of the area of Economic Sociology. After reading this block the learners will be able to understand the different aspects and theoretical perspectives associated with the discipline.

Unit 1, titled as 'Economic Sociology: An Introduction' discusses the Meaning, Definition, Scope and importance of Economic Sociology. **Unit 2**, titled as 'Basic Concepts' discusses the key concepts like value, market, GDP, growth and development, etc. **Unit 3**, titled as 'Functionalist Approach to Economic Sociology' highlights the functionalist approach. **Unit 4,** titled as 'Marxist Approch to Economic Sociology' provides an explanation of the Marxist ideas, key arguments and criticisms, necessary for understanding the discipline. **Unit 5,** titled as 'Property' discusses the concept of property from a sociological perspective, and also provides important theoretical perspectives about the concept of properrty. **Unit 6**, titled as 'Exchange' provides a sociological understanding of the concept of exchange, and also highlights important theoretical perspectives necessary to understand the concept of exchange. **Unit 7**, titled as 'Money' highlights the definition of the concept of money, and also discusses the significant theoretical perspectives on the concept of money. **Unit 8**, titled as 'Mode of Production' discusses the concept of mode of production, the associated concepts like forces and relations of production, and the different modes of production. **Unit 9**, titled as 'Mode of production in tribal societies' highlights the conceptualisation of the term 'tribe', and discusses the production and consumption processes in tribal societies. **Unit 10**, titled as 'Mode of production in peasant society' discusses the characteristics of the peasant society and also the systems of production, circulatuion and consumption in these societies. **Unit 11**, titled as 'Mode of production in capitalist society' discusses the systems of production, cirulation and consumption in the capitalist society. **Unit 12**, titled as 'Mode of production in socialist society' discusses the systems of production, circulation and consumption in the socialist society. **Unit 13**, titled as 'Economy and the state' discusses the entities of planned economies, welfare systems, the state and gobal markets, globalisation and the economy and society.

UNIT 1: ECONOMIC SOCIOLOGY: AN INTRODUCTION

UNIT STRUCTURE

1.1 Learning Objectives

1.2 Introduction

1.3 Meaning And Definition

1.4 Origin And Development

1.5 Classical Economic Sociologists

1.6 Scope And Importance

1.7 Let Us Sum Up

1.8 Further Reading

1.9 Answers To Check Your Progress

1.10 Model Questions

1.1 LEARNING OBJECTIVES

After going through this unit, you will be able to

- conceptualize the meaning of Economic Sociology.
- understand the origin and development of Economic Sociology.
- know the contribution put forward by the different classical sociologists.
- analyse the scope and importance of Economic Sociology.

1.2 INTRODUCTION

Economic sociology is not much more than a century old, even though its intellectual roots are found in older traditions of philosophical and social thought. During the past quarter-century, it has experienced explosive growth and now stands as one of the most vital subfields of its parent discipline. In this unit, we first understand the meaning and definition and try to focus on its origin and development. Next, we trace the classical tradition of economic sociology, as found in the works of Marx, Weber, Durkheim, and also discuss Schumpeter, Parsons, and Smelser. Finally,we shall emphasize on the importance and scope of the field of Sociology.

1.3 MEANING AND DEFINITION

Economic sociology is a branch of Sociology that deals with the economic phenomena of society. It consists of a variety of research questions such as how market relationships function? What are the social mechanisms that facilitate cooperation in the economic sphere? To what extent are social relations important in economic exchanges? What are the social mechanisms that determine economic values? So economic sociology is an attempt to answers those questions that are traditionally addressed by the economists. Economic sociology tries to analyse production, distribution, exchange and consumption of goods and services. It is mainly a study of the social cause and effect of various social phenomena. It emphasizes on the role of economic structures that have an influence over society. Many have argued that it focuses on four dimensions shaping the economic structure and behavior: networks, power, institutions, and cognition.

According to Richard Swedberg, Economic Sociology is the study of the social cause and effect of various economic phenomena. It arose as a new approach to the analysis of economic phenomena; emphasizing particularly the role economic structures and institutions play upon society, and the influence a society holds over the nature of economic structures and institutions. (Principles of Economic Sociology by Richard Swedberg - an extract, 2009).

According to N. Abercrombie, "Economic sociology is a broad field that covers many substantive economic phenomena. These include all aspects of the economic activities of individuals and groups; the sociology of organizations, markets, and other economic institutions……and the economic effects of different cultures and religions." [The Penguin Dictionary of Sociology, 2013]

Neil Smelser and Richard Swedberg define economic sociology as 'the sociological perspective applied to economic phenomena'
(The handbook of economic sociology. 2nd 2005)

In the monumental work of Joseph Schumpeter, called "History of Economic Analysis" four fundamental fields of economic analysis: economic

history, statistics, economic theory, and economic sociology, were identified. Economic sociology deals with the question of how people came to behave as they do. If human behavior is defined widely then it includes not only actions and motives but also the social institutions that are relevant to economic behavior such as government, property inheritance, contract, and so on.

1.4 ORIGIN AND DEVELOPMENT

In the past two centuries many eminent thinkers and sociologists have shown interest in the human interaction in production, distribution, and consumption processes. The economic institution originated from hunting and gathering societies itself. The different economic institutions resulted in creating a relationship featured by traits like co-operation, competition, differentiation, and division of labor. They tried to focus on the major issues of economic activity and economic history. The first use of the term Economic Sociology seems to have been initiated by British economist W. Stanley Jevons in 1879. The term was taken over by the sociologists and appears in the works of Karl Marx, Emile Durkheim, and Max Weber. Economic Sociology is relevant to economic life that is rooted in the larger social structure. Economic Sociology can be traced from two sources, one from the return of political economy and the other was the emergence of imperialism. It is an intellectual response to a particular paradigm that has impacted on the lives and livelihoods of millions of people. Economic Sociology tried to contextualize economic actions, processes, and structures in the wider societal context. Economic Sociology is the study of how the material conditions of life are produced and reproduced through social processes. The link between the economy and society has attracted many scholars of Sociology. Economic Sociology is broadly classified into a classical period and a contemporary one which is known as New Economic Sociology. For example, Marx was mainly interested in the systemic causes and consequences of economic inequality and Historical Materialism. Weber's theory was centered on economic ideas and structures based on his work on the Economy and society. Durkheim's division of labor was

about the pre-contractual elements of exchange, while Simmel dealt with capitalist life and the emergence of calculability in social relations.

The field of economic sociology can be separated into the Sociology of markets and the Sociology of consumption. The sociology of markets is concerned with a place where repeated exchanges occur between buyers and sellers under a set of formal and informal rules governing relations between competitors, suppliers, and customers. Whereas the sociology of consumption view consumption from the perspective of what consuming things means to people.



CHECK YOUR PROGRESS

Answer the following questions:

1. The first use of the term economic sociology seems to have been initiated by British economist ……

2. What are the divisions of Economic Sociology?

3. What is known as New Economic Sociology?

4. Who wrote the book "The Handbook of Economic Sociology"?

5. What is meant by sociology of the Market ?

1.5 CLASSICAL ECONOMIC SOCIOLOGISTS

Karl Marx (1818-1883) emphasised on the role of the economy in society, and developed a theory according to which the economy determined society's general evolution. Marx also argued that material interests determine the structures and processes in society. Marx wanted to develop a strictly scientific approach to society that would change the world.

Marx's economic analysis rested on the labor theory of value in which a commodity's price is equated to the labor necessary to produce it. He assumed that only actual producers created the value and not the property owners. The most important of Marx's approach is to which people have been willing to fight for their material interests throughout history. He also contributed to understanding how large groups of people, with similar economic interests, under certain circumstances can unite and realize their interests.

"The general strategy of Marxist thought is to relate aggregate movements in economic life (e.g. rate of profit) to the pressure on the individual (e.g. pressure to substitute machinery for labor) by using a theory of economic enterprise (e.g. capital extraction of surplus value through hiring labor)" (Stinchcombe, 1983).

Max Weber (1864-1920) was among the early scholars in economic sociology, who occupies a unique place. He is known to have proceeded the furthest towards developing a distinct Economic Sociology and he is often cited as one of the fathers of Economic sociology because of his contribution towards understanding forms of economic organization and the rise of modern rational capitalism.

As compared to Weber, Emile Durkheim (1858-1917) knew less economics, wrote less about economic topics, and in general made less of a contribution to Economic Sociology. At one point he gave the following definition of Economic Sociology - "Finally there are the economic institutions: institutions relating to the production of wealth (serfdom, tenant farming, corporate organization, production in factories, in mills, at home, and so on), institutions relating to exchange (commercial organization, markets, stock exchanges, and so on), institutions relating to distribution (rent, interest, salaries, and so on)". They form the subject matter of economic sociology. (Neil J. Smelser and Richard Swedberg, 2005)

Vilfredo Pareto (1848-1923) contributed to Economic Sociology concepts like comparative income distribution analysis and indifference curves. According to Pareto, optimum allocation of resources occurs when no actor's subjective utility can be better off while keeping all others as well off as they were before reallocation. This principle is often invoked to evaluate the fairness of a social welfare or income- redistribution policy proposal.



CHECK YOUR PROGRESS

6. Name three sociologists who are associated with Economic Sociology.

7. Who is often called the father of Economic sociology?
8. Who developed a theory according to which the economy determined society's general evolution?
9. What is the subject matter of Economic Sociology?

1.6 SCOPE AND IMPORTANCE:

Economic sociology is broadly a study of the social processes of resource creation, distribution, exchange, and consumption. Special interests within economic sociology include the study of business, caring, crime, disability, employment, entrepreneurs, environment, family, food, gambling, gender, health, housing, markets, money, networks, philanthropy, taxation, technology, wealth, and more. Economic Sociology deals with the analytical, political and moral questions arising at the intersection between the economy and society. It studies all aspects of the economic activities of individuals and groups. It includes the sociology of organization, markets, and other economic institutions.It also focuses on the macro-issues such as the development of capitalism, the comparative analysis of the economic system and the economic effects of different cultures and religions. Economic sociology helps in understanding various components of consumption and leisure. It is an attempt to analyze economic phenomena as a social phenomenon resulting from human interaction within the context of broader social structure. It mainly focuses on the relationship between economic activity and people that affects their economic actions. One of the primary characteristics of Economic sociology is to study contemporary society through the process of modernization.It also studies economy and social relations of actors. For example, economic sociology assumes that functioning of the market organization depends on its political structure, ideologies and traditional practices rooted in its history.One of the most prominent contributions of Economic Sociology to the discipline of sociology has been the basis for explaining stratification and class conflict. Theories and application of concepts of Economic Sociology are used to analyze three societies at a different level of development such as primitive herding society, feudal or early capitalist society and modern society.

Economic Sociology tries to interlink the economic forces to the behaviour of individuals by an examination of the institutional forms and technical constraints in which a society produces its livelihood. It primarily deals with a particular dimension of economic phenomena, namely their social dimension. It is the study of social structures and organizations in the economy. It deals with economic phenomena in general, which means that it addresses issues not only at the periphery of the economy (such as, say, the influence of religious values on the economy or of ethnicity on entrepreneurship) but also at its core (such as the way markets operate or investment decisions are made). To look at the social dimension of economic phenomena sociologists only look at a number of economic issues and try to analyse the social dynamics involved in them.



1.7 LET USSUM UP

- Economic sociology is not much more than a century old, even though its intellectual roots are found in older traditions of philosophical and social thought.
- The first use of the term Economic Sociology seems to have been initiated by British economist W. Stanley Jevons in 1879. The term was taken over by the sociologists and appears, in the works of Marx, Durkheim, and Weber.
- Economic sociology is a branch of Sociology that deals with the economic phenomena of society. Economic sociology tries to analysise the processes of production, distribution, exchange and consumption of goods and services, from a social dynamics point of view. It is mainly a study of the social cause and effect of various social phenomena. It emphasizes on the role of economic structures that have an influence over society.
- Economic sociology is understood in the context of a classical period and a contemporary period. Classical Economic Sociology dealt

with modernity, rationalization, Secularisation, Social Stratification, Urbanisation, etc. The contemporary period of Economic Sociology known as New Economic Sociology has been started with Mark Granovetter titled "Economic Action and Social Structure. It emphasized on the social consequences of economic exchanges and social interaction.

- Marx was mainly interested in the systemic causes and consequences of economic inequality and Historical Materialism. Weber's theory was centred on economic ideas and structures based on his work on the Economy and society. Durkheim's division of labour was about the pre-contractual elements of exchange, while Simmel dealt with capitalist life and the emergence of calculability in social relations.

  One of the importances of Economic Sociology is the study of the social processes of resource creation, distribution, exchange, and consumption.



1.8 FURTHER READING

- Smelser Neil J. and Richard Swedberg (2005) The Handbook of Economic Sociology.
- Swedberg Richard (2007) Principles of Economic Sociology.



1.9 ANSWERS TO CHECK YOUR PROGRESS

Answer to Q. No. 1: W. Stanley Jevons .

Answer to Q. No. 2: Economic sociology is broadly classified into a classical period and a contemporary one i.e. known as New Economic Sociology.

Answer to Q. No. 3: Contemporary period of Economic Sociology i.e. known as New Economic Sociology.

Answer to Q. No. 4: Neil Smelser and Richard Swedberg wrote the book "The Handbook of Economic Sociology"

Answer to Q. No.5: The sociology of markets is concerned with a place where repeated exchanges occur between buyers and sellers under a set of formal and informal rules governing relations between competitors, suppliers, and customers.

Answer to Q. No.6: Karl Marx, Max Weber, and Emile Durkheim.

Answer to Q. No.7: Max Weber is often called as Father of Economic Sociology.

Answer to Q. No.8: Karl Marx developed a theory according to which the economy is determined by society's general evolution.

Answer to Q. No.9: The production of wealth, institutions relating to exchange, and institutions relating to distribution form the subject matter of economic sociology.



1.10 MODEL QUESTIONS

A) Answer in one or two words:

Q.1. Who deals with capitalist life and the emergence of calculability in social relations?

Q.2. Who wrote the Principles of Economic Sociology?

B) Short Questions: (Answer in around 150 words)

Q. 1. What are the different dimensions of Economic Sociology?

Q. 2. Write short notes on:

(a) Sociology of Consumption

(b) New Economic Sociology

C) Long Questions: (Answer within 300-500 words)

Q. 1. Discuss the meaning and scope of Economic Sociology.

Q. 2. Discuss the contribution put forward by Classical Economic Sociologists.

*** ***** ***

UNIT 2: BASIC CONCEPTS

UNIT STRUCTURE

2.1 Learning Objectives

2.2 Introduction

2.3 Value

2.4 Market

2.5 Exchange

2.6 Gross Domestic Product

2.7 Labour

2.8 Property

2.9 Money And Rationality

2.10 Economic Growth

2.11 Economic Development

2.12 Let Us Sum Up

2.13 Further Reading

2.14 Answer To Check Your Progress

2.15 Model Questions

2.1 LEARNING OBJECTIVES:

After going through this unit, you will be able to

- conceptualize the meaning of value
- understand the meaning of market and exchange
- know the concept of Gross Domestic Product
- know the concept of property through the sociological lens
- understand the concepts of money and rationality
- differentiate between Economic Growth and Economic Development.

2.2 INTRODUCTION

Economy is presented as bodies of activities which are usually carried out by members of a society in order to produce, distribute and exchange goods and services. This unit introduces the learners to the major concepts related to Economic Sociology and tries to analyse it through macro-perspective. It deals with several ideas such as value, property, GDP, amongst others. This unit also focuses on the economic behaviour of people and traces out the meaning of the market and exchange system that operate in society.

2.3 VALUE

Value means the utility of a commodity. But the term 'value' has a quite different meaning in Economics. Value is a social, objective and historically relative category. It is social in the sense that it is determined by the overall result of the fluctuating efforts of each individual producer. It is objective because it is given, once the production of a given commodity is finished, and is thus independent of personal (or collective) valuations of customers on the market place; and it is historically relative because it changes with each important change (progress or regression). According to Adam Smith, the word value can be used in two senses, i.e., value-in-use and value-in-exchange. These are explained below.

Value-in-use:

It is the want-satisfying power of a commodity. The satisfaction which one obtains from the use of a commodity is known as the value-in-use. Use-value is a precondition for the determination of value. It does not determine its magnitude. For example, water has immense use value, because it quenches thirst and without it daily life is just impossible. The quality of water is the value-in-use of water. Though water is valuable in absolute terms we don't care much for any more because we have already got a lot. We value the marginal unit, not the mass.

Value-in-exchange:

It is the number of goods and services which we may obtain in the market in exchange for a particular thing. In other words, it is the price of particular goods at which those gooods can be sold and bought in the market.

For instance, if 1 kg of rice can be obtained in exchange of 1 dozen of banana, then we may say that the value of 1 kg of rice is equal to 1 dozen of banana.

Thus, value-in-exchange depends on two things:

(i) Time:

Value-in-exchange depends on the time element. That is, with the change in time, value- in exchange for a commodity with respect to other commodities will vary.

(ii) Place:

Value-in-exchange also varies from place to place. Value-in-exchange for a particular commodity varies from one market to other markets. Hence, it varies according to time and place. Again, one commodity may have immense use value but no exchange value or vice versa. For example, water has immense use value but not exchange value. On the contrary, the diamond has a huge exchange value but no use value.

Marx's value theory is often presented as simple costs of production theory, where we add up labour value-added in the various stages of production to come up with a final value. Actually, Adam Smith's value theory was one where he tried to assess the 'contribution' of each 'factor of production' to the value of the final product. Ricardo and Marx, on the other hand, resolved the value of a commodity into concrete labour time and then examined the struggle of the classes claiming to personify the factors of production over the value produced.



CHECK YOUR PROGRESS

1. What is meant by value?
2. Who had given the division of value?
3. Mention the divisions of value.

2.4 MARKET

A market place is the most ideal place for exchange system of goods and services, particularly in agricultural societies. The market centre performs the functions

as service centres, helps in increasing the socio-economic and political contacts in the surrounding area. The functions of markets largely depend upon the threshold population and the location, administrative character and road links between the market and its hinterland. The market is made up of a series of individual exchanges which creates a functioning and ordered system. It is important to understand how markets play a role in the modern capitalist economy. It shows how the needs of people are fulfilled and how income is generated for the vendors. It helps us in understanding how the pattern of business is carried out by the market vendors. It is a system of transactions that support a self-sufficient order of small scale traders and suppliers.



CHECK YOUR PROGRESS:

4. What is the main feature of the market?
5. Name one function of the market.

2.5 EXCHANGE

An exchange takes place in a marketplace where securities, and other financial instruments are traded. The core function of an exchange is to ensure fair and orderly transaction. Economic behaviour involves the exchange of one scarce resource for another. When people engage in paid work, they exchange their scarce time, effort, and skill for income, and, when people make purchases, they exchange their scarce income for scarce goods and services. Economic activity is driven by the need to exchange. Max Weber's analysis of the exchange focuses on the one hand, on the meaning of this institution for the modern economy, and on the other hand, on the need to create political frames regulating its activity. According to Weber, exchange brings about a rationalization of the financial and economic systems based on quantification, globalization, and impersonality. Market exchanges are based on transactions, or changes in the status of a good or service between people, such as a sale.

The evolution of money as a medium of exchange had a considerable impact on the development of modern commerce, international trade, and global prosperity. Money occupies a central role in market economies because it acts as a medium of exchange. The advent of money replaced the need for an exchange through barter and enabled producers to specialize.

2.6 GROSS DOMESTIC PRODUCT

The Gross Domestic Product (GDP) is the monetary value of all goods and services produced in a country during a given time period. GDP is often used for comparison of a nation's economic progress against that of other countries. The rate of GDP growth changes depending on the health of the economy. Government leaders analyse the GDP reports when crafting economic policy. Even business leaders also analyse the economy's performance as reflected in the GDP report in order to make a decision on future investment and production.

GDP is not an all-inclusive measure. It omits some factors that impact a country's economy such as unpaid work, the environmental impact of economic activity and non-monetary considerations like the value of leisure time. Gross Domestic Product (GDP) can be considered as the broadest quantitative measure of a country's total economic activity.



CHECK YOUR PROGRESS:

6. What is meant by Gross Domestic Product?

2.7 LABOUR

Marx explains, "I use the term labour-power or capacity for labour, to denote the aggregate of those bodily and mental capabilities existing in a human being, which he exercises whenever he produces a use-value of any kind"… "The value of labour power, like that of every other commodity, is determined by the labour time necessary for the production, and consequently for the reproduction. Labour power only exists as a capacity of a living individual;

its production presupposed his existence; and therefore the production of labour is dependent upon the worker's reproduction of himself, upon the worker's maintenance." Karl Marx has also refered to a distinction between abstract labour and concrete labour. While the former means human labour in general i.e. economically valuable work time, the latter means human labour as a particular activity i.e. specific useful effect.

In economically valuable work time, human labour is spent to add value to products or assets. In this sense, labour is an activity that maintains economic value which could be realized as a sum of money once labour's product is sold. For instance, if all labour is withdrawn, the value of the capital assets would deteriorate. In the other one, human labour can have a useful effect in producing particular tangible products which are used by others. In this sense, labour is an activity that creates objects with use-value i.e. tangible products (material goods). If labour produces useless products or results, it is simply a waste of labour-time. So, Marx argues that human work is an activity which has its useful effect and helps to create particular kinds of products. In an economic sense, it can create more value than there was before.

The value of labour is embodied in the product of our labour power and adds value in the process of production. The division of the working time into paid and unpaid labour is not a feature of capitalism alone. It is said that all ruling classes in history have maintained themselves by exploiting the oppressed class. But under capitalism, there is a presence of an unique feature i.e. the division of labour within the workplace which was imposed by production for the market. No worker can point to the product and say 'this is mine'. A commodity passes through the hands of hundreds of retail workers and it is the product of the collective labour of the factory hands.



CHECK YOUR PROGRESS

7. What is meant by abstract labour and concrete labour?

2.8 PROPERTY

Property may be described as the set of rights and obligations that defines the relations between individuals or groups in respect of their control over material things. The essential point in the notion of property is that there is a recognized right to control over things vested in an individual. By saying that there is a recognized right, it means that there are regular sanctions attached to it.

For centuries, philosophers had been trying to determine the origin of property. In 1884 Friedrich Engels (1820-1895) wrote "The Origin of the Family, Private Property and the State". Engels and Marx located the origin of property in the transition from hunting and gathering to agriculture. Once tribes settled onto a specific piece of land in order to farm it, the urge to claim the land and the fruits of the land evolved. The property ceased to be collective and became individual over time and began to include the domesticated animals that assisted in the process of cultivation. But people were also crucial in the planting, tending and harvesting of agriculture as it was a labour intensive process. At some point, men emerged or put themselves forward as "owners" of "property" that was theirs along with "their" animals and "their" people, including "their" wives and "their" children. The property, as land, objects, animals and people, was crucial to capitalism. The property, under capitalism, was transformed from its traditional form of land into commodities that could be purchased and owned.

Mentioned below are some of the significant characteristics of Property:

(i) Property can be transferred by its owner by way of sale, exchange or gift.

(ii) Property rights of an individual may be both tangible and intangible.

(iii) Property rights do not necessarily imply actual use and enjoyment by the owner. Law makes a distinction between ownership and possession.

iv) The possession of the property may mean possession of power over others. Money and other tangible and intangible goods bring one's good reputation and may be the bases of power.

Property can also be distinguished into common, collective and individual property. Common property is that over which several individuals have rights. They, however, hold this property collectively as against the rest of the community. The rights of sharing this property are defined by customary rules of distribution and supervised by the community. With the development and expansion of agriculture, the principle of common property is gradually given up and lead directly to the acceptance of the principle of private ownership.



CHECK YOUR PROGRESS

8. Name the book written by F.Engels to define the concept of property.

9. What is meant by Property?

10. Define money.

2.9 MONEY AND RATIONALITY

Georg Simmel's major work "The Philosophy of Money", is concerned about the social meaning of money. For Simmel, money is a part of objective culture, created through the basic form of human interaction, i.e. exchange. He considers money as a symbol and examines some of its effects on people and society. In modern society, money becomes an impersonal or objectified measure of value. This implies impersonal, rational ties among people (ties that are institutionalized in the money form). For example, relations of domination and subordination become quantitative relationships of more or less money i.e impersonal and measurable in a rational and calculated manner. The use of money distances individuals from objects and also provides a means of overcoming this distance. The use of money allows much greater flexibility for individuals in society. Modern money has features set by law and enforced by the state. These include standardization, divisibility, and legal tender status. The emergence of uniform money operating within national boundaries was a considerable political and economic achievement and didn't occur in most places until the late

nineteenth century. The introduction of money into economic relationships is consequential precisely because money offers a one-dimensional measure that facilitates comparison, evaluation, and transaction.

2.10 ECONOMIC GROWTH

Growth can best be described as a process of transformation. Irrespective of whether a nation is large or small, economic growth is one of their prime goals. Right from the beginning of the development debates, it is taken as the key indicator of development. Economic growth is the long-term expansion of a country's productive potential. It is the process by which a nation's wealth increases over time.

Economic growth indicates an increase in the country's measurable indicators, say, Gross Domestic Product (GDP). It is a total monetary value of goods and services produced in a country over a specific period of time. Economic Growth has two meanings: Firstly, growth is defined as an increase in the output that an economy produces over a period of time. The second meaning of economic growth is an increase in the production of an economy by the use of its scarce resources. Thus economic growth sustaines annual increases in an economy's real national income over a long period of time.

Rostow's Stages of Economic Growth:

Walt Whitman Rostow, the American economic historian, published an economic model known as Rostow's Stages of economic growth. This model described the transformation of countries from underdevelopment to development in terms of stages of growth. According to him, countries must pass through the following stages.

1) The traditional society
2) The transitional society
3) The take-off stage
4) The mature stage
5) The age of high mass consumption

2.11 ECONOMIC DEVELOPMENT

Development means a new stage or a changing situation. Development is expressed as something positive or desirable. When referring to a society development usually means improvement. Economic Development can be defined as the process of economic and social transformation that is based on complex cultural and environmental factors and their interactions. Earlier, the notion of development was generally based on the unidimensionality of the concept of development focusing on economic growth. Later on, it was felt that economic growth is just an indicator of development, but not the soul of it.Thus, the social scientists and development practitioners felt that development has to be a multidimensional concept that touches various aspects of the society. It should not confine itself to the economic dimension but should have its political, cultural and social dimensions too. Its political dimension is expressed through the process of democratization, distributive justice; awareness for human rights, equity, and liberty etc., while the cultural dimension of development is distinct through the growth of the secular culture. The social dimensions of development include increased participation of people in societal affairs, development of self-reliance, better human development and environmental sustainability, etc. The outcomes of development are always positive and progressive as it is for the betterment of society. But sometimes when development outcomes are used by human beings in a negative way its consequences become disastrous. For e.g. Technological development necessarily improves human quality of life. But when people blindly use it for destructive purpose then the outcomes become sorrowful. Therefore the concept of Economic Development truly looks for the quality of life and standard of living which is essential for the welfare of a nation.



2.12 LET US SUM UP

- Value means the utility of a commodity. But the term 'value' has a different meaning in economics. According to Adam Smith, the word

value can be used in two senses, i.e., value-in-use and value-in-exchange.

- The satisfaction which one obtains from the use of a commodity is known as the value-in-use. Use-value is a precondition for the determination of value whereas Value-in-exchange is the number of goods and services which we may obtain in the market in exchange for a particular thing. Value-in-exchange depends on two things, time and place.
- The market is made up of a series of individual exchanges which creates a functioning and ordered system. It is important to understand how markets play a role in the modern capitalist economy. The market place is the most ideal place for exchange system of goods and services, particularly in agricultural societies.
- Max Weber's analysis of the exchange focuses on the one hand on the meaning of this institution for the modern economy, and on the other hand on the need to create political frames regulating its activity.
- Market exchanges are based on transactions, or changes in the status of a good or service between people, such as a sale. Money occupies a central role in market economies because it acts as a medium of exchange. The advent of money replaced the need for an exchange through barter and enabled producers to specialize.
- The Gross Domestic Product (GDP) is the monetary value of all goods and services produced in a country during a given time period. GDP is often used for comparison of a nation's economic progress against that of other countries. The rate of GDP growth changes depending on the economy.
- In economically valuable work time, human labour is spent to add value to products or assets. In this sense, labour is an activity that maintains economic value which could be realized as a sum of money for once labour's product is sold. For instance, if all labour is withdrawn, the value of the capital assets would deteriorate.

- The value of labour is embodied in the product of our labour power and adds value in the process of production.
- Property may be described as the set of rights and obligations that defines the relations between individuals or groups in respect of their control over material things.
- The essential point in the notion of property is that there is a recognized right to control over things vested in an individual. By saying that there is a recognized right, it means that there are regular sanctions attached to it.
- For Simmel, money is a part of objective culture, created through the basic form of human interaction, i.e. exchange, but also acquiring independence and power that transforms social relationships. He considers money as a symbol and examines some of its effects on people and society. In modern society, money becomes an impersonal or objectified measure of value.
- Economic growth indicates an increase in the country's measurable indicators like Gross Domestic Product (GDP). Economic Development means a new stage or a changing situation. Development is expressed as something positive or desirable.



2.13 FURTHER READING

- Swedberg, Richard.2003. Principles of Economic Sociology. Princeton University.



2.14 ANSWERS TO CHECK YOUR PROGRESS

Answer to Q No. : 1 Value means the utility of a commodity.

Answer to Q No. : 2 The division of value is given by Adam Smith.

Answer to Q No. : 3 The two division of value are value-in-use and value-in-exchange.

Answer to Q No. : 4 Market helps us in understanding the pattern of business which is carried out by the market vendors. It is a system of transactions that support a self-sufficient order of small scale traders and suppliers.

Answer to Q No. : 5 The function of markets largely depends upon the threshold population and the location, administrative character and road links between the market and its hinterland.

Answer to Q No. : 6 The Gross Domestic Product (GDP) is the monetary value of all goods and services produced in a nation during a given time period.

Answer to Q No. : 7 Abstract labour means human labour in general i.e. economically valuable work time, and concrete labour means human labour as a particular activity i.e. specific useful effect.

Answer to Q No. : 8 In 1884 Friedrich Engels wrote "The Origin of the Family, Private Property and the State".

Answer to Q No. : 9 Property may be described as the set of rights and obligations that defines the relations between individuals or groups in respect of their control over material things.

Answer to Q No. : 10 In simple terms, Money can be understood as a medium of exchange.



2.15 MODEL QUESTIONS

A) Short answer questions (Answer in about 150 words)

Q.1. Write short note on:

(a) Rostow's stages of economic growth.

Q.2. State the difference between economic growth and development.

B) Long answer questions (Answer each uestion within 300-500 words)

Q.1. Discuss the concept of Property. State its features.

Q.2. What is the role of GDP in Indian Economy?

Q.3. State the relationship between the market and exchange in Economic Sociology.

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UNIT 3: FUNCTIONALIST APPROACH TO ECONOMIC SOCIOLOGY

UNIT STRUCTURE

3.1 Learning Objectives

3.2 Introduction

3.3 Economic Sociology

3.4 Functionalist Approach to Economic Sociology

- 3.4.1 Definition
- 3.4.2 Background
- 3.4.3 Criticisms

3.5 Let Us Sum Up

3.6 Further Reading

3.7 Answers to Check your Progress

3.8 Model Questions

3.1LEARNING OBJECTIVES

After going through this unit, you will be able to -

- understand the concept of functionalist approach in sociology,
- know about Economic Sociology
- know about the significance of the social system

3.2 INTRODUCTION

By now, we have learned that there are different approaches in sociology to understand the society. Some of the approaches are Structural approach, Functional approach, Marxist approach, Interactionist approach to deal and understand different dimensions of the society and its aspects. Some of the major thinkers of Functionalist approach are R. K. Merton, Emile Durkheim, Herbert Spencer, and Talcott Parsons. In this unit, emphasis will be laid on the functionalist approach to understand society.

3.3 ECONOMIC SOCIOLOGY

Economic sociology is an attempt by sociologists to redefine in sociological terms questions traditionally addressed by economists. It is thus also an answer to attempts by economists to bring economic approaches to the analysis of social situations that are not obviously related to production or trade.

In simple words, Economic sociology can be defined as the study of the social dynamics of cause and effect of various economic phenomena in a society. The specific term "economic sociology" was first coined by William Stanley Jevons in 1879, which was later used in the works of scholars like Emile Durkheim, Max Weber, Georg Simmel, amongst others. There are two types of economic sociology:

- Classical Economic Sociology: Economic sociology arose as a new approach to the analysis of economic phenomena; emphasizing particularly the role economic structures and institutions play upon society, and the influence a society holds over the nature of economic structures and institutions.
- Contemporary Economic Sociology: Contemporary economic sociology focuses particularly on the social consequences of economic exchanges, the social meanings they involve and the social interactions they facilitate or obstruct.

3.4 FUNCTIONALIST APPROACH TO ECONOMIC SOCIOLOGY

3.4.1 Definition

The functionalist approach perceives the society as a complex system whose different constituent parts work together to promote unity and stability in the system. This approach looks at society through a macro-level orientation and broadly focuses on the social structures that shape society as a whole. The functionalist perspective attempts to explain social

institutions as collective means to meet individual and social needs. It is sometimes called structural-functionalism because it often focuses on the ways social structures (e.g., social institutions) meet social needs. Functionalism interprets each part of society in terms of how it contributes to the stability of the whole society. Society is more than the sum of its parts; rather, each part of society is functional for the stability of the whole. Scholars like Herbert Spencer, Emile Durkheim actually envisioned society as an organism, and just like within an organism, each component plays a necessary part, but none can function alone, and if one experiences a crisis or fails, other parts must adapt to fill the void in some way.

3.4.2. Background

Functionalism is the oldest and still the dominant theoretical perspective in sociology and other social sciences. In functionalist approach, a social phenomenon is analyzed in terms of its functions towards maintaining the social unity. Functionalism as a theoretical perspective has drawn heavily from the biological theories and functioning of human bodies. This perspective is built upon twin emphases: application of the scientific method to the objective social world and use of an analogy between the individual organism and society. The functioning of a human body is analyzed in terms of the functioning of the various human organs in relation to each other as well as the organism as a whole. Functionalism adopts a similar perspective. It is considered that the society is made up of various parts and the various parts of the society are seen to be interrelated and taken together, they form a complete system. Like biologists, the functionalists analyze any part of the society, such as family or religion etc. in terms of its contribution to the maintenance of the whole system. Thus, according to functionalist perspective society is regarded as a system, which is made up of interrelated or interconnected parts and each part has a function to fulfill for the maintenance of the whole system (Turner 1987).

Functionalism begins with the pretext that the human behaviors in a society are structured. The relationships between the members of the society are organized in terms of rules. Social relationships therefore are patterned

and recurrent, which form the basis of the social structure. The structure of the society is viewed as the sum total of the social relationships that are governed by norms. The various institutions of the society such as the family, religion, economy, educational and political systems etc. are the various aspects of the social structure. Thus, the institution can be seen as a structure made up of interconnected roles or interrelated norms. As said earlier, like biologists, the basic consideration of the functionalists is with regard the functioning of the various parts of the social structure. This involves an examination of the relationship between the different parts of the structure and their relationship to the society as a whole or the function of that part to the maintenance of the whole system. Thus, in practice, function means the contribution an institution makes to the maintenance and survival of the whole system. Like, for instance, the function of the family is socialization of the new members of the society. This analogy between society and an organism focuses attention on the homeostatic nature of social systems: social systems work to maintain equilibrium and to return to it after external shocks disturb the balance among social institutions. According to them societies have some basic requirements or needs, known as functional prerequisites, which have to be met for the survival and maintaining the equilibrium of the social system. A primary concern of functionalist is the survival of the social system and they assume that a minimal degree of integration between its parts and certain degree of order and stability is essential for its survival. The major concern of the functionalists thus, is to explain the origin and the maintenance of stability of the social system. Functionalism draws its inspiration from the ideas of Emile Durkheim. Durkheim was concerned with the question of how societies maintain internal stability and survive over time. He sought to explain social stability through the concept of solidarity, and differentiated between the mechanical solidarity of primitive societies and the organic solidarity of complex modern societies. According to Durkheim, more primitive or traditional societies were held together by mechanical solidarity; members of society lived in relatively small and undifferentiated groups, where they shared strong family ties and

performed similar daily tasks. Such societies were held together by shared values and common symbols. By contrast, he observed that, in modern societies, traditional family bonds are weaker; modern societies also exhibit a complex division of labour, where members perform very different daily tasks. Durkheim argued that modern industrial society would destroy the traditional mechanical solidarity that held primitive societies together. Modern societies however, do not fall apart. Instead, modern societies rely on organic solidarity; because of the extensive division of labour, members of society are forced to interact and exchange with one another to provide the things they need.

Durkheimian Functionalism: The stream of functionalism that Durkheim developed is known as structural functionalism. He is one of the founders of structural functionalism. Whereas in functionalism the social structures are studied in terms of its functions for fulfilling the biological or individual needs, in structural functionalism the functions of social structures for maintaining the social unity is concentrated more. For Durkheim society is an entity in itself (sui-genris), which consists of several constituent parts. Durkheim rejected reductionist arguments. He argued the society has its own identity different from its constituent parts. His focus was on studying the functions of social facts, social structures, cultural norms, and values, all of which he argued are external to the individual (Kenneth 1982).

Durkheim was more concerned about the social solidarity or cohesion and how a social unit holds its members together. Durkheim stressed the importance of studying social phenomena as they function to maintain the solidarity of social structures (Broce, 1973). He used concepts such as organic solidarity and collective conscience to address this question. Society must be studied by studying social facts, which are parts of the shared awareness in a society. He tried to explain the apparent stability and, internal cohesion of societies, which are necessary to ensure its continued existence over time. Societies are seen as coherent, bounded and fundamentally relational constructs, who function like organisms, with their various parts (social institutions) working together to maintain and

reproduce them. The various parts of society are assumed to work in an unconscious, quasi-automatic fashion towards the maintenance of the overall social equilibrium. All social and cultural phenomena are therefore seen as being functional in the sense of working together to achieve this state and are effectively deemed to have a "life" of their own. They are then primarily analyzed in terms of this function they play. Individuals are significant not in and of themselves but in terms of their status, their position in patterns of social relations, and their role, the behavior(s) associated with their status. The social structure is then the network of statuses connected by associated roles (Layton 1997).

Later Durkheim added another explication of social solidarity: that which centers around conscience collective. The meaning of this phrase in English is something like "shared awareness" or "common understanding". For Durkheim social facts are what anthropologists understand to be culture. An example of this can be seen in the Elementary Forms of the Religious Life where Durkheim claims that the totem, the sacred object, is a representation by which society symbolizes itself. The totem is the society rationalized through religion. Such a belief implies that a totem, like any other symbol, is a collective representation. This value is given to the representation by the society itself. This results in an epistemology that claims that individual knowledge results neither from the "mind" nor from the senses; rather, we know what we know because we learn socially devised "collective representations".

The functionalist perspective emphasizes the interconnectedness of society by focusing on how each part influences and is influenced by other parts. The functionalist perspective is based largely on the works of Herbert Spencer, Emile Durkheim, Talcott Parsons, and Robert Merton. According to functionalism, society is a system of interconnected parts that work together in harmony to maintain a state of balance and social equilibrium for the whole.

Within functionalist theory, the different parts of society are primarily composed of social institutions, each of which is designed to fill different

needs, and each of which has particular consequences for the form and shape of society. The parts all depend on each other. The core institutions defined by sociology and which are important to understand for this theory include family, government, economy, media, education, and religion. According to functionalism, an institution only exists because it serves a vital role in the functioning of society. If it no longer serves a role, an institution will die away. When new needs evolve or emerge, new institutions will be created to meet them.

The functionalist perspective attempts to explain social institutions as collective means to meet individual and social needs. It is sometimes called structural-functionalism because it often focuses on the ways social structures (e.g., social institutions) meet social needs.

According to Functionalist Perspective religion is a social institution. Functionalist analyze religion in terms of its functions or contributions that the religion makes for meeting the functional pre-requisites or basic needs of the society such as social solidarity, value consensus, harmony and integration between different parts of the society etc. According to them religion is functional and ensures the survival of the social system (Haralambos, 1981). Functionalists argue that religion is an integrating force in the society, a means of ensuring that people feel that they belong to the society. It gives the people the feeling of having something in common with others in the society. It is a means for the people to express collective beliefs concerning the social commitment and social solidarity. It provides a way for the people to affirm common values, beliefs and ideals. It is collective consciousness. It also serves as the central value system (Sell, 2003).

The functionalist perspective continues to try and explain how societies maintained the stability and internal cohesion necessary to ensure their continued existence over time. In the functionalist perspective, societies are thought to function like organisms, with various social institutions working together like organs to maintain and reproduce them. The various parts of society are assumed to work together naturally and automatically to maintain overall social equilibrium. Because social institutions are functionally

integrated to form a stable system, a change in one institution will precipitate a change in other institutions. Dysfunctional institutions, which do not contribute to the overall maintenance of a society, will cease to exist.

Let us consider the relationships between and functions of some core institutions. In most societies, the Government or State provides education for the children of the family, which in turn pays taxes on which the State depends to keep itself running. The family is dependent upon the school to help children grow up to have good jobs so that they can raise and support their own families. In the process, the children become law-abiding, tax-paying citizens, who in turn support the state. From the Functionalist perspective, if all goes well, the parts of society produce order, stability, and productivity. If all does not go well, the parts of society then must adapt to produce new forms of order, stability, and productivity.

Functionalism emphasizes the consensus and order that exist in society, focusing on social stability and shared public values. From this perspective, disorganization in the system, such as deviant behavior, leads to change because societal components must adjust to achieve stability. When one part of the system is not working or is dysfunctional, it affects all other parts and creates social problems, which leads to social change.

The Functionalist perspective would assume that the continued health of the economy is vital to the health of the nation, as it ensures the distribution of goods and services. For example, we need food to travel from farms (high-functioning and efficient agricultural systems) via roads (safe and effective trucking and rail routes) to urban centres (high-density areas where workers can gather). However, sometimes a dysfunction--a function with the potential to disrupt social institutions or organization (Merton 1968)--in the economy occurs, usually because some institutions fail to adapt quickly enough to changing social conditions. This lesson has been driven home recently with the bursting of the housing bubble. Due to risky lending practices and an under-regulated financial market, we are recovering from the after-effects of the Great Recession, which Merton would likely describe as a major dysfunction.

Functionalists use the terms functional and dysfunctional to describe the effects of social elements on society. Elements of society are functional if they contribute to social stability and dysfunctional if they disrupt social stability. Some aspects of society can be both functional and dysfunctional. For example, crime is dysfunctional in that it is associated with physical violence, loss of property, and fear. But according to Durkheim and other functionalists, crime is also functional for society because it leads to heightened awareness of shared moral bonds and increased social cohesion. Sociologists have identified two types of functions: manifest and latent (Merton 1968). Manifest functions are consequences that are intended and commonly recognized. Latent functions are consequences that are unintended and often hidden. Although Functionalism was at one time considered the most typical expression of contemporary American sociology, it did not originate in the United States since we can find its earliest formulations in British anthropology.

In particular, Malinowski, a Polish-born British anthropologist, proposed the functional analysis as a solution to the tendency of interpreting social situations through intuition rather than through observation. The functional analysis, according to Malinowski, brings a scientific attention in the study of cultures that have to be different from the ones of observers. Therefore, according to this school of thought, before analyzing a social phenomenon that is typical of a given culture (an institution, a material object, an idea); you must first think of what function the phenomenon fulfills within this culture.

In the 1950s, Robert Merton elaborated the functionalist perspective by proposing a distinction between manifest and latent functions. Manifest functions are the intended functions of an institution or a phenomenon in a social system. Latent functions are its unintended functions. Latent functions may be undesirable, but unintended consequences, or manifestly dysfunctional institutions may have latent functions that explain their persistence. For example, crime seems difficult to explain from the functionalist perspective; it seems to play little role in maintaining social

stability. Crime, however, may have the latent function of providing examples that demonstrate the boundaries of acceptable behavior and the function of these boundaries to maintain social norms. Functionalism emphasizes the consensus and order that exist in society, focusing on social stability and shared public values. From this perspective, disorganization in the system, such as any kind of deviant behaviour, leads to change because societal components must adjust to achieve stability. When one part of the system is not working or is dysfunctional, it affects all other parts and creates social problems, which leads to social change.



CHECK YOUR PROGRESS

1. Mention some of the prominent thinkers of Functionalist approach/perspective.
2. Explain Functionalism.
3. Define Economic Sociology
4. Mention two features of Economic Sociology

3.4.3 Criticism

Functionalism has been critiqued by many sociologists for its neglect of the often negative implications of social order. Some critics, like Italian theorist Antonio Gramsci, claim that the perspective justifies the status quo and the process of cultural hegemony, which maintains it. Functionalism does not encourage people to take an active role in changing their social environment, even when doing so may benefit them. Instead, functionalism sees agitating for social change as undesirable because the various parts of society will compensate in a seemingly natural way for any problems that may arise.

Functionalism has been criticized for downplaying the role of individual action, and for being unable to account for social change. In the functionalist perspective, society and its institutions are the primary units of analysis. Individuals are significant only in terms of their places within social systems (i.e., social status and position in patterns of social relations). Some

critics also take issue with functionalism's tendency to attribute needs to society. They point out that, unlike human beings, society does not have needs; society is only alive in the sense that it is made up of living individuals. By downplaying the role of individuals, functionalism is less likely to recognize how individual actions may alter social institutions.

Critics also argue that functionalism is unable to explain social change because it focuses so intently on social order and equilibrium in society. Following functionalist logic, if a social institution exists, it must serve a function. Institutions, however, change over time; some disappear and others come into being. The focus of functionalism on elements of social life in relation to their present function, and not their past functions, makes it difficult to use functionalism to explain why a function of some element of society might change, or how such change occurs.



3.5 LET US SUM UP

- Functionalism is a macro view of society, meaning that it takes society as a whole and analyzes it from a distance, rather than on an individual basis.
- Functionalism emphasizes the consensus and order that exist in society, focusing on social stability and shared public values. From this perspective, disorganization in the system, such as deviant behavior, leads to change because societal components must adjust to achieve stability.
- When one part of the system is not working or is dysfunctional, it affects all other parts and creates social problems, which leads to social change, accordings to this perspechive.
- Functionalism interprets each part of society in terms of how it contributes to the stability of the whole society. Society is more than the sum of its parts; rather, each part of society is functional for the stability of the whole.



3.6 FURTHER READING

- Swedberg, R. (2003). The Classics in Economic Sociology, Principles of Economic Sociology, Princeton University Press, pp. 1-31.



3.7 ANSWERS TO CHECK YOUR PROGRESS

Answer to Q No. 1 Some of the major thinkers of Functionalist approach are R. K. Merton, Emile Durkheim, Herbert Spencer, and Talcott Parsons.

Answer to Q No. 2 The functionalist approach/perspective sees society as a complex system whose parts work together to promote solidarity and stability. This approach looks at society through a macro-level orientation and broadly focuses on the social structures that shape society as a whole. The functionalist perspective attempts to explain social institutions as collective means to meet individual and social needs.

Answer to Q No. 3 Economic sociology is an attempt by sociologists to redefine in sociological terms questions traditionally addressed by economists. It is thus also an answer to attempts by economists to bring economic approaches - in particular utility maximization and game theory - to the analysis of social situations that are not obviously related to production or trade.

Answer to Q No. 4

a) It is the study of the social causes and social effects of various economic phenomena.

b) It studies all aspects of the economic activities of individuals and groups; the sociology of organizations, markets and other economic institutions.



3.8 MODEL QUESTIONS

A) Short answer questions (Answer in about 150 words)

1. Describe the Durkheimian view on Functionalism.
2. What are the types of Economic Sociology.

B) Long questions (Answer each questions within 300-350 words)

1. Elaborately explain the features of functionalism in Economic Sociology?
2. Put light on the criticism on functionalism as an approach?

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UNIT 4 : MARXIST APPROACH TO ECONOMIC SOCIOLOGY

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Introduction

4.3 Marxist Economic Sociology

4.4 Key argument

- 4.4.1 Use value and exchange value
- 4.4.2 Labor theory of value
- 4.4.3 Surplus value
- 4.4.4 General law of capitalist accumulation
- 4.4.5 Alienation
- 4.4.6 Fetishism of commodities

4.5 Economy as infrastructure

4.6 Let Us Sum up

4.7 Further Reading

4.8 Answers to Check your Progress

4.9 Model Questions

4.1 LEARNING OBJECTIVES

After going through this unit you will be able to,

- understand the Marxist approach to economic sociology
- know different concepts associated with it

4.2 INTRODUCTION

Sociology emerged in the 19th century. It is known that Sociology in it's disciplinary orientation tried to understand capitalism's birth, functioning and the effect on the society. There are several thinkers such as Karl Marx, Durkheim, Weber etc. who made contribution to the area of economic sociology. Economic sociology is deeply rooted in the classical writings of

the thinkers and it underwent changes from mid 1980s.Economic sociology is the part of sociology that deals with the analysis of economic phenomena with the use of sociological concepts and methods. The subject matter of economic sociology is the material production. Economic sociology became mostly discussed subject during two times in the history, first during its birth in 1890-1920, with the founders of Sociology (who were all interested in and wrote on the economy), and again, from the early 1980s and onward. Many important works were produced during 1920 to mid-1980s. to understand economic sociology properly we have to combine analysis of economic interest with the analysis of human relations.

The first use of the term "economic sociology" was in 1879, when it appeared in a work of British economist Jevons. The term was taken by the sociologists after that to understand the society from economic perspective. It is found in the works of Durkheim and Weber during the period 1890-1920. It was also during this period that classical economic sociology was born, in such works as The Division of Labor in Society (1893) by Durkheim, The Philosophy of Money (1900) by Simmel, and-by far most importantly-Economy and Society (written between1908 and 1920) by Weber. Some of the key interests of the economic sociology are; understand society from a new perspective, to understand the role of economy in the society, how analysis of economist and sociologist regarding economy is different and finally the impact of capitalism on society.

4.3 MARXIST ECONOMIC SOCIOLOGY

Though Karl Marx was not a sociologist, he was a political economist, but was regarded as one of the founding fathers of sociology. Marxist sociology emerged after the death of Karl Marx at the end of the 19th century. Pioneers of Marxist sociology included the Austrian Carl Grunberg, Theodor Adorno, Max Horkheimer, Erich Fromm, and Herbert Marcuse. Marx was trained in law (and in philosophy) and learned economics from him. As compared to his contemporary thinkers Marx was more interested in the role of economy in society and developed a theory which determines the

general evolution of society. Marx argues that material interest drives people in everyday life and also determines the structure and evolution of society at large. Marx wanted to develop scientific approach to society and his ideas were influenced by his political desire to change the world. "The philosophers have only interpreted the world, in various ways," he wrote in his youth, "the point, however, is to change it". The end result was Marxism-a mixture of social science and political ideology, wielded together into a single doctrine. Today very little effort has been given to extract the parts of Marx work which is helpful for economic sociology.

Marx's work revolve mostly around labor and production. He believes that people have to work for living and this goes in every society. "Labor,"is a necessary condition, independent of all forms of society, for the existence of the human race"(Marx, 1867). For him material condition is universal in nature and labor is socially connected. Marx criticised Adam Smith for his idea on individual economic interest. In works such as The Manifesto of the Communist Party (1848; co-authored with Friedrich Engels), Grundrisse (1857-58), A Contribution to the Critique of Political Economy (1859), and Capital (1867), Marx traces the history of the class struggle, from early times to the future that he envisions. Marx states that at a certain stage the "relations of production" enter into conflict with "the forces of production," and the result is revolution and passage to a new "mode of production".

Marxist economic sociology is that school of thought that is related to Karl Marx. It is way of practicing sociology that follows the methodological and analytical insights of the works of Marx. The concepts and theories produced within the Marxist perspective focuses on the issues that Karl Marx discussed in his work. The politics of economic class, relations between labor and capital, relations between culture, social life, and economy, economic exploitation and inequality, the connections between wealth and power, and the connections between critical consciousness and progressive social change are some of the issues that was discussed within Marxist perspective. Karl Marx's book 'Capital' is one of the central works that deals with the economic phenomena, amound other works.

4.4. KEY ARGUMENT

4.4.1 Use value and exchange value

The concepts of use value and exchange value are a starting point for Marxian economics. People always create use value to satisfy their wants. Use value and exchange value can be understood as the usefulness of a community and the exchange value of the commodity compared to the other objects in the market respectively. Use value can be defined qualitatively as either useful or not useful while exchange value can be defined quantitatively not qualitatively. Use value is related to the physical value of a commodity and its material use to which it can be put for need fulfillment. Exchange value is defined by the amount of labor needed to appropriate useful qualities to a commodity and it is produced to exchange for values. In capitalist market exchange value is dominated. The entire edifice of capitalism including capitalism, market, money etc. is based on exchange value.

4.4.2 Labor theory of value

The labor theory of value states that the value of a commodity is determined by the amount of labor that went into producing it. Marx defines a commodity as an external object that satisfies wants or needs and distinguishes between two different kinds of value that can be attributed to it. Commodities have a use value that consists of their capacity to satisfy such wants and needs. For the purposes of economic exchange, they have an exchange-value, their value in relation to other commodities on the market, which is measured in terms of money. Marx asserts that in order to determine the relative worth of extremely different commodities with different use-values, exchange-value, or monetary value, must be measurable in terms of a property common to all such commodities. The only thing that all commodities have in common is that they are a product of labor. Therefore, the value of a commodity in a market represents the amount of labor that went into its production. The labor theory is important in Marx's work not because it gives special insight into the nature of prices but because it forms

the foundation of Marx's notion of exploitation. In the simplest form of exchange, people produce commodities and sell them so that they can buy other commodities to satisfy their own needs and wants. In such exchanges, money is only the common medium that allows transactions to take place. Capitalists, in contrast, are motivated not by a need for commodities but by a desire to accumulate money. Capitalists take advantage of their power to set wages and working hours to extract the greatest amount of labor from workers at the lowest possible cost, selling the products of the workers at a higher price than the capitalists paid for them. Rather than buy or sell products at their true exchange-value, as determined by the labor that went into making them, capitalists enrich themselves by extracting a "surplus-value" from their laborers-in other words, exploiting them. Marx pointed to the abject poverty of industrial workers in places like Manchester for proof of the destructive effects of this exploitative relationship.

4.4.3 Surplus value

In Marxist analysis of sociology, the theme of exploitation is the heart. The theory of surplus value opened the scope for Marx for his sociological and historical thought enabling him to place capitalist mode of production in historical context. The price of commodity is determined by the labor involved in the production of a commodity. The capitalist pays the worker less than the value the workers produce and keep the surplus for themselves. This leads to Marx's concept of surplus value. It can be defined as the difference between the value of product when it is sold and the value of the elements used to produce that product. Although means of production includes raw material and tools but according to Marx the surplus value comes from the labor power. Surplus value is a specific form of exploitation by capitalism. The production and appropriation of surplus value constitute the essence of the fundamental economic law of capitalism. The concept of surplus value was first elaborated by Marx in 1857-58 in the "A Critique of Political Economy". The precondition of surplus value is to convert labor power into commodity. In the theory of surplus value the central problem is to explain the mechanism of capitalist exploitation on the basis of the commodity-money relations that

prevail in bourgeois society. The mechanism of capitalist exploitation functions in a contradictory way, in as much as the essentially unequal exchange between the worker and the capitalist, or between wage labor and capital, is in reality carried out on the basis of the law of value- that is, on the basis of the exchange of equivalents, or commodities having the same value. Marx begins his investigation of the process of the production of surplus value by analyzing the universal formula for capital, M- C- M?, in which M is money, C is the commodity, and M? is greater than M (M? = M + m). The formula shows the purchase of a commodity (M - C) and its sale (C- M?), which increases the amount of capital. Marx used the term "surplus value" to designate the increment of value (m) over and above the sum of money (M) originally advanced and placed in circulation. The original sum of money is converted into capital through the addition of surplus value.

4.4.4 General law of capitalist accumulation

For capitalist, the primary goal is expansion of capital. The desire for more profit and more surplus value for expansion pushes capitalist towards what Marx called the general law of capitalist accumulation. In order to increase their surplus value as more as possible they start exploiting labor as much as possible. Their constant effort is to make their cost of labor to zero. Marx wants to argue here that the structure and ethos of capitalism pushes capitalist towards the direction of accumulation of capital, which in turn lead to the exploitation of proletariat by the capitalist.

4.4.5 Alienation

In the early writing of Marx which are more philosophical than economic, Marx describes how the worker under a capitalist mode of production becomes alienated from himself, from his work, and from other workers. Marx argues that labor is central to a human being's self conception and sense of well-being.. Labor is as much an act of personal creation and a projection of one's identity as it is a means of survival. However, capitalism, the system of private ownership of the means of production, deprives human beings of this essential source of self worth. The worker approaches work

only as a means of survival and derives none of the other personal satisfactions of work because the products of his labor do not belong to him. These products are instead expropriated by capitalists and sold for profit.

Although it is the labor that gets alienated but Marx's concern was the structure of capitalism that created this alienation. Basically Marx's theory of alienation is rooted in social structure. He talks about components of alienation. Firstly the workers in the capitalist society are alienated from their productive activity. Secondly the workers are not only alienated from their productive activity but also from the object of those activities i.e. the product. Thirdly the workers get alienated from their fellow workers. And fourthly they get alienated from their own human potential.

4.4.6 Fetishism of commodities

The word fetish refers to any object that people are fascinated by and that keeps them from seeing the truth. With the development of commodities Marx argues that fetishism of commodities came into existence. In the production of a commodity it was the labor that give value to the commodity. The fetishism of commodity is the process in which a labor failed to recognise that it was their labor that give value to that commodity. They start to believe that it is the natural value of the commodity the give value to the commodity.

Marx believed that commodities and money are fetishes that prevent people from seeing the truth about economics and society: that one class of people is exploiting another. In capitalism, the production of commodities is based on an exploitative economic relationship between owners of factories and the workers who produce the commodities. In everyday life, we think only of the market value of a commodity-in other words, its price. But this monetary value simultaneously depends on and masks the fact that someone was exploited to make that commodity. Marx argues that this commodity fetishism allows capitalists to carry on with day-to-day affairs of a capitalist mode of production without having to confront the real implications of the system of exploitation on which they depend.

4.5 ECONOMY AS INFRASTRUCTURE

Marx used the terms base and infrastructure to explain the economic structure of a society and superstructure to denote the legal, cultural, political and ideological aspect of a society. According to Marx economy was the base to all the structures of the society. Following Marxs argument it can be the orize that economic base gave rise to society's legal, cultural, political and ideological face. Marx held a view that the social relations between men are bound up with the way they produce their material life. In the middle age certain productive forces had the social relations to lord. It is known as feudalism. Afterwards, we see the development of new modes of production. It is based on a changed set of social relations. It gave rise to the capitalist class and the proletarian class. The capitalistic class owns means of production and the proletarian class whose labour-power the capitalist buys for his own profit. In the opinion of Marx, these 'forces' and 'relations of production' form 'the economic structure of society.' The Marxist philosophy recognizes it as the economic- 'base' or 'infrastructure'. The base is the economic system on which the superstructure rests. In every period, we come across the emergence of this superstructure from the economic base. The following account highlights some crititism of Marx's theory.

- For a variety of reasons it is obvious that economic sociology cannot accept Marxism on its own terms. Apart from the errors common to most of nineteenth-century thought, Marx's work is much too tendentious and dogmatic to be adopted as a whole.
- Marx's concept of social class has been criticised as being too simplistic - today, there are clearly not just two social classes, but several; moreover, most people don't identify with other members of their social class, so it is questionable how relevant the concept of social class is today.
- Clearly Marx's predictions about capitalism ending and the 'inevitable success of communism' have been proved wrong with the collapse of states like USSR.

- Capitalism has changed a lot since Marx's day, and it appears to work for more people - it is less exploitative.
- On the negative side, from the viewpoint of economic sociology, Marx severely underestimated the role that interests other than economic ones play in economic life. His notion that economic interests in the last hand determine what goes on in society is impossible to defend. "Social structures, types and attitudes are coins that do not readily melt," as Schumpeter notes in Capitalism, Socialism and Democracy.
- Marx's attempt, finally, to turn his analysis into a philosophy of history is also unacceptable from the viewpoint of modern economic sociology.



CHECK YOUR PROGRESS

1. What is meant by use value and exchange value?
2. Explain Labor theory of value.
3. What is Surplus value?
4. Define fetishism of commodities.



4.6 LET US SUM UP

- Sociology emerged in the 19th century and the fact was that it tried to understand capitalism's birth, functioning and the effect on the society. There are many thinkers such as Karl Marx, Durkheim, Weber etc. who made contribution to the economic sociology.
- The first use of the term "economic sociology" was in 1879, when it appeared in a work of British economist Jevons . The term was taken by the sociologists after that to understand the society from economic perspective.

- Though Karl Marx was not a sociologist, he was a political economicst, but is regarded as one of the founding fathers of Sociology.
- Marx's work revolve mostly around labor and production. He believes that people have to work for living and this goes in every society.
- Marxist economic sociology is that school of thought that is related to Karl Marx. It is way of practicing sociology that follows the methodological and analytical insights of the works of Marx. The concepts and theories produced within the Marxist perspective focuses on the issues that Karl Marx discussed in his work.
- Marx distinguished between the use value and the exchange value of the commodity. Use value can be defined qualitatively as either useful or not useful while exchange value can be defined quantitatively not qualitatively.
- The labor theory of value states that the value of a commodity is determined by the amount of labor that went into producing it.
- Marx concept of surplus value can be defined as the difference between the value of product when it is sold and the value of the elements used to produce that product.
- The desire for more profit and more surplus value for expansion pushes capitalist towards what Marx called the general law of capitalist accumulation.
- Marx describes how the worker under a capitalist mode of production becomes alienated from himself, from his work, and from other workers.
- The fetishism of commodity is the process in which a labor failed to recognise that it was their labor that give value to that commodity. They start to believe that it is the natural value of that commodity the give value to the commodity.
- Marx used the term infrastructure or base to explain the economic structure of a society and superstructure to denote the legal, cultural, political and ideological aspect of a society.



4.7 FURTHER READING

- Kundu, Abhijit,(2012) "Sociological Theory", Pearson publication, New Delhi
- Ritzer, George(2000) "Sociological Theory", Tata Mcgraw-Hill publication, New Delhi



4.8 ANSWERS TO CHECK YOUR PROGRESS

Answer to Q. No. 1 Use value can be understood as the usefulness of a commodity and the exchange value of the commodity compared to the other objects in the market respectively.

Answer to Q. No. 2 The labor theory of value states that the value of a commodity is determined by the amount of labor that went into producing it.

Answer to Q. No. 3 The price of commodity is determined by the labor involved in the production of a commodity. The capitalist pays the worker less than the value the workers produce and keep the surplus for themselves. This leads to the Marx concept of surplus value. It can be defined as the difference between the value of product when it is sold and the value of the elements used to produce that product.

4. The fetishism of commodity is the process in which a labor failed to recognise that it was their labor that give value to that commodity. That start to believe that it is the natural value of the commodity the give value to the commodity.



4.9 MODEL QUESTIONS

A) Short Questions (Answer within 150 words)

Q. No 1. What is General law of capitalist accumulation?

Q. No 2. What is infrastructure and superstructure according to Marx?

B) Long Questions (Answer within 300-500 words)

Q. No 1. Explain Marxist approach to economic sociology?

Q. No 2.. What do you mean alienation theory of Marx?

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UNIT 5: PROPERTY

UNIT STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 Concept of Property

5.4 Slavery - Human beings as a form of property

5.5 Property as a form of social relationship

5.6 Perspectives on property

5.6.1 Georg Wilhelm Friedrich Hegel's perspective

5.6.2 Karl Marx's perspective

5.7 Let us sum up

5.8 Further Reading

5.9 Answers to Check your Progress

5.10 Model Questions

5.1 LEARNING OBJECTIVES

After going through this unit, you will be able to

- comprehend the idea of property, its various types and forms
- know the concept of property in terms of it's sociological and economic significance
- know the entity of slavery
- know the philosophy of property from the perspectives of Hegel and Karl Marx.

5.2 INTRODUCTION

Property, in common parlance, is defined as any object/thing which is controlled and owned by someone. In simple economic approach, the possession of property is identified with material wealth and the legal aspects associated with it. However, in sociological terms, property is defined beyond wealth and legitimacy. Sociologically, property defines social

relationships in a society. Society and its various elements are dynamic entities, which directly implies that the notion of property also changes with the change in societal elements. Thus the idea of property is subject to temporal and spatial variation, which can be well understood with the help of the significant theories and philosophies of property, discussed in this unit.

Property and its ownership has been of particular importance for the students of both Economics and Sociology. The following account highlights the notion of property, in terms of its conceptualization and definition.

5.3 CONCEPT OF PROPERTY

Property can be literally defined as component(s), either tangible or intangible, which is featured by an ownership by either a single person, or a group, a society or corporation. A property is defined by strict legal rules, which further state as to how the property is to be used, the rights of mortgage, sale, rent, share, transfer, etc. It is evident that the owner has the exclusive rights over his/her property.

In economic terms property is classified into three categories:

- Private property: It is a type of property whose ownership is held by a legalized non-government body. It is different from personal property which refers to property meant for one's personal usage or consumption.
- Public property: This type of property is owned by the state and is meant for public use.
- Collective property: This type of property is also called cooperative property. It is characterized by common ownership by a community or an organization, and not individual ownership.

Some other important types of property that are recognised in the modern day are:

- Real property: It is the type of property which consists of land and any modification or improvement on it.
- Intellectual property: This type of property refers to exclusive rights of owners or creators over their creation i.e. innovations, artistic pieces, inventions, etc.

The concept of property has been subject to scholarly analyses. There are several theories which discuss the idea of property, as highlighted below.

- Theory of Classical Liberalism: This theory identifies itself with the labour theory of property. It argues that individuals are the owners of their own lives, and hence are also the owners of the products of their lives. However, those products, according to this theory, may be traded or exchanged with others, as per the desire of the owner.
- Conservative theory: This view argues that the freedom of an individual is related to property. According to this theory, the more a society is characterized by private property ownership, the more productive and stable it is.
- Socialist Theory: This view is in stark contradiction to the conservative nation of property. It argues that private property may only benefit private individual owners and not the society at large. According to it, for the benefit and development of all, it is essential that property is owned by the state or by the citizens in the form of a collective group.

5.4 SLAVERY - HUMANS BEINGS AS A FORM OF PROPERTY

Slavery, in its literal form, refers to a system whereby people are treated as property, thereby making provision for the transaction of human beings as a property. It was recognized as a legal practice during the times it was prevalent. A person could be a slave from his/her birth, or from the time he/she has been purchased or captured. The legality of the practice disables the slaves from withdrawing unilaterally from the contract. Further,

the slaves were made to provide their services without any remuneration. Slavery is also often referred to as forced labour or unfree labour. The origin of slavery dates back to the times when written history had not reached. While slavery has been considered to have existed in several cultures, places and in different points in time, it has however been noticed that slavery was very rare in the hunting-gathering societies. This is so because for slavery to exist, it requires a surplus economy and a high density of population, which may further give rise to the ideas of division, hierarchy, inequality, etc, which may facilitate the birth of systems like slavery. Thus, it was only in the Neolithic times with the emergence and spread pf agriculture that slavery is argued to have spread far and wide. Slavery has been found to be a characteristic of several civilizations and societies across the world. Also, it is seen that slaves have always been made to be easily identified, owing to the distinct manner of clothing that they were supposed to adhere to. For example, slaves were not allowed to wear any footwear.

Slavery has been found and recognized in many forms. Some common types of slavery that have been identified and classified are :

- Chattel Slavery: It is also called traditional slavery. In this type of slavery, the slaves are considered to be the chattel or the personal property of the owner. Hence, here the slaves are often subject to being bought and sold like goods. In this system, slavery was considered to be hereditary by nature. Therefore the children of the enslaved automatically became slaves by birth. This was a common type of slavery in early times, which has been abolished in the modern times. However even in present times the traces of traditional slavery may be seen in some societies, although it lacks the legal state recognition now.
- Bonded Labour: It is also referred to as indentured labour or debt bondage. In this system of slavery, a person makes a pledge to be a slave against a loan and through his/her services in order to repay the loan. The time required to repay the loan maybe indefinite, thereby

leading to inter-generational slavery, whereby the children may have to repay the loan of their ancestors. It is still a common form of slavery.

- Forced Labour: This form of slavery refers to a system whereby people are coerced to work involuntarily and are governed by the power and control of the master or the owner. Several other institutions like serfdom, penal labour etc, are also considered to be subsets of this type of slavery. A predominant form of forced labour is said to be human trafficking.
- Forced marriage: Forced marriage is not a listed category of slavery. However, it may be recognized as a form of slavery by any or all of the parties involved or by those who are observing the marriage. Some common ways through which forced marriage may take the form of slavery are forced engagement in sexual activities, huge burden of domestic chores or any other work. It has been observed that the customs of dowry and bride price may also lead to the commodification of human beings.
- Dependents: It is a situation whereby an individual or a group is a legal dependent on another person.

Slavery has been a prominent subject of intellectual discourses. Some Economics studies have analysed the conditions and circumstances which determine the existence or absence of slavery in a society. Some of such circumstances are discussed below:

Slavery becomes a desirable practice in places where there is scarcity of labour and landowners have abundant land. Here, paid workers are likely to demand high wages since there is high demand for labour. Therefore, in such circumstances, it becomes profitable for one to keep a slave.

Again, slavery is likely to rise in places when the labour to be done involves simple exercises. This makes the exercise easy to be supervised, unlike in case of complex exercises.

5.5 PROPERTY AS A FORM OF SOCIAL

RELATIONSHIP

The concept of property in its economic dimensions has been illustrated above. In Sociological terms, property is comprehended in the form of a collection of rights over both living (people, animals) and non-living objects (land, house, etc). These rights and the various forms that they may be exercised in, differ over space and time. These rights further give rise to a definite identity for the people, which in turn leads to the growth of social relations amongst people. This is because the possession or non-possession of property rights indicate who have/do not have access to certain objects/people, which further signify as to who are the more powerful people in the society.

Sociological approach to property, it is stated, is primarily concerned with the following aspects of property:

- Acquisition: It indicates the process by which individuals/groups attain access to property.
- Distribution: It refers to the entire system of managing and controlling the property ownership pattern which shall include not only the underlying principles behind it, but also the institutional arrangements that facilitate the process.

Further, sociological analysis of property is interested in the consequent impacts that ownership/non-ownership of property may have on individuals/ groups or on the society as a whole.

Also, Sociology tries to explore and understand the ideologies and values that justify and define property and rights of men over them.

The idea of property as a form of social relationship can be well comprehended by Karl Marx's concept of relations of production. In popular terminology, relations of production is defined as the relations between the non-owners and the owners of means of production. This definition, is however, considered to be flawed by several scholars. It is argued that identifying the concept of relations of production with the ownership of means of production only displays the legal and economic aspect of it, since ownership is a legal entity. In the process the social significance of it is lost.

Thus there have been attempts to understand relations of production from a non-legal/non-economic perspective. This has resulted in the conception of relations of production as the power and capacity to posses an object or product. It is inevitable that the relations of production may vary from society to society. Thus, a hunting-gathering society may not manifest a significant relation of power and subordination amongst people because such societies are nomadic and lack the idea of possession of property. On the contrary, in a feudal society where land is the most significant form of property, there exists a power relation between the landlords and the serfs, by dint of their access/non-access to land ownership. Again, in a capitalist society there exists a strong manifestation of relations of production between the bourgeoisie (owners of means of production) and the proletariats (non-owners of means of production). This is because the bourgeoisie both owns and controls means of production and the entire process of distribution and consumption of goods and services. This inevitably results in an antagonistic relation of superiority and inferiority whereby the proletariat class is at the receiving end. It must be noted that relations of production do not particularly refer to relations between individual owners and non-owners, but to the generalized classes of owners and non-owners of means of production.

It implies that one's access to ownership of goods and objects defines an important social aspect which is beyond the legal attributes. Thus ownership/ non ownership of property not only signifies an individual's/group's/society's economic position, but simultaneously highlights the social relations that exist between people and classes.

5.6 PERSPECTIVES ON PROPERTY

As mentioned above, property as a concept has been widely studied. The following account throws light on the philosophy of property, as discussed by Hegel and Marx.

5.6.1Georg Wilhelm Friedrich Hegel's perspective on property

The contribution of Hegel to the philosophy of property is considered to be very significant. He discusses property in terms of three aspects

- the possession of property, the usage of property, the alienation of property. Hegel argues that the rationality behind the idea of possessing property does not lie in the quest for need satisfaction. He argues that if the factor of need satisfaction is considered to be the end, then possession of property becomes the means to achieve it. According to Hegel, man seeks property because possession of property provides him a kind of freedom and reason for his existence which further implies that property is an end in itself. However, since one's identity is attached to property which is entirely an external entity, therefore it may also be considered as a false realization.

Hegel argues that the nature of things is such that it cannot be so particularistic to be considered as anyone's private property or possession.

Possession of something, according to Hegel, can be taken by three primary means; by taking away the thing physically, by making it, and by simply identifying it as belonging to oneself.

The first method i.e. physically taking away a thing seems to be the apt way to take possession of it as it involves the physical presence of the possessor and the instant witness of the act of possession can be seen. However, in pragmatic terms, it may be difficult to undertake this process.

The next way to take possession is by giving a thing a particular form. However, it is argued that a thing after being given a form may not necessarily be inherently identified with the one who has given it a form. In fact it shall develop an externality, which further shall discourage its direct possession by the one who has given it a form.

The third way of taking possession of a thing is by declaring one's possession and rights over it. This is so because it helps in the recognition of the thing by others as belonging to someone.

Further, it is obvious that the first person who takes possession of an object/thing inherently becomes the owner of it.

This is so not only because he/she is the first to possess it, but also because he/she expresses their free will in that possession. However, the mere presence of free will and possession of a property may not be enough. He argues that for a thing to be identified as belonging to someone, it must also be recognized by others in the same way. This realization and recognition by the others can be brought through occupancy of that particular object/thing.

The next aspect of property that Hegel emphasizes on is the usage of the property by the possessor. He argues that while by marking a thing as one's property, it automatically becomes recognized as his/her property, the possession is further re-instated by the usage of the property by the owner. Further, if a thing is grasped and used for instant need gratification, then it is seen as the possession of a single thing and defines immediacy of the act. However, if the thing is put to use in a persistent manner, then its possession acquires a universal character. In order to continue the possession of a thing permanently one's will and identity must be kept intact continuously. The continuity of this will and identity can be maintained by its continuous usage and by ensuring its safety.

The third aspect of property, discussed by Hegel, is alienation of property. Hegel argues that a property can be alienated by the owner by virtue of the fact that he/she owns it. Thus, the possessor may abandon to take control of or cease to identify his/her free will with his/her property, and give it to someone else. In this process, the property begins to be identified with the free will, control, and usage of the new possessor.

Hegel also discusses the importance of contracts in the context of property possession. The above account emphasizes on the significance of realization of one's free will in a thing, and also the recognition of it by others for it to be identified as his/her possession. However, Hegel argues that it is the will of both the parties i.e. the common will that enables one to be identified as the

just possessor of a property. Thus it is the contract between the two parties that signifies and justifies the ownership and control of one over a thing/object.

5.6.2 Karl Marx's perspective on property

Karl Marx's notion of property and its origin can be understood through his concept of historical materialism, also known as dialectical materialism. Historical materialism shows Marx's idea of the evolution and progress of the society from one stage of development to another. Each stage, according to Marx, is characterized by a particular level of technological development, which further determines not only the economic structure of the society, but also indicates the kind of social relations that exist amongst people in that society, as has been discussed above. In this context, it is evident that the conception of property too undergoes changes with every stage of social development and progress. In order to understand this, it is important to understand Marx's concepts of Mode of production, relations of production, and forces of production.

Mode of production refers to the relations between relations of production and forces of production. Relations of production, in simple terms, is defined as the relation between the owners and the non owners of the means of production. Forces of production denotes the techniques, tools used in the production. According to Karl Marx, in every mode of production, the perception of property varies, and hence the consequent social aspects of it also vary.

It has been mentioned above that the primitive mode of production is likely not to manifest distinct ideas of property and its ownership as the primitive society is a largely nomadic society. On the contrary, the feudal mode of production displays significant notions of property due to the emergence and predominance of land as the most important object of possession.

The most blatant form of property and the associated assertion of rights and claims on property can be seen in the capitalist

society. The capitalist society is characterized by the prevalence of private ownership of property. This evidently gives rise to two significant classes - the bourgeoisie and the proletariat. The former are the owners of the means of production, whereas the latter are the non owners of the means of production, also known as the haves and the have-nots respectively. Here, the bourgeoisie are the ones who manage and control the processes of production, distribution and consumption of goods and services. Also, they are the owners of the factories, industries, in short, they make the capital investments in the economy. The proletariat class, on the other hand, is the working class, who provide the labour supply in the economy. The respective position and roles of the two classes of people in the economy signifies the aspect of power that exists in the society. This is manifested in the relations of production between the bourgeoisie and the proletariats, which is guided by a sense of superiority and power of the former over the latter. Karl Marx is against the idea of ownership of property by private individuals. This according to Marx, as also discussed above, leads to the growth of an antagonistic relationship between the two prominent classes in the society. The antagonism further takes the form of exploitation of labour. Marx explains that the exploitation of workers in the capitalist society occurs in the working of the economy. An example of it is prevalence of the idea of the socially necessary labour time, which is defined as the amount of time that have to be worked by workers in order to produce a particular amount of goods. This implies that the workers are compelled to work for a definite time period which shall leave the workers exhausted and gradually isolated from a social life. This isolation is referred to by Marx as an important characteristic of the capitalist society, and is called alienation. Marx argues that alienation is broadly of four types. They are:

Alienation of worker from product: Here, the worker ceases to identify himself/herself with the products he/she has made or

contributed to. This arises because in a capitalist society the design and the method of producing goods and services are not determined by the worker.

Alienation of worker from act of production: In a capitalist society there exists a strong division of labour. Hence, workers are assigned to definite tasks in the economy, which makes their work mechanical and repetitive. This nature of work leaves no psychological satisfaction for the worker, leaving the worker with no attachment with, or enthusiasm for his/her work.

Alienation of worker from fellow human beings: The workers here are made to work for a fixed amount of time on a daily basis, as explained above. The long and routine labour work leaves the workers with little time for recreation and socialization, thereby making the workers develop a feeling of aloofness from others.

Alienation of the worker from other workers: In the capitalist society labour becomes a commodity that is subject to exchange for money. This nature of work makes the workers lose the spirit of connectivity and intermingling amongst them.

The notion of property and particularly private ownership of property, according to Karl Marx, shall again cease to exist in the socialist society because the socialist society is characterized by state control and regulation of the economy. Therefore, the resources in this society are distributed in an egalitarian manner, as per the needs of people.



5.7 LET US SUM UP

- Property refers to a thing/object which is possessed and controlled by an individual/group, etc. The three predominant types of property are private property, public property and collective property.

- Slavery is a practice of exercising ownership and control over human beings, which has been found in several parts of the world in various forms and manifestations. Some recognized forms of slavery are chattel slavery, bonded labour, forced labour, forced marriage, dependents, etc.
- In sociological terms, property does not merely refer to possession of goods/objects, but defines social relationships in a society.
- The views of Hegel and Karl Marx are significant in understanding the philosophy as they have provided an important contribution to it.



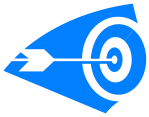
CHECK YOUR PROGRESS

1. Mention two types of slavery.
2. Mention two types of property.
3. What is meant by alienation of workers from product?



5.8 FURTHER READING

1. Abercrombie, Nicholas; Stephen Hill & Bryan S. Turner; 2000; The Penguin Dictionary of Sociology; England.
2. Borgotta, Edgar F. & Rhonda J. V. Montgomery; 2000; Encyclopedia of Sociology; Cengage Learning Publisher.
4. Haralambos, H & R M Heald; 1997; Sociology : Themes and Perspectives; Oxford Publication.
5. Ritzer, George; 2010; Sociological Theory; McGraw Hill Education.



5.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Bonded labour, Forced labour

Ans to Q No 2: Real property, Intellectual property.

Ans to Q No 3: The situation when the worker ceases to identify himself/ herself with the products he/she has made or contributed to, is called alienation of workers from product. This arises because in a capitalist society the design and the method of producing goods and services are not determined by the worker.



5. 10 MODEL QUESTIONS

(A) Short Questions (Answer within 150 words)

Q. No.1. Conceptualise 'property'.

Q. No.2. What is meant by slavery?

(B) Long Questions (Answer within 300-500 words)

Q. No.1. What is the significance of property in sociological terms? Illustrate.

Q. No.2.. Explain the philosophies of Hegel and Karl Marx on property.

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UNIT 6: EXCHANGE

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

6.3 Exchange As A Concept

6.4 Reciprocity And Gift

6.5 Perspective On Exchange: Malinowski, Mauss And Levi Strauss

6.6 Let Us Sum Up

6.7 Further Reading

6.8 Answers To Check Your Progress

6.9 Model Questions

6.1 LEARNING OBJECTIVES:

After going through this unit, you will be able to

- know the concept of exchange in terms of Economic Sociology.
- know the meaning of Reciprocity and gift.
- understand different perspectives on exchange.

6.2 INTRODUCTION

Exchange is the process of transferring things and gifts between social actors present in all societies. Individuals are motivated by self-interest and they always look forward to maximizing profits in social interactions. Cultural Anthropologists studied the balance and order of primitive societies in terms of giving and taking social behaviour. Thus reciprocity is an essential aspect of social life. Many relationships are made with a certain amount of give-and-take, but this does not mean that they are always equal. The social exchange suggests that it is the value of costs and benefits and people must maintain the social relationship. This unit attempts to cover the meaning of social exchange as well as a different

perspective on Social Exchange by Bronislaw Malinowski, Marcel Mauss and Levi Strauss. It also tries to simplify the concepts of Reciprocity and Gift.

6.3 Exchange as a concept

Men as rational being motivate by self-interest and maximize their profits in social interaction. People who are involved in the interaction are rationally seeking to maximize their profits. By exchanging gains and loss, rewards or punishment, human beings interact with each other. Exchange is the result of efforts by people to realize basic needs. This exchange process leads to interaction pattern and these patterns of interaction not only serve the needs of individuals but also compel the kinds of social structures so that it can bring change. People have access to information about social, economic, and psychological aspects of their interactions that allow them to consider the alternative, more profitable situations relative to their present situation. People are rational and calculate the best possible means to compete in rewarding situations. The same is true of punishment avoidance situations.

Some of the assumptions of exchange are:

- Human beings are always in an attempt to make some profit in the transaction with others.
- They engage in the calculation of cost and benefits in a social transaction.
- They are always acting in constraints but still, they compete with each other to make a profit.
- When human beings entered in exchange relation, they are bounded with limited resources. (Turner, 2011)

Social exchange theory enhances interpersonal communication as it develops from shallow or dull relations to intimate relationships. People are not only aware of what is around them but also aware of their awareness. This theory implicates that human beings are aware of each other's concerns and needs. Thus, this enhances effective communication amongst people.

Social exchange theory would be a valid paradigm for studying and explaining how people form networks, express their opinions, and pass information to each other in applications such as Wikipedia, YouTube, Face book, and Twitter.



CHECK YOUR PROGRESS

Q.1. What is meant by exchange? Put forward one assumption.

Q.2. What is the important function of Social Exchange theory?

Q.3. In what way exchange serves people?

6.4 RECIPROCITY AND GIFT

Origin of reciprocity can be traced from Thomas Hobbes in his work "Leviathan" that talks about the fact human being renounces a right to possess something in return in a reciprocal exchange. The roots of reciprocity are also found in the work of Adam Smith, The Wealth of Nation (1776). The background of reciprocity can be traced to the Latin word reciprocal that means moving back and forth. Reciprocity is a social norm that involves in-kind exchanges between people-responding to another's action with another equivalent action. It is usually positive i.e. demonstration of generosity is often followed by a gift in return and negative reciprocity that means a cunning behaviour which attracts a revengeful action in return. Reciprocity is an interesting concept from the perspective of behavioral economics; because it not only involves an economic exchange, but organizations that often apply reciprocity norms in practice, for example, hospitals may ask former patients for donations. Reciprocity is also used as a social influence tool in the form of 'reciprocal concessions', an approach also known as the 'door-in-the-face' technique. It occurs when a person makes an initial large request, followed up by a smaller request if the initial request is denied by the responder. Reciprocity is an exchange between social equals that is mostly a non-market exchange ranging from barter to

forms of exchange where a return exchange is expected. According to Marshall Shahlin, social relations are based on the practice of reciprocity. There are three types of reciprocity- Generalized Reciprocity, Balanced Reciprocity, and Negative Reciprocity. Generalized Reciprocity is an exchange between closely related individuals. Here the value of a gift is not calculated and return is not either expected. Balanced Reciprocity is a type of exchange between people more distantly related where giver expected something in return and here exchange takes place immediately. In Negative Reciprocity, people are very distantly related or not related at all. Here exchange is the immediate goal and receives something at any cost, i.e. attempts to get something for nothing. The norm of reciprocity is the expectation that people will respond favorably to each other by returning benefits for benefits. This often takes different forms in different areas of social life in different societies. For example gratitude, mutual goodwill etc. are the underlying norm of reciprocity that itself a powerful engine for motivating, creating and regulating social behaviour. The power of the norm of reciprocity may also lead to malicious act, for instance, techniques used in advertisement or propagandas where a small gift is offered with an expectation of producing a desire. In simple terms, reciprocity means to give back to others because people have to receive gifts in return. It can be further understood in terms of exchange and feedback mechanism necessary for the good functioning of the society.

Gift Economy or give and take process build a relationship mostly found in non-western societies. Reciprocity is the distribution of goods and services based on the principle of gift-giving. Gift exchange involves many economic aspects including reciprocity, for example, Malinowski's work on Trobrianders where armlets are exchanged with a necklace in a pattern of Kula ring or the Fisherman of the island gives a gift in the form of fish to the inland communities and in return, the inlanders too gave them a gift. The Gift (1924) of Marcel Mauss is a comparative study of gift exchange in non-western societies that recognized it as a spiritual process, or that it gives an identity to the Giver. Mauss focused on the function of group solidarity

and emphasized on the societal notion of obligation and this obligation is to give and receive. Mauss did ethnological studies in Polynesia, Melanesia and the North-West of America. He tried to analyse the reciprocity exist between humans and argued that it is Hau, a concept found in this civilization. Mauss finds three distinct obligations that he calls gift exchange; the obligations are to give, to give back, and to receive. Some of the examples put forward by Mauss are as follows- In Polynesia, the term potlatch is used means giving presents. This tradition comes from the Chinook Indians where gifts are exchanged between the tribal chief and the goal was carried in terms of generosity. Again Guanxi is a Chinese term means is a network that promotes mutually beneficial exchange between individuals. Each participant must return the favour to maintain the relationship. Marcel Mauss' The Gift synthesizes the ethnographic research results on the practices related to the gift. It is a relational and universal principle of exchange leading to the peaceful association of human beings through mutual obligations to give, receive and return presents. Mauss sees the gift as a collective phenomenon, or, as he said, as a total social fact, as well as a means to change modern society by making modern human beings more aware of their anthropological roots. Thus, according to him,the gift is not a phenomenon specific to foreign societies and cultures. It is at the core of all our societies.

Jacques Derrida criticizes Mauss in giving gifts that shows demand reciprocity because of the possession of rights associated with the expectationing of gifts in return. The term gift coined by a Mauss is a bit of contradiction because exchanging is based on the right to demand a counterpart, whereas gift only gifts as it is letting go of that right. The concept of fake gift or poised gift is a gift with an expectation of getting something in return put pressure on the individuals that can lead to threats. It was something like a moral debt, bondage and hypocrisy that can lead to corruption.



CHECK YOUR PROGRESS

Q.4. What are the types of Reciprocity?

Q.5. What are the obligations of gift exchange put forward by marcel Mauss?

Q.6. Trace the origin of reciprocity.

Q.7. State the difference between positive and negative reciprocity.

6.5 Perspective on Exchange : Malinowski, Mauss and Legi Strauss

Social exchange theory was associated with rational choice theory as developed in neo-classical economics. It is the principle of utilitarian economics of social exchange theory prompted by George Homans and others to theorize on human behaviour as profit-maximizing decision on a rational basis. Social exchange theory was developed in the year 1958, by the sociologist George Homans. He defined social exchange as the exchange of activity, tangible or intangible and more or less rewarding or costly, between at least two people. The leading anthropologist Bronislaw Malinowski's study of Trobrianders of the Melanesian islands or the comparative account of many primitive societies by Marcel Mauss emphasized on the social role of Gift exchange are related to social exchange theory. Thus social exchange theory based on the assumption of rational choice theory as it explains social change and stability as a process of negotiation between parties.

- **Bronislaw Malinowski:**

Bronislaw Kasper Malinowski was born on 7 April 1884, in Krakow, then part of the Austro-Hungarian province known as the Kingdom of Galicia and Lodomeria, to an upper-middle-class polish family. He was an anthropologist and known as a father of Social Anthropology whose writings on ethnography, social theory and field research had a great influence on the discipline of anthropology.

In his ethnographical study "Argonauts of Western Pacific", he studied Trobriand islanders, a group of South Seas Island, and observed a unique pattern of exchange system, and termed it as Kula ring. It is nothing

but a closed circle of exchange relationships among the individuals where they used to exchange armlets and necklace. Travelling in one direction of the kula ring armlets were exchanged for the necklace. Malinowski recognized that kula was not only an economic or material exchange network but also a symbolic exchange, a web of social relations. He noted that exchange in Trobriand is not purely a utilitarian and economic aspect rather the motives behind kula were psychological and needs to be fulfilled by both individuals and the society. Thus for Malinowski Kula ring is considered to satisfy the psychological needs and societal needs for social integration and social solidarity.

Some of the analysis is-

- Kula is considered instrumental and rational as it satisfies the economic needs of the people.
- The forces that sustain exchange relation are psychological rather than economic and it explains the social behaviour.
- Symbolic exchange relations are the basic social process that underly both differentiation of ranks in society and the integration of society into a cohesive and solidary unit as a whole. (Turner,2011)

- **Marcel Mauss**

Marcel Mauss was a French Sociologist who was born in Épinal, the Vosges to a Jewish family on 10 May 1872. Mauss' academic work goes across the boundaries between sociology and anthropology. Today, he is known for the contribution to areas such as magic, sacrifice and gift exchange in different cultures around the world. Mauss had a significant influence upon Claude Levis Strauss, the founder of Structural Anthropology. Marcel Mauss reinterpreted Malinowski's analysis of the Kula and formulated a broad structural exchange perspective. The individuals engaging in such exchange represent moral codes i.e. are the rules according to the group. He replaced Malinowski's Psychological needs with collective thoughts of Durkheim and emphasized on the representation of individuals of the group. Exchange relation creates, serves and reinforces group morality and to

regulate their social life. Thus Mauss influenced the exchange perspective of modern sociological thought.

- **Levi Strauss**

Claude Levi-Strauss was born to French Jewish parents on 28 November 1908. He was a French anthropologist and ethnologist whose work was famous in the field of development of the theory of structuralism and structural anthropology.

Claude Levis Strauss had a classic work on cross-cousin marriage "The Elementary Structures of Kinship". He rejected Frazer's interpretation of cross-cousin marriage and opposed Malinowski's psychological needs and developed a structural-exchange perspective.

Frazer depicted that poor aborigines of Australia do not have material gains to obtain wife, so they exchange their sisters in marriage as it is the cheapest way of getting a wife. Levi Strauss rejected the utilitarian conception of Frazer that emphasized on counts and not in the things of the exchange process. For Levi- Strauss exchange is viewed in terms of the function that helps in integrating larger social structure. Levi Strauss also rejected Malinowski's psychological needs of the exchange process and he put more emphasis on the cultural heritage of norms and values of human beings that separate their behaviour and societal organization from animals. Human action is qualitatively different from animal behaviour to social exchange. (Turner, 2011).



CHECK YOUR PROGRESS

8. What is meant by Kula as an exchange system?
9. Write a note on Frazer's interpretation of exchange.
10. Give a brief on Marcel' Mauss contribution.
11. What aspect of Malinowski's study was replaced by Mauss?



6.6 LET US SUM UP

- Exchange process leads to interaction pattern and these patterns of interaction not only serve the needs of individuals but also compel the social structures that it can bring change.
- Social exchange theory enhances interpersonal communication as it develops from shallow or dull relations to intimate relationships. Social exchange theory was developed in the year 1958, by the sociologist George Homans. He defined social exchange as the exchange of activity, tangible or intangible and more or less rewarding or costly, between at least two people.
- This theory implicates that human beings are aware of each other's concerns and needs thus this enhances effective communication amongst people.
- The leading anthropologist Bronislaw Malinowski's study of Trobrianders of the Melanesian islands or the comparative account of many primitive societies by Marcel Mauss emphasized on the social role of Gift exchange are related to social exchange theory. Thus social exchange theory based on the assumption of rational choice theory as it explains social change and stability as a process of negotiation between parties.
- Gift exchange involves many economic aspects including reciprocity, for example, Malinowski's work on Trobrianders where armlets are exchanged with a necklace in a pattern of Kula ring or the Fisherman of the island gives a gift as a form of fish to the inland communities and in return, the inlanders too gave them a gift.
- The Gift (1924) of Marcel Mauss is a comparative study of gift exchange in non-western societies that recognized it as a spiritual or give an identity to the Giver. Mauss focused on the function of group solidarity and emphasize on the societal notion of obligation

and this obligation is to give and receive. Mauss did ethnological studies in Polynesia, Melanesia and the North-West of America.

- Claude Levis Strauss had a classic work on cross-cousin marriage "The Elementary Structures of Kinship". He rejected Frazer's interpretation of cross-cousin marriage and opposed Malinowski's psychological needs and developed a structural-exchange perspective.



6.7 FURTHER READING:

- Kundu, Abhijit .2012. Sociological Theory. Pearson publication
- Turner, Jonathan. H. 1987. The Structure of Sociological theory. Rawat publication



6.8 ANSWER TO CHECK YOUR PROGRESS:

Ans to Q. No. 1 Exchange is the process of transferring things and gifts between social actors present in all societies. By exchanging gains and loss, rewards or punishment human beings interact with each other. Exchange is the result of efforts by people to realize basic needs.

Ans to Q. No. 2 Social exchange theories help to develop interpersonal communication aware human beings of each other's concerns and needs, thus this enhances effective communication amongst people.

Ans to Q. No. 3 Exchange process leads to interaction pattern and these patterns of interaction not only serve the needs of individuals but also change the social structures. One of the assumptions of exchange was that Human beings are always in an attempt to make some profit in the transaction with others.

Ans to Q. No. 4 According to Marshall Shahlin there are three types of reciprocity- Generalized Reciprocity, Balanced Reciprocity, and

Negative Reciprocity. Generalized Reciprocity is an exchange between closely related individuals. Balanced Reciprocity is a type of exchange between people more distantly related where giver expected something in return. In Negative Reciprocity, people are very distantly related or not related at all.

Ans to Q. No. 5 Mauss finds three distinct obligations that he calls gift exchange; the obligations are to give, to give back, and to receive. Some of the examples put forward by Mauss are as follows- In Polynesia, the term potlatch is used means giving presents, again Guanxi is a Chinese term means a network that promotes mutually beneficial exchange between individuals etc.

Ans to Q. No. 6 Origin of Reciprocity can be traced from Thomas Hobbes in his work Leviathan talks about the fact human being renounces a right to possess something in return in a reciprocal exchange. The roots of reciprocity are also found in the work of Adam Smith' The Wealth of Nation (1776).

Ans to Q. No. 7 Positive reciprocity means to give back to others because people have to receive gifts in return. It can be further understood in terms of exchange and feedback mechanism necessary for the good functioning of the society. Negative Reciprocity people are very distantly related or not related at all. Here exchange is the immediate goal and receives something at any cost, i.e. attempts to get something for nothing.

Ans to Q. No. 8 In Malinowski's ethnographical study "Argonauts of Western Pacific" he studied Trobriand islanders a group of South Seas Island and observe a unique pattern of exchange system termed it as Kula ring. It is nothing but a closed circle of exchange relationships among the individuals where they used to exchange armlets and necklace. Malinowski recognized that kula was not only an economic or material exchange network but also a symbolic exchange, a web of social relations.

Ans to Q. No. 9 Frazer depicted that poor aborigines of Australia do not have material gains to obtain wife, so they exchange their sisters in marriage as it is the cheapest way of getting a wife. Levi Strauss rejected the utilitarian conception of Frazer that emphasized on counts and not in the things of the exchange process. Thus this is the interpretation of an exchange system by Frazer.

Ans to Q. No. 10 Mauss' academic work across the boundaries between sociology and anthropology. Today, he is known for the contribution of topics such as magic, sacrifice and gift exchange in different cultures around the world.

Ans to Q. No. 11 Marcel Mauss reinterpreted Malinowski's analysis of the Kula and formulated a broad structural exchange perspective. The individuals engaging in such exchange represent moral codes i.e. are the rules according to the group. He replaced Malinowski's Psychological needs with collective thoughts of Durkheim and emphasized on the representation of individuals of the group.



MODEL QUESTIONS

A. Answer the following question in one word:

1. Who coined the term Gift?
2. Who wrote Argonauts of Western Pacific?
3. Who wrote The Elementary Structures of Kinship?
4. Who wrote The Wealth of Nation?
5. Who is known as the father of Social Anthropology?
6. Who is known as the founder of Structural Anthropology?

B. Write short notes on: (answer within 150 words)

1. Reciprocity is also used as a social influence tool in the form of 'reciprocal concessions', an approach also known as the 'door-in-the-face' technique. Explain
2. Put forward Mauss interpretation of a gift economy.

C. Long question: (answer within 300- 400 words)

1. Discuss the concept of social exchange put forward by Malinowski, Mauss and Levi Strauss.

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UNIT 7: MONEY

UNIT STRUCTURE

7.1 Learning Objectives

7.2 Introduction

7.3 Definition

7.4 Framework for sociology of money

7.5 Structural Perspective on Money

7.6 Cultural Perspective on Money

7.7 Let Us Sum up

7.8 Further Reading

7.9 Answers to Check your Progress

7.10 Model Questions

7.1 LEARNING OBJECTIVES

After going through this unit you will be able to

- understand the concept of money,
- know perspectives on sociology of money and the key definiations.

7.2 INTRODUCTION

Money has been tireless yet not an overwhelming theme in humanism. Old style sociological speculations, similar to Weber, Simmel, and Marx, watching the modern upset and the fast improvement of national market combination, were captivated by money as an operator of social change. The string of sociological enthusiasm for money was gotten by Parsons (1967; Parsons & Smelser, 1956) restored by sociologists, for example, Baker (1987), Coleman (1990), and Zelizer (1989). There is yet being that as it may, no methodical human science of money.

Despite the fact that the theme of money shows up in numerous subfields in humanism, we centre around sociological work in which money is a chief subject instead of an accidental point. We likewise think about

crafted by social historians, economists, and economic anthropologists who advance an expressly sociological origination of money. In this unit a detailed discussion on money as a sociological entity will be done.

To begin with, we contrast what sociologists state about money and the expert premiums of two different groups, economists and anthropologists. This correlation defines the wide limits inside which we look at the sociology of money.

In the first place, sociologists, similar to economists, solely study current money- yen, dollar, pound, rubbles, francs, etc. Most sociologists do not look beyond money, cash, and demand deposits as "money". Economists, likewise, incorporate colourful budgetary resources that are pretty much substitutable for money, for example, medium-term repurchase understandings, currency showcase mutual fund shares, commercial papers, investors acknowledgment, fluid treasury commitments, and even monetary prospects and alternatives. However the sociologists' rundown incorporates a few things that economists would exclude. Coleman (1990, pp. 129-131), for instance, considers economic wellbeing a utilitarian substitute for money. Economic anthropologists, as opposed to the sociologists and economists, centre on primitive money, the money-stuff that shows up in noncapitalist, nonmarket economies, for example, woodpecker scalps, pigs, cows, ocean shells, and dogs' teeth (Dalton, 1967; Hogendorn & Johnson, 1986).

Money, primitive or modern, can be seen distinctly in its specific circumstance. Modern and primitive money infer their complete heap of attributes from the financial association of the social orders where they show up. Modern money exists in social orders incorporated by markets; primitive cash exists in stateless, premarket, noncapitalist social orders. Modern money and markets are so personally related that the expressions "money economy" and "market economy" are regularly utilized synonymously. Surely it is hard to consider modern money without making reference to the utilization of money in market trade. As Dalton (1967) places it, "In the economies for which the English fiscal jargon was made, there is one overwhelming value-

based mode, showcase trade, to which all money uses relate". Whenever sociologists and economists study money, in this way, they verifiably study money with regards to advertise coordinated industrialist social orders. For the good of brevity when we utilize the expression "money" here, we do not include the qualifier "in market-incorporated social orders" yet we generally suggest the association.

Second, sociologists, normally consider the economy as subordinate to society (see, e.g., Swedberg, 1991, Granovetter and Swedberg, 1992, on the "new human science of monetary life"). Most economists (and a few sociologists) contend that the long transformative walk of monetary advancement isolates the economy from society, changing it into a self-governing, autonomous circle of movement. This suspicion, sensible or not, concedes an extraordinary plausibility: The money supply is a monster switch that a country's national bank can dismantle to direct the economy and impact the general public. Alongside financial approach (tax collection and open use), controlling the money supply makes it conceivable (from a certain point of view) to produce full employment, development, and stable costs.

Sociologists dismiss the possibility that the economy works in a self-governing manner. The market, for instance, is viewed as a social organization (Baker, 1984, 1990; Baker and Iyer, 1992; Burt, 1983, 1988; White, 1981). In all actuality, "White (1988) stated, "that market action is seriously social-as social as connection systems or feudal militaries". In reality, economic on-screen characters are not self-sufficient, free-acting, under socialized, atomized specialists; rather, as Granovetter (1985) contended monetary activity is inserted in social structure.

The sociological position involves the centre ground between Economics and Anthropology. At one end, economists, see a solid partition of economy and society and break down monetary conduct regardless of social or cultural elements. At the other end, anthropologists contend that the (primitive) economy and society are intermeshed to such an extent that they are basically vague. The sociological position between these limits

enables money to be treated as an autonomous variable, for example, a reason for social change, or a needy variable, for example, an outcome of social relations or social implications.

Third, money takes less structures. Economists centre just on the restricted heap of unoriginal and unbiased characteristics given by market combination: a mechanism of trade, a method for instalment, a store of significant worth, a unit of record, and a standard for conceded instalment (Dalton, 1967, pp. 256-259). Sociologists perceive such cash utilities however think about a lot more extensive territory, particularly the utilization of money as power. Parsons and Smelser (1956), for instance, noticed that "money speaks to the speculation of buying capacity to control choices to trade products... also, it symbolizes frames of mind" (p.71). Weber (1922/1978) additionally underlined control and influence in financial activity: "money costs," he contended, are the result of an irreconcilable circumstance and of tradeoffs; they subsequently result from power heavenly bodies. Money is certainly not a negligible 'voucher for unknown utilities' which could be modified voluntarily with no basic impact on character of the value framework as a battle of man against man. 'Money' is fairly, fundamentally a weapon in this struggle"(p. 108).

Money shows different definitions and uses in numerous social circles. Zelizer's (1989) examination of local money, for instance, shows how men's pay and women's income (e.g., "stick money") are characterized and treated much in an unexpected way . A dollar of stick money though numerically equal to a dollar of a man's compensation was not seen as genuine money; it was strengthening, increasingly like a blessing, and it was spent less openly and for various purposes (family costs, fun, and luxuries).

Sociologists stress that cutting edge cash is limited in significant social ways.Cash is molded by target social relations (social structure) and subjective characterizations and reminiscent implications (culture). "Culture and social structure," contended Zelizer (1989), "mark the nature of cash by systematizing controls, limitations, and qualifications in the sources,

utilizes, methods of distribution and even the amount of cash" (p.342). Expanding on the anthropological idea of "constrained reason" cash (Polanyi, 1957) she builds up the idea of "unique monies" to inspect the social premise of present day cash (see likewise Douglas, 1967).

Language reflects social structure and culture, and even a short linguistic exercise exhibits the assortment of money utilities and their relationship to the hidden association of society. Consider, for a minute, the differing social settings, standards, and connections encompassing different wellsprings of money related pay: compensation, wage, charge, honorarium, passage, tip, premium, profit, gift, and blessing. In practically all social orders, money is recognized and named by its source; despite the fact that its economic value is numerically proportionate, a dollar of "filthy money" is not equivalent to a dollar of "clean money" (see Douglas, 1967). Money brought into a network by means of crook or improper exercises (drugs, prostitute, betting) does not have indistinguishable implications or impacts from money acquired through genuine business endeavours.

Indeed, even business analysts are compelled to make linguistic qualifications. The expression "abnormal" and "supernormal" are utilized to mark benefits supported over the aggressive standards. From time to time the Federal Reserve is compelled to change its meanings of the money related totals to reflect changes in financial structure (Baker, 1987). The expressions "gray market" and "black market" are utilized to recognize semi legal and unlawful financial foundation that in any case hade capacity like legitimate focused markets. The underground market in outside monetary forms, for instance, is really productive in the exemplary financial sense.

7.3 DEFINITION

Given below are some definitions of money. "Money is not a "mere voucher for unspecified utilities", which could be altered at will without any fundamental effect on the character of the price system as a struggle of man against man. "Money" is, rather, primarily a weapon in this struggle, and prices are expressions of the struggle; they are instruments of calculation only as

estimated quantifications of relative chances in this struggle of interests." (Max Weber)

"It is an objectified social relation of production". (Karl Marx)

"Money is intimately tied up with labor and a concept of value based on labor and, therefore, labor products. To Marx, money is itself a commodity but one that in abstract form also represents the value of other commodities. As such, money is not just a medium of exchange, but also a means of production." (Karl Marx)

"Money is simply a means, a material or an example for the presentation of relations that exist between the most superficial, 'realistic' and fortuitous phenomena and the most idealized powers of existence, the most profound currents of individual life and history. The significance and purpose of the whole undertaking is simply to derive from the surface level of economic affairs a guideline that leads to the ultimate values and a thing of importance in all that is human." (Georg Simmel)

7.4 FRAMEWORK FOR SOCIOLOGY OF MONEY

The diversity of work on Sociology of money can be classified into two dimensions. The first distinguishes structural versus cultural perspectives, each one of which is considered at the micro level and the macro level. The pattern of role and relationship are the primary concern of the structural perspective. At the micro level money is an object of the interpersonal relationship such as communication and exchange. At the macro level it includes the mechanism of money that control economic political and legal framework in trading and market. The cultural framework of money is related to the cognitive classifications and evocative meaning associated with money. At the micro levels are the values, attitude, and believes of individuals that influence their behavior towards money. At the macro level it includes the larger question of civil society and religion. It considers how the larger values and meaning system affect the money.

The second dimension refers to money as a cause, catalyst, or facilitator (independent variable) and to money as an effect, consequences,

or result (dependent variable). Mostly economists regard money as an independent variable. Monetary policy and the supply of money is the main concern of economist. Many classical sociologists such as Marx, Weber, Durkheim and Simmel view money as the cause of social change.

7.5 STRUCTURAL PERSPECTIVE ON MONEY

The famous Sociologist and Philosopher George Herbert Mead once said of money: "The media of these tokens of wealth are, then, in this process of exchange just such gestures or symbols as language is in other fields." Money, in short, is similar to language; money "talks"; it possesses meaning. Money, like language, is based on social convention: there is no inherent reason why words on a page should be read left-to-right, rather than vice versa. There is equally no inherent reason why words and images on a special piece of paper should allow the possessor to command economic resources. The money/language parallel seems to break down when we consider that money is used narrowly to facilitate economic exchange, whereas language does many other things.

According to Coleman, in barter system "there is what Edgeworth called the double coincidence of wants. That is, not only does A have something that B wants, but it is also true that B has something that A wants, and both want what other has more than they want what they themselves have, which they are willing to give up in exchange. This however is a formidable requirement. Money is only means by which the necessity of double coincidence of wants is overcome". Edgeworth double coincidence of want is the starting point of the structural perspective of money. Modern money depersonalises transaction and dissemble relationships. In barter system, exchange of good for good, service for good or exchange of ceremonial goods shows particular structure of relationship in a society. Modern money permits exchange of good for money without any personal relationships. This shows the structural change of relationships in the society with the coming of modern money. Depersonalisation also gives particular person personal also. Parsons talks about four freedoms that money grants

i.e. you are free to buy what you want, from who you want, when you want, and can accept or reject the condition under which you buy. Simmel also emphasis on the personal freedom when it comes to money but he also pointed out that "the impersonal calculations inherent in money economy have the effect of promoting the purely cognitive disposition of actors at the expense of their emotional or sentimental disposition".

Coleman talks about three types of money, firstly commodity money, which contain its value; secondly fiduciary money, which is a promise to pay and; fiat money, which is less than such a promise. Commodity money is the most primitive money because it has its use value and fiat money is the most advanced because it has no instinct value. Fiat value is most accepted value because its acceptance is required by law or legal order and its value is related to the quality of goods and services. Coleman argues that caseless society is the next evolutionary stage where central electronic database keeps records of information about credit and debt. The caseless society brings changes in the exchange ritual pattern of the society. Sociologist who use structural perspective often use money as the tracer of society. Gift giving is one of the ways to understand the presence, strength and direction of social ties between individuals and between groups. Baker extended the economic anthropological argument that money reflects the underlying socio-economic structure arguing that modern money and its uses are determined by the social structure of the market economy. Structural perspective of money can be defined as the perspective that looks into the function of money in the structure of society.

7.6 CULTURAL PERSPECTIVE ON MONEY

Cultural perspective denotes the cultural definition, interpretation and meaning of money. According to this perspective culture determines what money is, what is used as money, and how money is used. Cultural perspective of money is an alien concept for economist. Economist usually looks into the quantitative aspect of money. Economist rejects the social interpretation and meaning that culture put in money as well as in the

monetary transactions. They also reject money as a dependent variable in itself. The economist Joseph Schumper argues that money is a part of a total social process and the cultural significance of money makes it impossible to deduce a monetary theory for all places and time. Zelizer in 1989 proposed the concept of social monies to denote how modern money is restricted by culture. She analyses domestic money in themes that can be applied to modern money in any social context. According to her extraeconomic factors systematically constrain and shape a) the uses of money i.e. certain money for certain uses b) users of money i.e. designating different people to handle different monies c) allocation system of each particular money d) the control of different monies and e) sources of money, linking different sources to different uses. The extraeconomics factors express themselves in the context of family which is the social arena most extensively studied from the cultural perspective.

Cultural perspective also tries to understand the circulation or use of money through culture. How culture defines money in different social situation? What is the role of money in a particular culture? What are different believe system related to culture. For instance,when a teenager earns money outside their household, they spend for their own consumption and rarely contribute to the expenses of household. In a study by Caplow (1984) in Middletown shows that during Christmas gift giving, money is appropriate gift from senior kin to junior kin bur in contrast money is inappropriate gift from junior kin to senior kin. This kind of instances show the cultural definition of money. Zelizir traces the changing meaning of married women's domestic money in United States between the 1870s to 1930s, explaining how "their money was routinely set apart from real money by a complex mixture of idea about family life, by changing gender power structure, and by social classes." All these things influence the allocation of money in the family, the timing of the allocation and the quantity of money allocated. Many other studies also show the similar content as of the Zelizir regarding money and family and control of money in the family.

The idea that culture influences money gain support from the fact that women earn less money as compared to male counterpart. The money disparity between male and female earning results from the prevailing belief of sex roles. It is believed that women give less effort in the jobs because she has other domestic responsibilities to fulfill. It is assumed that male is free from almost all household responsibilities so they can give full effort in their work. The wage difference between male and female is totally a social construct. The cultural perspective of money tries to understand such instances in the society and how money can also be understood from a very qualitative point of view. Money is a very quantitative but it has a very qualitative essence to understand. There are many studies done to understand money keeping in mind the social context of a situation. Domestic money is more emphasized in the cultural perspective but it also yields deep insights into money in the context entity of market, business and government. The calculation and definition of money made in the market, business and government sphere mostly value the socio, economic and political consequences. And the various categories used in the definition or use of money in market, business or government is of social construction. This shows that social factors have immense impact on the definition, circulation and articulation of money. The interplay of culture and money in market is keenly evident in the transaction involving human blood. Blood can be obtained by paid donor or as a gift from unpaid donor. But when it is purchased it is considered as a commodity as per law of the market. The argument here is that profanity of money alters the sacred character of money.



CHECK YOUR PROGRESS

1. What are the different dimensions on money?
2. Differentiate between structural and cultural perspective on money.



7.7 LET US SUM UP

- Money has been tireless yet not an overwhelming theme in humanism. Old style sociological speculations, similar to Weber, Simmel, and Marx, watching the modern upset and the fast improvement of national market combination, were captivated by money as an operator of social change.
- We contrast what sociologists state about money and the excertise provided of two different groups, economists and anthropologists.
- Money, primitive or modern, can be seen distinctly in its specific circumstance. Modern and primitive monies infer their complete heap of attributes from the financial association of the social orders where they show up. Modern money exists in social orders incorporated by markets; primitive cash exists in stateless, premarket, non-pashapitalist social orders.
- Sociologists, normally consider the economy subordinate to society. Most economists (and a few sociologists) contend that the long transformative walk of monetary advancement isolates the economy from society, changing it into a self-governing, autonomous circle of movement.
- Sociologists dismiss the possibility that the economy works in a self-governing manner. The market, for instance, is viewed as a social organization.
- Economists centre just on the restricted heap of unoriginal and unbiased characteristics given by market combination: a mechanism of trade, a methods for instalment, a store of significant worth, a unit of record, and a standard for conceded instalment.
- Money shows different definitions and uses in numerous social circles.
- The diversity of work on sociology of money can be classified into two dimensions. The first distinguishes structural versus cultural

perspectives, each one of which is considered at the microlevel and the macrolevel.

- The second dimension refers to money as a cause, catalyst, or facilitator (independent variable) and to money as an effect, consequences, or result (dependent variable).
- The famous sociologist and philosopher George Herbert Mead once said of money: "The media of these tokens of wealth are, then, in this process of exchange just such gestures or symbols as language is in other fields." Money, in short, is similar to language; money "talks"; it possesses meaning.
- Modern money depersonalises transaction and dissemble relationships. In barter system, exchange of good for good, service for good or exchange of ceremonial goods shows particular structure of relationship in a society. Modern money permit exchange of good for money without any personal relationships, this shows the structural change of relationships in the society with the coming of modern money.
- Simmel also emphasis on the personal freedom when it comes to money but he also pointed out that "the impersonal calculations inherent in money economy have the effect of promoting the purely cognitive disposition of actors at the expense of their emotional or sentimental disposition".
- Coleman talks about three types of money, firstly commodity money, which contain its value; secondly fiduciary money, which is a promise to pay and; fiat money, which is less than such a promise.
- Coleman argues that cashless society is the next evolutionary stage where central electronic database keeps records of information about credit and debt. The caseless society brings changes in the exchange ritual pattern of the society.
- Cultural perspective denotes the cultural definition, interpretation and meaning of money. Cultural perspective covers the cultural understanding money and according to this perspective culture

determines what money is, what is used as money, and how money is used. Cultural perspective of money is an alien concept for economist. Economist usually looks into the quantitative aspect of money.



7.8 FURTHER READING

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7.9 ANSWERS TO CHECK YOUR PROGRESS

Answer to Q No. 1 : The diversity of work on sociology of money can be classified into two dimensions. The first distinguishes structural versus cultural perspectives, each one of which is considered at the micro level and the macro level.

Answer to Q No. 2 : Structural perspective of money can be defined as the perspective that looks into the function of money in the structure of society. Cultural perspective denotes the cultural definition, interpretation and meaning of money. Cultural perspective covers the cultural understanding money and according to this perspective culture determines what money is, what is used as money, and how money is used.



7.10 MODEL QUESTIONS

A) Short Questions (Answer within 150 words)

Q 1. What is structural perspective on money?

Q 2. What is cultural perspective on money?

B) Long Questions (Answer within 300-500 words)

Q 1. Explain money including its definitions.

Q 2. Discuss the framework of sociology of money.

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UNIT 8: MODE OF PRODUCTION

UNIT STRUCTURE

8.1 Learning objectives

8.2 Introduction

8.3 Mode of Production

- 8.3.1 Meaning and Concept
- 8.3.2 Forces of Production
- 8.3.3 Relations of Production
- 8.3.4 Different Modes of Production

8.4 Let us sum up

8.5 Further Reading

8.6 Answers to Check Your Progress

8.7 Model Questions

8.1 LEARNING OBJECTIVES

After going through this unit, you will be able to -

- know the meaning and concept of mode of production,
- know about relations of production
- know about forces of production
- know about different types of mode of production

8.2 INTRODUCTION

The term Mode of Production was derived from the work of Karl Marx and it has a great importance in the Marxist theories. In simple parlance, it denotes the different ways that the individuals collectively produce the means of subsistence in order to survive and enhance social being.

The concept of Mode of Production was used by Karl Marx as a classificatory tool to describe and to differentiate various economic

systems in historical terms. According to the Marxist understanding, Mode of Production can be understood as the unity of the productive forces and the relations of production. Society is a dynamic entity. Change and progress are very important and necessary features of a human society. In this unit, we are going to understand how Marx interpreted the human relationship throughout the history by emphasizing on mode of production.

8.3 MODE OF PRODUCTION

8.3.1 Meaning and concept

We the human beings cannot think of living our lives without being in touch with other people or without being in a larger society. The foremost element of a human society is human relationships. To fulfil the necessities of lives people depend upon each other by various means. We cannot get our necessary products or objects from the nature to use directly. For this people go through different processes where these natural products are turned into some material commodities which we use for our various purposes. This system of material production has been playing a significant role in human society since ages and is also responsible for creating human relations. Mode of production denotes the ways human beings collectively produce the means of subsistence in order to survive and enhance social well being. That is why, for Marx, the successive modes of production are basic elements of a systematic description of history. The concept of mode of production occupies a central position in Marxist interpretation of social development.

According to Marx, material or economy is the infrastructure of human lives, from where the social relations in a society are structured. According to Marx, infrastructure controls or determines the superstructure. Here, superstructure refers to entities like religion, politics, government etc. Therefore, the material or the economy has always been the central of any production system. From Marx's view mode of production is how the humans produce material goods in a society during a particular period that determines the historical development of that society. Therefore, here in

production, human social relations play an important role. Marx has discussed various stages of human history on the basis of different modes of production and these classifications are discussed in the later part of the unit.

While discussing the mode of production in contemporary society, we cannot step ahead without understanding the concept of 'surplus'. The surplus value and surplus labour is a very strong and inevitable contribution of Marx while discussing mode of production. The word surplus depicts the remaining amount after the need is satisfied or fulfilled. In capitalist mode of production, Marx talked about the capitalist bourgeoisie class and the proletariat labour class and their relationship in the production process. In this process the proletariat or the labour class has always been exploited by the capitalist class. The labour class is forced to engage in the production system after their definite working hours or after the necessity is fulfilled. The extra working hours and the extra production is the surplus amount and here no extra benefits are given to the workers for their extra labour. Rather the profit that is gained from the surplus production is enjoyed by the capitalist itself.

Mode of production must be comprehended in the context of it's two basic and foremost elements, and they are the forces of production and relations of production.

8.3.2 Forces of Production

Forces of production refers to the physical means and techniques of production to which labourers include value and transform capital into commodities for sale. According to Marx, forces of production are constituted with the help of two most important elements of production system which are means of production and human labour power. Means of production include the factories, machineries, raw materials and other physical objects and it needs knowledge and physical power for its utilization which come from human labour power. Simply, forces of production consists of different instruments of production and labour power.

As we know, change is an inevitable part of the society and we the human beings always seek changes to fulfil the needs. Such changes also

affect the production system of a society. That is why, Marx discussed about different modes of production in different societies in different periods of time. Changes in the material production along with the natural and ecological phenomena determine the changes that take place in a particular mode of production. In due course of time, there have been some changes taking place in the development of machineries, production process, knowledge and skill of workers and so on. Forces of production also include them in its sphere of productive forces. Many Marxist scholars also speak about the impact of geographical and ecological space as a part of productive forces. The changes towards the development of the forces of production have been reflecting the human struggle with nature in order to attain material goods. The changes in the productive forces help in transforming the natural resources to material goods and commodities which have very good value in exchange market system. According to Marx, forces of production are the driving factor in historical development and a new mode of production occurs when there is a conflict between the emerging productive forces and existing social relations.

8.3.3 Relations of production

People live in a society and depend upon one another. This dependency or the relation among human beings is also reflected on the ability to produce as a collective unit. In the material production system, forces of production are not the only factor that provides input but relations of production also play a significant role. These two elements are strongly interrelated with each other. Relations of production are the combined result of social relations and economic dependency. According to Marx, people enter into definite social relations with one another in order to produce and within these social relations the production takes place. In this process the social relations are determined by the level and character of the development of the productive forces.

In simple words, we can understand the relations of production as the sum total of social relationships that people must enter into, to survive, to produce and reproduce their means of life. In this process people enter to

produce the necessities and amenities of life. The interesting feature of relations of production is that, both the classes of the society work together in the production system.

8.3.3 Different modes of production

Karl Marx in his work "A Contribution to the Critique of Political Economy" in 1859 talked about four different types of modes of production that the human society has passed through. These are discussed below.

(A) Asiatic mode of production:

Asiatic mode of production is characterised by the primitive communities which were partly organised on the basis of kinship relations. This mode of production constitutes one of the possible forms of transition from classless to class based society. Asiatic mode of production was basically found in the primitive society where low division of labour existed. It is similar to tribal mode of production. The basic features of Asiatic mode of production are; the absence of state ownership and presence of communal ownership of land, simple agricultural and industrial society, artificial irrigation, based on geographical factors and climate, etc. The Asiatic mode of production was termed by Karl Marx as this mode of production was first identified in the traditional history of India, China, Persia, Indonesia and other Asian countries (Krader, 1980).

In Asiatic mode of production, one group extracts the social surplus from another group and later stay with them by imposing their own ideology. The land is controlled by the conquerors or by the ruling group and the rest of the land is given to the oppressed group for production of food stuffs which is later owned by the ruling group. It is the most contentious among all the modes of production.

Marx was criticised by different scholars for his social analysis of Asiatic mode of production. According to them, Marx only emphasized on the western societies by leaving the oriental societies apart. Scholar Karl Wittfogel, in his work "Oriental Despotism" has

given two basic arguments regarding Asiatic mode of production. According to him,

- The Asiatic society is an agricultural society which is based on irrigation. Therefore it can be called as hydraulic society. In this society the impact of geography is prominent.
- The Asiatic society is also based on despotism.

b) Ancient mode of production

With the end of Asiatic mode of production, the ancient mode of production came into being with the concept of slavery. The concept of private property emerged in this mode of production as a result of the development of a more complex division of labour. The division of labour had been evidenced in the field of settled agriculture, rise of animal husbandry, handicrafts etc.

The physically, politically and materially strong groups are the ruling class or the landowners who expropriate the agricultural surplus from the servile peasants or the slaves. The slaves had no right in using any property or commodity that they produced. They were bought and sold by the owners and this system gave rise to the family of slaves and family of owners or masters.

The slaves or the peasants are the most exploited class of the society in ancient mode of production. They sell their physical labour to their owners' profit. They were not given any opportunities to raise their voice against the exploitations that had been happening with them. This circumstance is defined by Marx as the class-in-itself.

c) Feudal mode of production

The feudal mode of production is the stage where the distinction between both the classes was very distinct. As Marx mentioned about the two classes such as bourgeoisie and proletariat, and their relationship in the material production can be related with the lords and serfs or tenants of the feudal mode of production. In this mode of production the lords own the land and they lease the land to the agricultural labourers. The owners who were leased had to pay certain taxes and the labourers were given wages.

As in capitalist system the owners get surplus, same way in the feudal mode of production the lords or the owners appropriated land rent from the serfs.

In this mode of production the serf was bound to the soil which was ruled by the feudal lord (Krader, 1980). The serfs were unfree in both form and substance and were deprived of property rights though they used owner's property for production. The serfs or the labourers sold their labour for their owners to feed and fulfil the necessities of their family. The serfs were forced to fulfil the economic demands of an overlord. These demands were fulfilled by the serfs by performing their services. These services could also be in the form of dues to be paid by money or kind. These dues were levied on the family holdings of the peasants. In feudal mode of production the feudal rent whether in terms of services or taxes was very important component. The lords exploited the serfs by not paying them the wages and imposing heavy amount of taxes. But this feudal period did not sustain for long due to the development of factories, machineries and urbanization. Emergence of Capitalist mode of production replaced and transformed the feudal mode of production.

d) Capitalist mode of production

Capitalist mode of production defines the dominant character of capital in the production system. Here, the capital can be found in different forms such as; money or credit to purchase the labour power and the necessary materials for the production and also to buy the machineries. In this mode of production the capital is owned by a particular class and the production process, decisions related to production system or finance etc. are controlled by the capitalist class. The private ownership of capital exists in this mode of production and it is considered as the prime feature of capitalist mode of production.

Coming to the condition of the working class in capitalist production, their situation is much liberal and they are free compared to the previous modes of productions. The workers enter into a contract with the employers or the capitalist. The workers enter into the system of production where they sell

their physical and mental labour to the capitalist class and earn money in terms of wages or salary. Money becomes the medium of exchange and as a result of this importance of financial co-operations like bank etc. started rising.

Capitalist mode of production began in Europe and after the Industrial Revolution in England it took a rapid growth in the entire world by increasing the use of machineries and working class. According to Marx, the capitalist society or the capitalist mode of production is a part of the historical phases which is to be eventually replaced by socialism.



CHECK YOUR PROGRESS

Q.1 What is forces of production?

Q.2 What is relations of production?

Q.3 What are the different types of Modes of Production given by Karl Marx?



8.4 LET US SUM UP

- People cannot survive without any contact or relations with others and therefore Aristotle said Man is a Social Animal. People build relations with other people to fulfil the necessities of lives and this is how they are depended upon each other by various means.
- In simple words, Mode of production denotes the different ways that the individuals collectively produce the means of subsistence in order to survive and enhance social being
- The concept Mode of Production was coined by Karl Marx as classificatory tool to describe and to differentiate various economic systems in historical terms.
- According to Marx, material or economy is the infrastructure of human lives, from where the social relations in a society are structured.
- It is the infrastructure that controls or determines the superstructure which are; religion, government, polity etc.

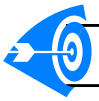
- Forces of production and relations of production are the two basic elements of mode of production.
- Forces of production is constituted by means of production and human labour power.
- Relations of production denote the sum total of social relationships that people must enter into, to survive, to produce and reproduce their means of life.
- Marx discussed about four different types of modes of production in his work "A Contribution to the Critique to the Political Economy", that the human society has passed through.
- Asiatic mode of production is the primitive system of production. It had similar pattern of mode of production and low and simple division of labour. The lands were communally owned.
- Ancient mode of production brought the concept of slavery. Private ownership of the property emerged and the division of labour turned to a complex form. The peasants or the slaves were bought and sold by their owners treating them as commodities.
- Feudal mode of production started with the concept of lords and the serfs. In this mode of production the lords own the land and they lease the land to the agricultural labourers. The owners who were leased had to pay certain taxes and the labourers were given wages.
- Capitalist mode of production is found in our contemporary society. It is mostly prominent in the industrialised urban society where the division of labour is found in a complex form. In this system of production two classes of people are found, which are, the capitalist owners and the working class. The working class people sell their physical and mental labour to the capitalist class and receives wages or salary for that.



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8.6 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No. 1: Forces of production can be defined as the physical means and the techniques of production to which labourers include value and transform capital into commodities for sale. According to Marx, forces of production is constituted with the help of two most important elements of production system which are means of production and human labour power.

Ans to Q No. 2: Relations of production is the sum total of social relationships that people must enter into, to survive, to produce and reproduce their means of life. According to Marx, people enter into definite social relations with one another in order to produce and within these social relations the production takes place.

Ans to Q No. 3: Marx discussed about four types of modes of production that the human society has passed through. These are such; Asiatic mode of production, Ancient mode of production, Feudal mode of production and Capitalist mode of production.



8.7 MODEL QUESTIONS:

A) **Short Questions** (Answer within 150 words)

Q1) What are the basic features of Asiatic mode of production?

Q2) What are the characteristics of Capitalist

mode of production?

B) **Long Questions** (Answer within 300-500 words)

Q1) What do you understand by Mode of production? Discuss in your own words.

Q2) Discuss the various types of modes of production as described by Karl Marx.

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UNIT 9: MODE OF PRODUCTION IN TRIBAL SOCIETIES

UNIT STRUCTURE

9.1 Learning Objectives

9.2 Introduction

9.3 Mode of Production

9.4 Tribe - Definition, Mode of Production

9.5 Let Us Sum Up

9.6 Further Reading

9.7 Answers to Check your Progress

9.8 Model Questions

9.1 LEARNING OBJECTIVES

After going through this unit, you will be able to -

- understand the tribal mode of production
- know about the economic system of tribal societies, through the systems of producion and consumption
- know the other major modes of production.

9.2 INTRODUCTION

The term mode of production derives largely from the works of Karl Marx. Mode of production refers to the varied ways that human beings collectively produce the means of subsistence in order to survive and enhance social being. Marx believed that human history could be characterized by the dominant modes of production. In this sense the term refers to a specific economic system. In this unit, we shall try to understand the tribal mode of production.

9.3 MODE OF PRODUCTION

In the context of studies on mode of production, Karl Marx is credited for two distinct contributions, amongst others: providing an analytical framework for defining specific modes of production and locating those modes in terms of a theory of historical development. The Mode of Production is comprised of relations of production and forces of production. Production begins with the development of its determinative aspect - the productive forces - which, once they have reached a certain level, come into conflict with the relations of production within which they have been developing. This leads to an inevitable change in the relations of production, since in the obsolete form they cease to be indispensable condition of the production process. In its turn, the change in the relations of production, which means the substitution of the new economic basis for the old one, leads to less rapid change in the entire society. Therefore, the change in the Mode of Production comes about not through people's volition, but by virtue of the correspondence between the productive relations to the character and level of development of the productive forces. Due to this, the development of society takes the form of the natural historical change of socio-economic formations. Each mode of production had its own dynamic characters.

People need food, clothing, shelter and other necessities of life in order to survive. They cannot get all these things ready-made from nature. To survive, they produce material goods from objects found in nature. Material production has always been and still is the basis of human existence. For Karl Marx, the history of human societies is the story of how people relate to one another in their efforts to make a living. He said, "The first historical act is…the production of material life. This is indeed a historical act, a fundamental condition of all history".

According to Marx, economic production or production of material life is the starting point from which society as an inter-related whole is structured. He speaks of reciprocity between economic factors and other aspects of historical development of mankind. The factor of economic production is all the same a key concept in explaining the changes that occur in society. He considers that forces of production along with relations

of production form the basis of economic and social history of every society. In his Introduction to the Grundrisse, Marx says that although the three processes of production, distribution and consumption are not one and the same, they represent a totality. It is so because after completion, each of the three processes creates the other process. In this way, one mediates the other. For example, production, once complete, becomes an object of consumption. Similarly, distribution and production are closely related processes. In this way, these economic categories carry definite relations between them. For Marx, a certain type of production creates a certain type of distribution, exchange and consumption. On the basis of all these economic categories, are formed certain types of relations of production. Marx argues that production itself is based on other economic categories and clear-cut relation between production and other economic processes. What is evident is that material production is basic to human societies. For Marx, production is at once both a general and a historical category.

The forces of production express the degree to which human beings control nature. The more advanced the productive forces are, greater is their control over the nature and vice versa. The forces of production, according to Marx, include means of production and labor power.

In every social order there is a continuous change in the material forces of production. Sometimes, as in tribal societies, this change is produced by some natural and ecological phenomena, such as the drying up of rivers, deforestation in or exhaustion of the soil etc. Usually, however, this change is produced by a development in the instruments of production. Human beings have always attempted to better their lives and overcome scarcity. The development of forces of production reflects the constant struggle of human beings to master nature through their labor.

The development of the forces of production is primary because it results from a factor, which is, in a sense, exogenous. The motive force lies outside the forces and relations of production and acts first upon the former. The motive force is the rational and ever-present impulse of human beings to try to better their situation and overcome scarcity by developing the

productive forces. Human beings are, above all, like animals, producing society by acting upon nature through their labor. Productive forces transform nature into use values and exchange values. The productive forces compel the creation and destruction of successive systems of production relations between human beings.

Productive forces have an intrinsic tendency to develop, as human beings' knowledge and mastery over nature increase. As these forces develop, successive social relations of production develop and consequently give way. At a particular point of development the productive forces and the production relations enter into conflict: the latter being unstable to contain the former. Society then enters a period of revolution. People become conscious of this by recognizing the existence of class struggle, between those whose activity fits them for the new economic structure, and those who are guardians of the old. Different socio-economic organizations of production, which have characterized human history, arise or fall as they enable or impede the expansion of society's productive capacity. The growth of the productive forces thus explains the general course of human history. The productive forces, however, include, as we have already noted, not just the means of production (tools, machines, factories and so on), but labor power, the skills, knowledge, experience, and other human faculties used in work. The productive forces represent the powers society has at its command in material production.

The forces of production are not the only factors in material production. People are able to produce jointly by organizing in a society. In this sense, labor is and always has been social in character. According to Marx, in order to produce, people enter into definite relations with one another. Only within these social relations does production take place. It can be said that the relations of production are the social relations found among the people involved in the process of production. These social relations are determined by the level and character of the development of productive forces.

'Forces' and 'relations' of production are strongly interrelated. The development of one leads to a growing incompatibility or contradiction with the other. In fact, the contradictions between the two aspects of production 'act as the motor of history'. The chain of causation in historical development runs in this manner.

The relations of production, which are said to correspond to society's productive level, link the productive forces and human beings in the process of production. These relations are of two broad types. The first refers to those technical relations that are necessary for the actual production process of products. The second refers to the relations of economic control, which are legally manifested as property ownership. They govern access to the forces of production and products.

Relations of production are the social relations of production. As such they include both the relations between the direct producers or workers and their employers or those who control their labor, and the relations between the direct producers themselves. Relation of production is not merely the ownership of means of production.



CHECK YOUR PROGRESS

1. From where did the concept 'mode of production' derive ?

9.4 TRIBE-DEFINITION, MODE OF PRODUCTION

In Marx's writing, stages of social history are differentiated not by what human beings produce but by how, or by what means, they produce the material goods for subsistence. The patterns of tribal society are related to a dependency upon horticultural system cultivation, marked by different forms of crop production with high land, but low labor and capital inputs. The productive forces of society reflect the degree to which human beings control nature. The more advanced the productive forces, the greater is

their control over nature. In order to produce, people enter into definite relations with one another.

Tribe is concomitantly a contentious term vis-à-vis issue. It is rather difficult to develop, define and conceptualize tribe in totality. Social anthropologists and sociologists from the beginning has been striving to study tribes but surprisingly most of them came across with enormous problems to adequately define the term tribe. Definition or conceptualization of tribe always becomes difficult for sociologists and anthropologists not only for variety of socio- economic milieu but also for their continuous assimilation and acculturation with wider social structure. Tribal mode of production can also be classified as primitive mode of production.

Anthropologists and sociologists definition of tribe is rooted in evolutionary framework. Evolutionist L.H. Morgan and functionalist Emile Durkheim's study of primitive society exemplify that society is not static rather gradually evolves with time space equation. To them, the term tribe not only connotes a type of society but a stage of evolution and development. While Morgan viewed that every stage of social evolution is characterized by a specific mode of social organization, Durkheim used the term poly-segmental society instead of using or accepting the term tribe. In his book 'The Division of Labour in Society' (1839) he highlights two types of solidarity in society and social organization of primitive tribe is characterized by mechanical solidarity.

L.H. Morgan in his book 'Ancient Society' (1877) defines tribe as a completely organized society where all forms of social relation are dominated by kinship relation. For Morgan, tribal society is completely organized in such a way that their form of social organization is capable of reproducing itself. A tribe, according to him, is a collection of number of clans who have distinct nomenclature, separate language, distinct political organization and a territory under their own possession.

Primitive/ Tribal communism is the earliest mode of production in Marxist thought. Karl Marx proposed that Asiatic, ancient, feudal, and bourgeois modes of production are epochs that mark the transitions of

societies. Also, the changes in the mode of production from primitive communism through slavery, feudalism, capitalism, and socialism to communism are due to the method of dialectic, and the theory of materialism. The dialectic method involves the meeting of extreme forces that merge into synthesis. At the early state of primitive communism, primitive forms of hunting gave way to primitive forms of agriculture and cattle rearing. Also, dialectic changes of the matriarchate to the patriarchate types were recognized. In the matriarchate form, women played a dominant role in production under primitive agriculture, while the men roamed the forest after game. In the patriarchate form, men played the dominant role in the hunting and cattle-rearing stages because they were efficient with a bow, arrows, spears, etc. The actual process of analyzing the changes of modes of production follows a materialistic theory. Through evolution, human beings developed a consciousness that became sensitized to material change. In primitive societies, production was in the simple form of adapting to nature. Land was cultivated before it was divided, and the consciousness was communal. As production processes changed, envisaging private ownership, people's consciousness changed in that direction.

During primitive communism property belonged to the community and labor owned all the product of its labor in the absence of capital- and land-owning classes. If one tribe was conquered by another, the conquered tribe became property less, as was the case with slavery and serfdom. A tribe and its property formed a sort of unity that originated from the mode of production where individuals related to one another and to nature. The object of production was to reproduce the producer. For Marx, production is not possible without capital. In primitive communism capital could be just the hands of a hunter-gatherer. Strictly speaking, capital is specific to the bourgeois mode of production. Tools are not capital outside of capitalism. And production is not possible without human labor, not tools, which are a product of human labor and natural resources.

Marx wrote, "In early communal societies in which primitive communism prevailed, and even in the ancient communal town, it was this

communal society itself with its conditions which appeared as the basis of production, and its reproduction appeared as its ultimate purpose" (Marx 1967b, p. 831). Primitive/ Tribal communism dissolved when the mode of production changed.



CHECK YOUR PROGRESS

Q2. According to Karl Marx in the Marxist theory of historical materialism, a mode of production is a specific combination of?

Q3. What is the earliest form of mode of production?



9. 5 LET US SUM UP

- The concepts of forces, relations and mode of production are central to Marxist social theory. The mode of production, which for Marx is the main determinant of social phenomena, is made up of the forces of production and relations of production.
- The forces of production refer to both the material worked on and the tools and techniques employed in production of economic goods.
- The relations of production refer to the social relations arising in the process of production, especially between the owners and non-owners of the means of production. Relations of production include the control and the capacity to possess the products.
- Thus in capitalist societies, for example, the relations of production are those relations that obtain between capitalist and worker such that the former (relations of production) both controls the means of production and can dispose of the goods and services that are produced by the worker.
- The forces and relations of production are fundamental to the constitution of any society. The different ways in which different

societies are organized depend upon the relationship of the forces of production to the relations of production.

- The concept of the social relations of production does not so much refer to the relationship between individuals as between social classes. Because the relationships of production are essentially antagonistic (for example, the capitalist appropriates the product of labor of the worker), so are the relations between the classes.
- A mode of production is the relationship between the relations of production and the forces of production. Modes of production can be distinguished from one another by the different relationships between the forces and relations of production.
- Primate / tribal communes is the earliest mode of production is Marxist thought. A tribe and its property formed a sort of unit that original from the mode of production where individuals related to one an other and to nature.



9.6 FURTHER READING

- Bottomore, Thomas B., 1975. Marxist Sociology. Macmillan: London
- Emile Durkheim. 1997. "The Division of Labour in Society?. New York: The Free Press, pp. 1-31.
- Lewis H. Morgan. 1877. 'Ancient Society'. Chicago: Charles H. Kerr and Company, pp. 1- 368.



9.7 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No. 1 : The term mode of production derives from the work of Karl Marx (1818-1883), and the concept has played a significant role in subsequent Marxist theory.

Ans to Q No. 2 : Productive forces: these include human labor power and means of production (e.g. tools, productive machinery, commercial and industrial buildings, other infrastructure, technical knowledge, materials, plants, animals and exploitable land).

Ans to Q No. 3 :Tribal/ Primitive mode of production



9.8 MODEL QUESTIONS

A) **Short Questions** (Answer within 150 words)

Q1) What are the different modes of production?

Q2) Explain the tribal mode of production.

B) **Long Questions** (Answer within 300-500 words)

Q1) How is Asiatic mode of production different from the tribal/Neolithic mode of production?

Q2) What are the features of tribal mode of production?

Q3) What are the criticisms to tribal mode of production?

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UNIT 10: MODE OF PRODUCTION IN PEASANT SOCIETY

UNIT STRUCTURE

10.1 Learning objectives

10.2 Introduction

10.3 Peasant Society

10.3.1 Meaning and Definition

10.3.2 Characteristics

10.3.3 Systems of production, circulation and consumption

10.4 Let us sum up

10.5 Further readings

10.6 Answer to check your progress

10.7 Model questions

10.1 LEARNING OBJECTIVES

After going through this uni, you will be able to -

- understand the meaning and definition of peasant society
- know the characteristics of peasant society
- know about the systems of production, circulation and consumption of peasant society.

10.2 INTRODUCTION

The word peasant or peasant class basically depicts the picture of an agrarian society where the prime source of their livelihood is based on agriculture. It can also be understood as the pre-industrialist society.

In the context of India the peasant society has a very significant role. In India more than 60% of land is used for the agricultural purpose. In most parts of India, even in present times, the peasant class has less access towards the modern sophisticated machineries. The human labour

power is the main source which is engaged in the cultivation fields. Most of this working force is basically the family members.

The peasant society and the peasant class is one of the vulnerable sections of India that face oppression and exploitation in various ways. The peasant society of India has been going through a number of changes since the colonial era. Imposition of tax in the peasant's agricultural lands and crops, policies to ruin the traditional handicrafts etc. led to numerous peasant movements in India. Few examples of peasant movement of India are: Tebhaga movement of Bengal, peasant revolt in Telengana, Phulaguri uprising of Assam and so on. Many social scientists like; D DKosambi, Daniel Thorner etc. had conducted very significant study on the peasants and peasant society of India.

10.3 PEASANT SOCIETY

10.3.1 Meaning and Definition

The English used the word 'peasant' to describe the common people and brought under that umbrella the agricultural labourers. In countries like France and Germany the word 'peasant' acquired a derogatory overtone. Cultivation has always been an integral part of Indian system and has existed since the times of the Indus Valley Civilization. This is carried out mainly by the peasant class. The concept of peasantry has been explored by various scholars and different definitions have evolved over the years.

According to scholar George Dalton, "Peasants were legal, political, social, and economic inferiors in medieval Europe. The structured subordination of peasants to nonpeasants was expressed in many ways, de jure and de facto, from restraints on their physical movement to sumptuary restrictions on what kinds of weapons, clothing and adornments they could wear and use, and foods they could legally consume."

According to Teodor Shanin, the renowned peasant studies scholar, peasantry has four essential and inter-linked facets; the family farm as the basic multi-functional unit of social organisation, land husbandry and usually

animal rearing as the main means of livelihood, a specific traditional culture closely linked with the way of life of small rural communities and multi-directional subjection to powerful outsiders (Shanin, 1973).

10.3.2 Characteristics

Theodor Shanin (1972), had given very significant characteristics of the peasant society in his study. These characteristics also fit in the picture of an Indian peasant society. The basic characteristics of the peasant society have been mentioned below;

- According to Shanin when he studied the Russian peasant household, he found that, the majority of them were blood relatives and two to three generations stayed together. This scenario is also applicable in the Indian context. In India, the peasant families were found living under the same room. To fulfil the need of human labour and to avoid expenses were some of the main reasons for this.
- The Peasant Society is basically patriarchal in nature. The head of the family is basically the father or the oldest kin- member.
- According to Shanin, a new member can also become a part of a family with the help of adoption and marriage.
- In a peasant society, household is the basic unit of production, consumption, property holding, socialization, moral support and mutual economic help.
- The peasant household operated as a highly cohesive unit of social organization with basic division of labour.
- The agriculture is based on old techniques and conventional types of equipments.
- The peasant society is basically pre-industrial rural society.
- In due course of time migration of the peasants from rural to urban area has been identified. Development of urban industries and seeking occupation in the urban areas are considered as the main reasons of this migration.

Scholar Eric Woolf has also given some features of the peasant society. They are:

- Closed peasant societies: In these societies, outsiders are unwelcome and the membership of the community is closely defined. They live in poverty and Woolf called it "defensive ignorance"; they remain uneducated in order to protect their traditional way of life. Their culture discourages the accumulation and display of wealth; those who manage to accumulate some wealth are pressurised to return to the economic level of everyone else by sharing with relatives or by spending their accumulations on community events.
- Open peasant societies: These societies arose in response to the increasing demand around the world for crops that could be readily sold for cash, as a product of the rise of Capitalism. An open peasant society is therefore geared to a national or international economy and the peasants may sell half or more of what they produce rather than use it themselves. They own their land and sometimes borrow money, although on a small scale. They are much more integrated into the larger society, and welcome changes from the outside.
- Status of women is usually low, perhaps because peasant women typically work in the domestic sphere rather than outside it.

10.3.3 Systems of production, circulation and consumption

The basic production system of the peasant society is based on agriculture in both settled and shifting form based on traditional use of equipments primarily with the involvement of family members. In most parts of India settled system of cultivation has been prevailing, whereas in the hilly region of the country few communities practice shifting cultivation. Few states of North East India practice shifting cultivation in present time.

We mostly refer the rural communities as the peasants. These people engage in part-time or full-time farming activities with a mode of agricultural production distinct from that of other farms (such as commercial, smallholder family or co-operative farms) with multiple economic activities which are

predominantly in small scale (often household) activities and enterprises in the informal economy. These activities are mostly dependent on the family labour and little use of capital. Human labour power and the animals are basic reliable sources of the production system. The distinctive features of poor rural people's activities require analysis of the livelihoods of these people using different techniques from those generally used in analyzing commercial agricultural or non-agricultural enterprises in the formal sector. Along with dependency on family labour and age old technical equipments, the system of production of the peasant societies also rely on natural resources like river and fertile soil. Changes in the climate also impacted upon the production system of the society. For example, heavy rainfall or dryness in the weather affect the conditions of production. These factors can be considered as the reasons for the poor and vulnerable condition of the peasants.

The peasant society and its economic system are basically primitive in nature and as a result of this peasant society is different from the other societies. Therefore, to understand the systems of production, circulation and consumption pattern in a peasant society, the features mentioned below must be considered.

- Technological Complexity and Division of Labour

  It is one of the most distinct features that describe the system of production in a peasant society. Being a follower of primitive system in the field of agriculture, the peasants are relatively simple in the field of technology. Their indigenous system of production required a huge amount of labour power but with simple level of technical skills. Though huge numbers of labour power is available in the production system, they are inclined towards the use of the traditional equipments in the production system. Such system takes comparatively huge span of time in the field of production.

  Less dependence on technology also put fuel in the system of animal husbandry in the peasant society. Domestication of animals are used

as the tool for the production system. Basically in the simple peasant society, the machineries are replaced by the animal power.

The division of labour is simple in nature. In a peasant society people tend to follow the natural lines of sex and age and also act as a promoter of mechanical solidarity.

- Small Scale Agriculture

  Most peasants are generally engaged in small scale agricultural activities basically with the help of their own family members. This scenario describes their production and consumption pattern in the society. Engaging in small scale agriculture, however do not necessarily make them subsistence farmers. They primarily produce food for their own consumption, but peasants also hire out their labour to other farms and engage in other forms of employment and they often practice buying and selling staple and other food items. This is how the circulation of the production goods takes place in a peasant society.

- Subordination

  In a developing country like India, where most of the population is engaged in the agricultural sector, it is difficult for each of them to enjoy a fruitful life as a peasant. Many peasants in India are landless peasants who work in other's farm and earn wages and little amount of their productive goods. Economically and socially the peasant class is dominated by more powerful group. This is the situation where the peasants face the maximum number of exploitation in the process of production. The exploitation can be found both in terms of money and physical labour.

- Dual Economic Nature

  In a peasant society, the production system takes place for both the purposes, for the family need and for the sale to earn monetary benefits. Thus a peasant household plays the role of both producer and consumer.

- Role of Natural Resources/Environment

Role of natural resources or environment is one of the main factors that impact not only on the production system, but also the consumption pattern. For example, during cultivation, if the quality of soil is degrading or there is lack of proper water supply or there is transformation of the climatic condition, then it would be difficult for the peasant to cultivate the regular or the seasonal crops in that land. Such situation will cause low production which ultimately leads to the poor consumption in the peasant society. Therefore, it is a matter of concern for the peasants to have aequate availability of natural resources along with a suitable environmental condition.

- System and Media of Exchange

System and media of exchange in a peasant society describes their dependency on the primitive economic system. In a peasant society due to the inability to estimate the cost and benefits of different economic activity, the problem is aggravated by the absence of monetary value as the medium of exchange. The peasant society is in many ways nonmonetary because there is no generalized medium of exchange which exists. Various goods and services are directly or indirectly used as the value of exchange. This system is also known as the barter system. The market system plays an important role in a peasant society in the process of exchange of the commodities and services. For example, in the JONBIL MELA of North East India this kind of exchange takes place.



CHECK YOUR PROGRESS

Q1: What is a peasant society?

Q2: What is the nature of economic system in a peasant society?



10.4 LET US SUM UP

- The peasant society or the peasant class refers to the society where people are engaged in agriculture as the prime source of livelihood.
- In India more than 60% of land is used for agricultural production system.
- In a peasant society or a household family plays a significant role. The family members are basically engaged in the production system as the human labour power.
- Animal husbandry is also a common phenomenon. Animal are also used in the production process.
- The peasants are one of the vulnerable sections of our society. They experience oppression and exploitation in various fields by the powerful class.
- India has gone through many peasant movements and peasants were seen fighting for their own rights.
- Theodor Shanin is one of the famous scholars who had contributed to the society by his tremendous work on peasant class and peasant society. He has given many features of a peasant society.
- In the context of India, D D Kosambi, Daniel Thorner etc. are the scholars who worked in the various fields of peasant class.
- In a peasant society household is the basic unit of production, consumption, property holding, socialization, moral support and mutual economic help.
- The peasant household operated as a highly cohesive unit of social organization with basic division of labour.
- At present times, migration has started taking place among the rural peasants to urban areas in search of better opportunities and jobs.
- The basic system of production is based on agriculture in both settled and shifting form, based on traditional use of equipments primarily with the involvement of family members.
- Family is the prime unit of production and consumption. The role of social units is also significant in this matter.



10. 5 FURTHER READING

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- Shanin, Theodor. (1973).The nature and logic of the peasant economy 1: A Generalisation. The Journal of Peasant Studies, Vol. 1, Issue. 1, 63-80.



10.6 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No. 1 : A peasant society is basically comprehended as the rural society where the people rely on agriculture for their livelihood.

Ans to Q No. 2 : The economic system of the peasant society is based on primitive system of economy. In a peasant society monetary value has less importance. Different goods and services are considered as the media of exchange.



10.7 MODEL QUESTIONS

A) **Short Questions** (Answer within 150 worlds)

Q1. What is the role of technology in a peasant society?

Q2. Family is the prime unit of production and consumption. Briefly explain.

B) **Long Questions** (Answer within 300-500 words)

Q1. Discuss the features of the peasant society.

Q2. Describe the system of production, circulation and consumption pattern of a peasant society.

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UNIT 11: MODE OF PRODUCTION IN CAPITALIST SOCIETY

UNIT STRUCTURE

11.1 Learning Objectives

11.2 Introduction

11.3 Mode of Production

11.4 Types of mode of Production

- 11.4.1 Primitive Form of Society
- 11.4.2 Slave-Master Society
- 11.4.3 Feudal Society
- 11.4.4 Capitalist Society

11.5 System of Production

11.6 Consumption

11.7 Circulation

11.8 Let Us Sum up

11.9 Further Reading

11.10 Answers to Check your Progress

11.11 Model Questions

11.1 LEARNING OBJECTIVES

After going through this unit, you will be able to -

- understand the concept of mode of production in capitalist society
- know the different types of mode of production and the key arguments relating to it
- Know the systems of production, circulation and consumption systems in the capitalist mode of production.

11.2 INTRODUCTION

The idea of mode of production was developed by Karl Marx (1818-1883). Mode of production refers to the fluctuated ways that people all in all

produce the methods for subsistence so as to endure and improve social being. Marx accepted that mankind's history could be portrayed by the predominant mode of production. Marx was keen on completing two things: giving a logical system to characterizing explicit mode of production and finding those modes as far as a theory of historical development.

The mode of production is a focal idea in Marxism and is characterized as the manner in which a society is sorted out to deliver merchandise and enterprises. It comprises of two noteworthy aspects: the powers of creation and the relations of generation. The powers of creation incorporate the majority of the components that are united underway - from land, crude material, and fuel, to human expertise and work, to hardware, instruments, and processing plants. The relations of creation incorporate connections among individuals and individuals' connections to the powers of generation through which choices are made about how to manage the outcomes. In this unit we shall try to understand the concept of mode of production. We would understand the systems of production, consumption, and circulation in this unit.

11.3 MODE OF PRODUCTION

As indicated by Marx, history advances through the connection between the method of creation and the relations of generation. The method of generation always advances toward an acknowledgment of its fullest beneficial limit, yet this development makes hostilities between the classes of individuals characterized by the relations of creation-proprietors and laborers.

Free enterprise is a method of creation dependent on private responsibility for methods for generation. Industrialists produce products for trade, and to remain aggressive must concentrate however much work from the laborers as could reasonably be expected at the most minimal conceivable expense. The monetary enthusiasm of the entrepreneur is to pay the laborer as meager as could be allowed, in truth only enough to keep him alive and beneficial. The laborers, thus, come to comprehend that their

financial intrigue lies in keeping the entrepreneur from abusing them along these lines. As this model shows, the social relations of generation are characteristically opposing, offering ascend to a class battle that Marx accepts will prompt the oust of private enterprise by the class of have -nots.

11.4 TYPES OF MODE OF PRODUCTION

As per Marx, the nature of society and its structure depends particularly on the modes of production. Marx talked of four phases of mode of production. They are:

11.4.1 Primitive Form of Society

In mankind's history, this is the least difficult type of society and 'mode of production'. This sort of society is described by simple relations of generation which depended on co-activity and mutual responsibility for 'means of production'. During the primitive 'mode of production', new tools and techniques were discovered, which were used you in agriculture. The used of flame is one such example. As indicated by law of dialectical materialism, the utilization of agrarian apparatuses and fire are not many instances of quantitative changes in the society. In any case, even in primitive society the generation framework advanced in a rudimentary state. The devices and methods were slowly improved which prompted collection of abilities. The expanding profitability in the society with the assistance of the devices prompts discontinuity of mutual structure of the general public and individuals were isolated into little units known as family. The arrangement of private property developed, and families turned into the proprietors of 'means of production'. Therefore, showdown rose between the existing relations of creation' and this brought forth exploiting classes in the general public. This at last brought subjective change for example primitive society transformed into ancient mode of production. There was a contention of contrary energies inside the framework between two recently shaped classes which prompts devastation of primitive system. This prompted the improvement of slavery stage in history of humankind.

11.4.2 Slave-Master Society

This society gave abundant extension for the rise of social disparity between ascent of slave owning classes or masters and slaves. In this society, the 'relations of production' depended on the master's outright control over both the 'means of production' and the slaves with their produce. Logical inconsistencies between slave proprietors and the slaves were conspicuous here. These logical inconsistencies between the two classes i.e., master and slave prompted its subjective change in the society. The 'negation' in slave owning society prepared for feudal society. The feudal system is another case of 'refutation of nullification'. Feudal society rose after the refutation of 'slave master society' which itself was a result of 'nullification' of 'primitive communal society'.

11.4.3 Feudal Society

In feudal society, the 'relation of production' was quantitatively unique from the past society. In feudal stage, fast quantitative change took place in the 'forces of production' in the generation framework. It was in this phase where non-living articles resembled water, wind, and so forth were changed over into sustainable wellspring of vitality. This stage was described by persecution of 'serfs' by the feudal lords and development of urban focuses. Exchange, business and assembling started to prosper. The contention of alternate extremes in feudal stage was reflected in the struggle between the landless serfs and feudal lords. Eventually, with the logical inconsistency of alternate extremes between two classes in feudal society prompted its demolition and its invalidation prompted the capitalist society.

11.4.4 Capitalist Society

In this stage, the exploitative connection among capitalists and workers encouraged enormous development of beneficial powers in the system. The natural inconsistency in capitalist mode of production is the disjointedness between the private capitalist type of apportionment and the social character of production. In this stage, laborers encourage mass social production yet sadly a little gathering of bourgeoisie collect the product of

the former's labour. The laborers are over exploited by the bourgeoisie in the production process which prompts their alienation. This is a conspicuous and basic financial logical inconsistency of capitalist framework. This rising clash of contrary energies for example among bourgeoisie and workers leads to financial emergencies. As an outcome, class struggle happens between the bourgeoisie and the proletariat prompting quantitative changes. The class cognizance of the proletariat will upset the capitalist society. The capitalist mode of production will be finished through this insurgency. This unrest will be gone with a subjective change i.e., the rise of the socialist arrangement.

The direction of new socialist arrangement has two stages: socialism and communism. Socialism is where the means of production will be generally possessed, not by private element. In such a society the proletariat or the laborers will have power over the means of production and they will convey the produce similarly among themselves as indicated by their needs. This stage is regularly alluded to as "Tyranny of Proletariat". The subsequent stage is communism. This is a phase of stateless society, where arguments unfurl itself, which brings forth another social framework which will be free from any logical inconsistencies. Be that as it may, as per persuasions, logical inconsistency is unavoidable piece of human culture which brings social change in the society with consequent advancement. Under communism, there will be logical inconsistency between individuals and their encompassing nature. In this manner, three laws of rationalizations are utilized in Marxian analysis of mankind's history.

11.5 SYSTEM OF PRODUCTION

In this stage, the exploitative connection among entrepreneurs and workers encouraged gigantic development of profitable powers in the framework. The characteristic logical inconsistency in industrialist mode of production is the confusion between the private entrepreneur type of appointment and the social character of creation. In this stage, laborers encourage mass social generation however lamentably a little gathering of

bourgeoisie collect the product of the previous' work. The laborers are misused by the bourgeoisie in the generation procedure. This is an undeniable and principal monetary logical inconsistency of industrialist framework. This rising clash of contrary energies, for example, among bourgeoisie and workers leads to emergencies. Thus, class battle happens between the bourgeoisie and the working class prompting quantitative changes. This upheaval will be gone with a subjective change i.e., the development of the socialist arrangement. The direction of new socialist financial arrangement has two stages: communism and socialism. Communism is where the methods for creation will be regularly claimed, not by private element. In such a general public the low class or the laborers will have command over the methods for creation and they will disperse the produce similarly among themselves as per their needs. This stage is frequently alluded to as "Autocracy of Proletariat".

11.6 CONSUMPTION

Consumption is the procedure by which products and ventures are, finally, put to use by individuals. Consumption is towards the end of exercises that begins with an assessment of accessible assets and continues through generation of goods and services and circulation of goods and services (or the way to procure them) among individuals and groups. Finally, the goods and services come to be utilized.

Marx was not worried about building up a theory of consumption essentially. His worry was class. Since laborers are isolated from the products of their labor, they approach wares as commodities which are disconnected to their states of production. Commodity trade produces people who are perplexed by the enormous accumulation of goods introduced available to be purchased in capitalist society. As opposed to seeing wares as typified labor time, commodities are viewed as "things" which can be traded similarly and consumed to fulfil human needs. Use-worth, or utility, is comprehended to exist to a great extent outside the verifiable procedure.

For Marx, the amount of consumption was a potential hindrance to the acknowledgment of surplus value. Defeating the boundary required both an increment sought after and an adjustment in the sorts of goods consumed.

As it were, relations of production relegate individuals "jobs" and give them proper methods for instalment. Consumption for the most part is controlled by production. For capitalism to work easily, individuals' "needs" must comply with the necessities of the production system. Simultaneously, Capital's quest for consistently growing pools of surplus value requires the broad control of those necessities.

One oft-neglected model is Marx's treatment of displayers of individual consumption. The showcase by mechanical capitalist, top directors, and their orderlies, of garments, vehicles, craftsmanship objects, sustenance, and so forth, goes about as a motivator to actuate beneficial laborers to more prominent exertion, with the goal that progressively surplus labor time is accessible to the capitalist. Correspondingly, show of extravagance can be a condition for getting credit. Marx contends that prominent consumption can persuade agents regarding the probability of credits being reimbursed, giving capitalists access to additional credit, or credit on better terms.

11.7 CIRCULATION

The circulation of commodities is the beginning stage of capital. The production of commodities, their circulation, and that progressively created type of their circulation called commerce, these structure the authentic preparation from which it rises. The cutting edge history of capital dates from the creation in the sixteenth century of a world-grasping commerce and a world-grasping market.

In the event that we move from the material substance of the circulation of commodities that is, from the trading of the different use-values, and consider just the financial structures created by this procedure of circulation, we observe its last outcome to be money: this last result of the circulation of commodities is the primary structure where capital shows up.

As an issue of history, capital, rather than landed property, perpetually takes the structure from the outset of money; it shows up as well-to-do riches, as the capital of the vendor and of the usurer. But we have no compelling reason to allude to the cause of capital so as to find that the main type of appearance of capital is money. We can see it day by day under our very eyes. All new capital, to begin with, goes ahead the stage, that is, available, regardless of whether of commodities, labor, or money, even in our days, in the state of money that by a positive procedure must be changed into capital. The main refinement we see between money that is money just, and money that is capital, is simply a distinction in their type of circulation.

The least complex type of the circulation of commodities is C-M-C, the transformation of commodities into money, and the difference in the money back again into commodities; or selling so as to purchase. However, close by of this structure we discover another explicitly unique structure: M-C-M, the transformation of money into commodities, and the difference in commodities back again into money; or purchasing so as to sell. Money that circulates in the last way is in this way transformed into, ends up capital, and is as of now possibly capital.

Presently let us look at the circuit M-C-M somewhat closer. It comprises, similar to the next, of two contradictory stages. In the main stage, M-C, or the buy, the money is changed into a commodity. In the subsequent stage, C-M, or the deal, the commodity is changed back again into money. The mix of these two stages comprises the single development whereby money is traded for a commodity, and a similar commodity is again traded for money; whereby a commodity is purchased so as to be sold, or, dismissing the refinement in structure among purchasing and selling, whereby a commodity is purchased with money, and after that money is purchased with a commodity.

The two circuits are resolvable into a similar two contradictory stages, C-M, a sale, and M-C, a purchase. In every one of these stages, similar material components - a commodity, and money, and the equivalent financial players, a purchaser and a vendor - defy each other. Each circuit is the

solidarity of a similar two contradictory stages, and for each situation this solidarity is realized by the intersection of three contracting parties, of whom one just sells, another just purchases, while the third both purchases and sells. What, in any case, above all else recognizes the circuit C-M-C from the circuit M-C-M, is the modified request of progression of the two stages. The basic circulation of commodities starts with a sale and finishes with a buy, while the circulation of money as capital starts with a buy and finishes with a sale. In the one case both the beginning stage and the objective are commodities, in the other they are money. In the main structure the development is realized by the mediation of money, in the second by that of a commodity.

In the circulation C-M-C, the money is at last changed over into a commodity that fills in as utilization esteem; it is spent once for all. In the rearranged structure, M-C-M, despite what might be expected, the purchaser spreads out money all together that, as a merchant, he may recuperate money.

In the circuit C-M-C, a similar bit of money changes its place twice. The merchant gets it from the purchaser and pays it away to another dealer. The total circulation, which starts with the receipt, finishes up with the instalment, of money for commodities. It is despite what might be expected in the circuit M-C-M. Here it isn't the bit of money that changes its place twice, however the commodity. The purchaser takes it from the hands of the merchant and passes it under the control of another purchaser. Similarly as in the basic circulation of commodities the twofold difference instead of a similar bit of money impacts its entry from one hand into another, so here the twofold difference instead of a similar commodity realizes the reflux of the money to its place of flight.

Such reflux isn't reliant on the commodity being sold for more than was paid for it. This situation impacts just the measure of the money that returns. The reflux itself happens, so soon as the obtained commodity is exchanged, as it were, so soon as the circuit M-C-M is finished. We have

here, consequently, a discernable distinction between the circulation of money as capital, and its course as minor money.

The circuit C-M-C comes totally to an end, so soon as the money acquired by the closeout of one commodity is preoccupied again by the buy of another. Purchasing so as to sell, or, all the more precisely, purchasing so as to sell dearer, M-C-M', shows up positively to be a structure impossible to miss to one sort of capital alone, to be specific, shippers' capital. Yet, mechanical capital also is money that is changed into commodities and by the clearance of these commodities is re-changed over into more money. The occasions that happen outside the circle of course, in the interim between the purchasing and selling, don't influence the type of this development. In conclusion, on account of enthusiasm bearing capital, the circulation M-C-M' seems shortened. We have its outcome without the moderate stage, in the structure M-M', "en style lapidaries" so to state, money that is worth more money, esteem that is more noteworthy than itself.

M-C-M' is along these lines in all actuality the general recipe of capital as it shows up at first sight inside the sphere of circulation.



CHECK YOUR PROGRESS

Q1. State the types of mode of production.

Q2. What is feudal society?

Q3. Define capitalist society.



11.8 LET US SUM UP

- The idea of mode of production was developed by Karl Marx (1818-1883). Mode of production alludes to the fluctuated ways that people all in all produce the methods for subsistence so as to endure and improve social being.
- Mode of production comprises of two noteworthy aspects: the powers of creation and the relations of generation. The powers of creation incorporate the majority of the components that are united underway

- from land, crude material, and fuel to human expertise and work to hardware, instruments, and processing plants. The relations of creation incorporate connections among individuals and individuals' connections to the powers of generation through which choices are made about how to manage the outcomes.

- Marx talked of mode of production. They are: Primitive Form of Society, Slave-Master Society, Feudal Society and Capitalist Society.
- The primitive form of society is described by simple relations of generation which depended on co-activity and mutual responsibility for 'means of production'.
- In slave-master society, the 'relations of production' depended on the master's outright control over both the 'means of production' and the slaves with their produce.
- In feudal society, the 'relation of production' was quantitatively unique from the past society for example slave owning society. In feudal stage, fast quantitative change took place in the 'forces of production' in the generation framework.
- Capitalist society depends on private responsibility for means of production by little gathering of individuals who are known as capitalists or bourgeoisie. In this stage, the exploitative connection among capitalists and workers encouraged enormous development of beneficial powers in the system.
- In the system of production, the exploitative connection among entrepreneurs and workers encouraged gigantic development of profitable powers in the framework.
- Consumption is the procedure by which products and ventures are, finally, put to last use by individuals.
- The circulation of commodities is the beginning stage of capital. The production of commodities, their circulation, and that progressively created type of their circulation called commerce, these structure the authentic preparation from which it rises. The cutting

edge history of capital dates from the creation in the sixteenth century of a world-grasping commerce and a world-grasping market.



11.9 FURTHER READING

- Banaji, J. (2010). Theory as history: essays on modes of production and exploration. BRILL: Boston
- Jessop, B., & Wheatley, R. (1999). Karl Marx's Social and Political Thought: Vol. VI: modes of production the world system, classes, and class struggle London: Routledge



11.10 ANSWER TO CHECK YOUR PROGRESS

Ans to Q No.1: Marx listed as four of mode of production. They are: Primitive-Communal Form of Society, Slave-Master Society, Feudal Society and Capitalist Society.

Ans to Q No.2 : In feudal society, the 'relation of production' was quantitatively unique from the past society for example slave owning society. In feudal stage, fast quantitative change took place in the 'forces of production' in the generation framework.

Ans to Q No.3 : Capitalist society depends on private responsibility for means of production by little gathering of individuals who are known as capitalists or bourgeoisie. In this stage, the exploitative connection among capitalists and workers encouraged enormous development of beneficial powers in the system.



11.11 MODEL QUESTIONS

A) **Short Questions** (Answer within 150 words)

Q1. What is system of production?

Q2. What is consumption?

B) **Long Questions** (Answer within 300-500 words)

Q 1. What do you understand by mode of production Explain?

Q 2. Discuss circulation in capitalist society.

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UNIT 12 : MODE OF PRODUCTION IN SOCIALIST SOCIETY

UNIT STRUCTURE

12.1 Learning Objectives

12.2 Introduction

12.3 History of origin of Socialism

12.4 Marxian notion of social evolution - Dialectical Materialism

12.5 Socialist Society

12.5.1 System of Production

12.5.2 System of Circulation

12.5.3 System of Consumption

12.6 Let Us Sum Up

12.7 Further Reading

12.8 Answers to Check Your Progress

12.9 Model Questions

12.1 LEARNING OBJECTIVES

After going through this unit, you will be able to -

- understand the philosophy of the socialist society
- know the history and origin of socialism
- know the Marxian theory of dialectical materialism
- understand the socialist economic system, through the systems of production, circulation and consumption.

12.2 INTRODUCTION

The ideas that can be considered as adhering to the philosophy of socialism began to emerge in the sixth century. The ideas of emancipation of the poor, justice and equality for all, etc constituted socialist thought in the early times. However, socialism as is comprehended today is a much later development. It was in the late eighteenth and the early nineteenth centuries that socialism gained predominance as a progressive model of

the society and was envisioned as an advanced stage of the society beyond capitalism. The perception of socialism as an emancipator gained prominence particularly during the times of the French Revolution. Further, it was popularized and spread through the works of Karl Marx who developed a scientific study of social progression and argued that in socialism the ideal society featured by equality and justice could be established.

The socialist economy is distinct in its conduct of the broader economic activities of production, distribution and consumption as discussed below.

12.3 HISTORY OF ORIGIN OF SOCIALISM

The socialist society, to be defined literally, refers to a system of social organization which is primarily characterized by common ownership of resources, guided by egalitarian principles in all aspects of social, political and economic life.

The origin of socialism is traced to the times of Mazdak, considered as a religious reformer and activist who hailed from Persia in the 6th century approximately, who advocated a socialist society based on religion. Further, much later, the essence of socialist thought was reflected in some works. For example, in 1797, in his "Agrarian Justice", Thomas Paine discussed the idea of taxing the rich to pay for the poor. Again, Charles Hall in his "The Effects of Civilisation on the People in European States" (1805) criticized Capitalism and its aftereffects on the poor. These works exemplify the nature of socialist thought of those times, the focus of which was on a comparatively narrower tangent and hence somewhat different from the present day socialist line of thought.

Socialism, as is perceived in the modern times gained prominence during the French Revolution, 1789. The rapidly growing industrialisation and capitalization of the French society simultaneously brought to light the dark side of progress and development, marked by poverty, injustice, pollution, etc. As an attempt to rise above the apathy of the society, thinkers of the times anticipated the evolution and progression of the society to a more humane form. In this attempt, they envisaged a society for both the

rich and the poor, the privileged and the underprivileged, a space for all to express themselves. However, this period did not witness the identification of socialism with a political dimension.

It was however in the 19th century that socialism as a system began to be discussed widely. Some of the early thinkers of this time who engaged with the idea of Socialism were Claude Henri de Rouvroy, comte de Saint Simon (1760-1825), Charles Fourier (1772-1837), Pierre-Joseph Proudhon (1809-1865), Louis Blanc (1811-1882), Robert Owen, etc. It must be noted here that even during this time, the advocates of socialism did not define socialism in terms of a system of governance nor in the sense of a means of production. It was rather comprehended as a means to bring justice and equality to the poor in the rapidly growing capitalist, industrialist society, as was understood in the early times.

The following account illustrates the thoughts and ideas of the early scholars on socialism.

Claude Henri de Rouvroy, comte de Saint-Simon was born on 17 October, 1760 in France. He is regarded as a utopian sociologist. He is considered to be the founder of French Socialism. According to him a society guided by socialist principles should be marked by the state governed production and circulation of goods and services, whereby all individuals shall have the equality of opportunities to nourish their respective talents and skills.

Charles Fourier was born on 7 April, 1772. He is also known as a utopian socialist of France. He is credited for upholding women's liberty.

Pierre-Joseph Proudhon was born on 15 January, 1809 in France. He was a well-known French politician. He argued that the state is a coercive entity and advocated socialism as a way to overthrow the state coercion.

Mikhail Bakunin was born on 18 May, 1814. He is well known as a revolutionary anarchist from Russia. He argued that in a socialist order there would be equality of resources for all, and the means of production would be taken care of by the workers themselves. Bakunin was therefore known as a libertarian socialist.

12.4 MARXIAN NOTION OF SOCIAL EVOLUTION - DIALECTICAL MATERIALISM

The above account highlights a common notion i.e., the stage of socialism is considered to be as an advanced stage of society. This premise inevitably implies that socialism is preceded by other phases of social life. This can be well understood by Karl Marx's account of society, social progress and evolution. Marx explained social evolution through his conception of 'Dialectical Materialism'. Dialectics, literally means the discourse between contradictory views while seeking to arrive at an advanced stage, guided by logic and reason. Materialism refers to the idea that matter is the determinant of all aspects. Marx argues that all aspects are determined by the material phenomenon. He further argues that the stages of progress and change can be seen as undergoing the following stages: thesis, antithesis, synthesis. It means that a social phase is characteristic of a definite proposition (thesis), which has a tendency of being refuted with the progress in time and knowledge (antithesis), the contradictions and debates shall further give rise to a new phase (synthesis). Marx, on the basis of this understanding, analyzed social evolution and argued that society progresses through some defined stages. According to him, each stage is defined by a distinct mode of production, which changes with the change in technology.

Mode of production is defined as the relations between relations of production and forces of production. Relations of production, in simple terms, can be defined as the relation between the owners and the non owners of the means of production. Forces of production refer to the techniques, tools used in the production.

The following are the stages through which society evolves, according to Marx.

Primitive Communism: This stage is characterized by lack of private property, social hierarchy, etc. It is generally perceived as a hunting-gathering society which is based on the essence of community living.

Ancient mode of production: It is characterized by individual ownership of property. However, property here generally implies the possession of human beings, i.e. slavery. Also, agriculture and the use of animals in agriculture are seen here.

Feudal mode of production: It is characterized by ownership of property in the form of land. The owners of land are referred to as the feudal lords, and the non-owners are termed as serfs. Here, agriculture becomes an extensive practice, featured by the use of machines in the farmlands.

Capitalism: This stage is characterized by private ownership of property, motive of profit making, a regulated market system, amongst others. This stage is marked by rapid growth of industrialization, which further gives rise to distinct urban and rural areas, distinct class divisions, increasing alienation amongst people, etc.

Socialism: It is an advanced and progressive stage of societal growth. This stage is characterized by common ownership of means of production, market has little role in the economic activities, resource allocation is managed by the state, lack of economic classes, etc.

Communism: This stage is also known as the advanced stage of socialism. It is characterised by the absence of the state, unlike the socialist society. Hence, in lieu of the state, here the economic activities would be undertaken and managed by the community in the form of cooperatives. Citizens would collectively manage the functioning of the cooperatives.

12.5 SOCIALIST SOCIETY

The socialist society is preceded by the capitalist society as has been detailed in the above account. Hence, it has been envisioned as an ideal system of social arrangement which is seen as better and superior to the capitalist society. Therefore, in addition to the general characteristics that have already been mentioned, the socialist society is claimed to be recognized by the following:

1. Unlike the capitalist economy, the socialist economy is said to have economic efficiency, due to the lack of overproduction or

underproduction, unemployment, etc., which is further due to the state management of economy.

2. Socialist society does not have the market as a system of transactions of goods or money, as there is no need of such a channel in the socialist society. The function of distribution in a socialist society is carried out by the state, ideally based on the principle of 'to each, according to his/her needs'.
3. Socialist society, by virtue of being governed by the state completely, is considered to be democratic and egalitarian by nature.

The society is a constituent of several components, which are interdependent on each other, and it is their inter-relationship that gives rise to the entity of the society. Some of the significant broad components of the society include the polity, economy and culture, of the society, amongst several others. The economy of a society is generally perceived by its market mechanism, the labour management, material output, etc. Broadly, the economic activities are classified into: the systems of production, circulation and consumption. These three processes enable a holistic understanding of an economy. Further, the functioning of a society and its components is based on the larger ideological and political principles that the society adheres to. Hence, the modus operandi of a society's operations may be distinct from another society with a different ideological background. The socialist economy, owing to the ideological premises it is based on, is featured by a definite way of conduct.

In order to comprehend the socialist economy, the following account discusses the three broad economic activities.

12.5.1 System of production

In the socialist system of production, the motive of production of goods and services is consumption. This is unlike the capitalist society where it can be seen that the motive behind production is not only consumption, but also commercialization of products and hence eventually to make and maximize profit. This naturally implies that goods and services

are defined and valued for their usefulness and not their market value in a socialist society.

The lack of market orientation for the goods and services produced in a socialist economy evidently implies that the products are not subject to the market mechanism and the cycle of demand and supply. Therefore, the production system in the socialist society is more stable and risk-free, as compared to that of the capitalist economy.

As far as the ownership of means of production is considered, a number of methods have been devised which have been found to be ideal for a socialist society. First, the means of production, in a socialist society could be owned by public. Public ownership would mean that the means of production are owned by the state. Next, ownership of means of production could be directly by the users which could be facilitated by a co-operative. Again, means of production could be owned commonly by the entire society whereby the process would be administered by a handful of people amongst them.

Further, the socialist society is characterized by non-discriminatory power relations particularly in the economic space, which further helps to promote a non-hierarchical system of work management. A socialist work space would be characterized by decision making power and participating capacity to all the workers.

One of the primary goals of the socialist society is to eliminate the concept of alienation. The capitalist society is characterized by alienation, which Karl Marx defines as a sense of isolation or detachment. Alienation in the capitalist society, according to Marx in his "Economic and Philosophic Manuscripts of 1844" (1927), could be primarily of four different types :

Alienation of worker from product: This arises because in a capitalist society the design and the method of producing goods and services are not determined by the worker.

Alienation of worker from act of production: The mechanical and repetitive nature of work leaves no psychological satisfaction for the worker, leaving the worker with no attachment with or enthusiasm for his/her work.

Alienation of worker from fellow human beings: The long and routine labour work leaves the workers with little time for recreation and socialization, thereby making the workers develop a feeling of aloofness from others.

Alienation of the worker from other workers: In the capitalist society labour becomes a commodity that is subject to exchange for money. This nature of work makes the workers lose the spirit of connectivity and intermingling amongst them.

The socialist society aims to eradicate alienation by making people free from forced labour.

12.5.2 System of circulation

Circulation or distribution of the product of labour is another important economic activity. As has been mentioned, in the capitalist society the value of labour, goods and services are determined by the market forces, expressed in terms of an exchange value. However, the same does not exist in the socialist society. In the socialist society it is argued that the process of distribution would be carried by the cooperatives of the workers whereby all the workers would participate in a democratic decision making. This is expressed by the famous statement "From all according to their capacities, to all according to their needs." This essentially implies that in the socialist society resources are mobilized and accumulated from amongst the wealthy and are distributed to the needy as per their respective needs and requirements. Thus the process of distribution in the socialist society is not a market led intervention, but is a collective democratic process undertaken by the community or society as a whole.

The above account highlights the theoretical arguments that clearly bring out the distinction between the capitalist and the socialist system of distribution. However, Karl Marx is also seen as admitting that in reality such a clear distinction is difficult to be seen. The new socialist society is a progression from the old capitalist society, hence traces of the latter can be seen in the former.

Further, the capitalist society is characterized by the concept of socially necessary labour time. It is the amount of time that a worker needs

to work for in order to produce a particular quantity of goods. The socially necessary labour time further determines (along with other factors) the wages that the labourer shall receive. However, in the socialist society, the socially necessary labour time does not bind the workers' condition and wages. Here, it is seen as a factor with limited capacities to manage the workers' condition.

The pragmatic, ideal model for labour, time and wage determination in a socialist society has been explained by Karl Marx as follows. He argues that the accumulation of the labour time of all workers would define the social labour day. This measure of the labour day, when calculated shall reveal the exact share of work done and time spent on work by each worker. The wages that the workers will receive shall be based on his share of work done in a day or over a definite period of time, which shall be given out from a common fund.

12.5.3 System of consumption

In the socialist society, it is argued that the sharp distinction between the systems of production and consumption does not exist, unlike that of the capitalist society. In the capitalist society, the entities of consumption are generally classified into two types: necessary goods and luxury goods. The former are defined as those goods which are necessary for survival, the latter are defined as goods (and services) meant for the purpose of luxury, and hence they generally form part of the consumption list of the rich people. It is argued that the socialist society shall not exhibit this distinction of goods. Thus, here, with growth in production, there is growth in national income which eventually leads to the increase in the consumption basket. This further leads to growth in consumption in the society, thereby indicating a higher fulfillment of the needs and requirements of the people.



CHECK YOUR PROGRESS

Who is the author of the book "Agrarian Justice"?

Define materialism.

3. Mention one characteristic of feudal mode of production.



12.6 LET US SUM UP

- The beginning of socialist ideas can be traced to approximately the sixth century. However socialism gained prominence during the French Revolution. Further it began to be widespread in its present philosophical form only in the eighteenth and nineteenth centuries.
- Karl Marx discussed social evolution and progress as a process, called dialectical materialism, which is featured by some stages that all societies pass through. Socialism is envisioned as an advanced stage of society by Marx.
- Some of the general traits that characterize the socialist society are that the socialist society is democratic, egalitarian, characterized by economic efficiency, lack of market determined mechanism to control the major economic activities.
- In the socialist society the means of production are largely community based, unlike that of the capitalist society. Further, here, the motive behind the production of goods and services is consumption, and not profit making.
- In the socialist society, circulation or distribution of resources is not guided by the market mechanism, but is determined by the community based on egalitarian principles.
- In the socialist society, all goods and services shall be accessible for the use of all people. Further, unlike in the capitalist society, a growing socialist economy would indicate equal distribution of resources to all.



12.7 FURTHER READING

1. Abercrombie, Nicholas; Stephen Hill & Bryan S. Turner; 2000; The penguin Dictionary of Sociology; England.

2. Borgotta, Edgar F. & Rhonda J. V. Montgomery; 2000; Encyclopedia of Sociology; Cengage Learning Publisher.
3. Haralambos, H & R M Heald; 1997; Sociology : Themes and Perspectives; Oxford Publication.



12.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No.1: Thomas Paine

Ans to Q No.2: Materialism refers to the idea that matter is the determinant of all aspects.

Ans to Q No.3: Ownership of property in the form of land is one of the characteristics of the feudal mode of production.



12.9 MODEL QUESTIONS

(A) **Short Questions** (Answer within 150 words)

1. List out some general characteristics of the socialist society.
2. Discuss the Marxian idea of social progress with the help of the concept of Dialectical materialism.

(B) **Long Questions (**Answer within 300-500 words)

1. Illustrate the system of production of the socialist society.
2. How are the systems of circulation and consumption of the socialist society different from that of the capitalist society? Explain.

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UNIT 13 : ECONOMY AND THE STATE

UNIT STRUCTURE

13.1 Learning Objectives

13.2 Introduction

13.3 Planned Economies

13.4 Welfare Systems

13.5 The State and Global Markets

13.6 Globalisation, Economy and Society

13.7 Let us sum up

13.8 Further Reading

13.9 Answers to Check Your Progress

13.10 Model Questions

13.1 LEARNING OBJECTIVES

After going through this unit, you will be able to

- understand the economic structure and management of a planned economic system.
- Know about a welfare economic system
- know the phenomenon of globalization with particular reference to its association with the polity (the state), economy and the society.

13.2 INTRODUCTION

A society functions on the basis of its ideological principles. Likewise, the various elements and institutions of the society shall operate accordingly. The economic system of a society is one of the significant pillars of a society and its functioning is guided by the ideological background of the society, owing to which the management and structure of economies may vary from society to society. Thus, while a society characterized by a centralized polity may have a planned economic system, a mixed economic system may be characterized by a liberal social setup. Further, the economic, political and

cultural dynamics of a society are also shaped by various domestic and international phenomena. This process can be comprehended by the concept of globalization, which expresses itself in multi-dimensional aspects across the world.

The following account attempts to throw light on two prominent types of economic systems, their functions and management, their political and ideological roots.

13.3 PLANNED ECONOMIES

A planned economy refers to an economy where the decisions of monetary investments and resource allocation are based on a definite economy-wide production plan. Planned economies may be found in participatory or decentralized economies, or in centralized economies, however they are often associated with economies which are characterized by state planning and centralized control and decision making. This is the primary distinction between planned and non-planned economies. Non-planned economies are characterized by a system where the market mechanism, i.e. the economic activities of production, distribution and consumption are made by the market (firms in the market), and not by the state or a centralized authority. It is due to the essential state involvement in a planned economy that it is often associated with socialist societies or socialist ideals. Here it must be noted that a planned economy need not necessarily be guided by strict socialist ideology. It is essentially the tendency of an economy to do away with the capitalist regime of market management and replace it with state-defined market rules that there is seen a point of intersection between a planned economy and a socialist society.

The concept of planned economy is also often comprehended in terms of the idea of the command economy. This is so because both share some similarities and dissimilarities in terms of their nature. As mentioned above, the planned economy involves a necessary state control in its economic activities. Similarly, the command economy also has the element of state regulation, but at the same time it also has a substantial amount of

public ownership of industry and hence public has a role to play in the process of production.

Further, the planned economy is generally considered to be democratic and egalitarian in nature because of the state regularization of resources which is anticipated to result in equal and just distribution and management of resources. On the contrary, the command economy is usually perceived as necessarily authoritarian in nature because of the market regulated mechanism of economic activities.

It is important to be noted that while the planned economy is often characterized by state intervention, it must however not imply that state authority is the only form of resource ownership and management. In a planned economy, as mentioned above, resource ownership may be held through decentralized or participatory means, i.e. community ownership, or it may be owned by the people and managed through co-operatives, etc. Several scholars, in their attempt to analyse the idea of a planned economy, have reflected on both the positive and negative aspects of it. The following account highlights some of the advantages and disadvantages of a planned economy.

Advantages of a planned economy

In a planned economy, the resources of the economy (labour, land, capital, etc) can be mobilized and utilized by the government or the state machinery with much ease. This is so because, unlike in a non-planned economy, the authority does not have to wait for accumulation of capital or monetary investments to embark on any project. This is considered to be beneficial as it gives a thrust to the developmental works.

Disadvantages of a planned economy

It is argued that since in a planned economy, the decision making process and the market are entirely handled by the state with no public intervention, therefore, it is likely that preferences, tastes and the demands of the people may not be accurately understood by the authorities. This may lead to an inefficient co-ordination between the processes of production,

distribution and consumption. Further, this will inevitably lead to misallocation and hence wastage of resources.

This further brings one to the argument that decisions made from the above without taking into consideration the dynamic requirements and interests of the people, essentially means an attack on the democratic rights and claims of the people.

Again, it is argued that in contrast to the expectation that a planned economy results in more efficient, and just resource allocation and distribution, it may lead to high handedness by authorities in terms of decision making, hence leading to inefficient economic management.

13.4 WELFARE SYSTEMS

A welfare system is defined as one where assistance is provided to the needy and deserving. In the larger political context, a welfare system is perceived in terms of a welfare state. A state is called a welfare state when the government or any other state machinery that is present there has the responsibility to ensure the wellbeing and security of its people. It must be noted that the primary characteristic of the welfare state is that the welfare of its citizens are not to be entrusted to any private entity. Any welfare system is defined by its ability to provide equal opportunities to its people, equal distribution of wealth and resources, thereby taking the responsibility of the weaker sections of the society.

The welfare state functions by redistributing the taxes received by the state into various state services provided to the citizens. The redistribution or transfer of monetary assistance may be either to the services and the agencies handling them, or to the citizens directly.

In the present day the forms of welfare services provided by the state vary from that of the past. Earlier, welfare services were essentially in terms of poverty reduction measures. However, in the modern day welfare services may cover a wide range of aspects like health, education, career opportunities, etc and not necessarily be of the nature of providing food, cloth and shelter.

The idea of a welfare state has been closely studied by several scholars and has been subject to severe criticism.

A common argument against the welfare model is that it is likely to become counter-productive. It is argued that incentives and other benefits may make people unproductive and their tendency to work may reduce due to the easy inflow of the necessities.

A Marxian criticism to the idea of welfare provisions is that such provisions are to be merely considered as bribes. According to this view, those incentives are an attempt to weaken the revolutionary tendencies and consciousness of the masses.

Yet another argument against the welfare system is that the management and maintenance of such a system requires a large and qualified bureaucratic set-up, which in turn demands a huge monetary expense, which in turn shall raise the burden on the tax-payers.

13.5 THE STATE AND GLOBAL MARKETS

The state can be defined as a body consisting of various institutions which collectively exercise authority and control over a particular territory and the people residing there. The institution of state has been subject to several discussions. Broadly, the idea of the state can be comprehended in terms of three prominent schools of thought which have analysed the entity of the state.

1. **Anarchism:** The Oxford dictionary defines anarchy as a state of lawlessness and organized control. Anarchism as a political philosophy provides a negative light on the state by arguing that it is not an essentiality. Rather, according to anarchists, the state functions in a manner which can be considered to be harmful and which may in fact lead to a situation of statelessness. According to this view, the state is an institution which imposes, dominates and represses the people. They believe in abolishing the idea of state and state control.

2. **Marxism:** According to the Marxist view, the state is an institution which is handled and controlled by a few ruling elite either by exerting pressure on the state machinery or by means of manipulation of the state agencies or representatives. It implies that the state stands in a position which inherently becomes an institution representing and fulfilling the interests of the ruling class. Karl Marx and Frederick Engels call it a 'committee for managing the common affairs of the bourgeoisie' in the "Manifesto of the Communist Party". The Marxists therefore seek to abolish the state.
3. **Pluralism:** The Pluralist school of thought believes that the state acts in accordance with the interests and ideology of the ruling class. However, unlike the Marxists, they believe that power is coveted for by all individuals and groups. In the competition for power, whoever wins the race, the state inherently becomes a body which functions at the behest of the powerful. Thus, this view does not perceive the state itself as a biased body. Rather the state is seen as a body which is molded and manipulated in terms of its functions by the powerful ruling class.

The state vis a vis the global market is being increasingly studied. The inter-relationship between the two has gained attention of the scholarly discourses more so in the context of the globalised world. The growth of the global market, it is argued, has led to the gradual decline of the role and importance of the state. The rise of global markets has made the national territorial boundaries porous. This has further led to the easy inflow and outflow of goods and services. It is a result of the relaxation of rules and regulations, tariff regulations, trade guidelines, etc. This implies that in a global open market condition, the regulation and flow of trade requires very little state intervention. Consequently, the state has lost the significance it earlier had. Simultaneously, it has been seen that the role of the state has been replaced by the global bodies like multinational companies, firms, etc. The consequences of these processes have

not only been seen in the economic sector, but have also been widespread in the social and the cultural spheres. The easy access to products from around the globe has led to a greater cultural mix, in terms of food, clothes, ideologies, etc.

Yet another view holds a contrary perception about the state and global market relationship. According to this view, the rise and spread of the global market is not possible without the support of the state. Instead, it is argued, that in the context of a globalised world, the state acquires an international character. This phenomenon, referred to as the internationalization of the state, acts as a bridge between the domestic economic dynamics and the global scenario. In this process, it has been seen that those states which are able to grasp the domestic and the international scenario better while simultaneously co-coordinating with the domestic consumers efficiently, are likely to benefit more from the globalised economy. It further argues that, unlike stated above, it is the state and not the global organizations like multinational companies which play a significant role in the global economic context. However, the role and importance of the various governments may vary. This has further led to uneven power positions for different countries, which may in turn lead to a politics of power and influence whereby the powerful countries may spread themselves across the globe through economic, social and cultural hegemony.

13.6 GLOBALISATION, ECONOMY AND SOCIETY

Globalisation can be defined as the process by which the world tends to become closer where the boundaries tend to fade in importance. It entails a growing interaction amongst people, irrespective of their geographical and cultural identities, by the means of transaction of goods and services, food, clothes, etc. The concept of globalization has gained wider connotations over time, with its increasing identification with various other aspects like climate, pollution, resource management, etc. Initially, ideas of globalisation

were being discussed during the 1960s and 1970s. However, globalisation became an issue of popular interest and analysis only in the 1990s. The International Monetary Fund, in 2000, stated that globalization can be identified with four basic aspects: trade and transaction, migration and other kinds of movement of people, capital and investment flow, and the transmission of knowledge. The scholarly attempt to comprehend the idea of globalization is primarily through the three major aspects of globalization, which are classified as economic globalization, cultural globalization and political globalization. The cultural and the political aspects of globalization can be subsumed and explained under the social aspects of globalization.

Economic globalisation

Economic globalization refers to the growing interconnectedness and the interdependence amongst not only the various national domestic economies with each other but also with the world economic order. This can be seen in the rapid growth of movement of goods and services, capital, investments, technology, etc amongst and within the countries in the world. It must be noted here that economic globalization should not be identified merely with globalization of business which includes the diminishing trade barriers, reducing tariffs, etc. Rather, economic globalization is a broader concept which refers to the idea of the global economic integration manifested through a single and unified global market system. At present, economic globalization is largely characterized by the integration of the developed economies with the developing ones, primarily carried out through the means of foreign direct investment.

There are some significant indicators of the manifestation of economic globalization, listed below.

International organization for standardization: It is an international organization meant for the purpose of standard setting. It consists of representatives from multiple national level standard setting organizations. Multinational Corporation (MNC): A MNC is an international organization that has presence in multiple countries where it carries out production of goods and services.

Free-trade area: It refers to a defined area which is identified as a trading unit or bloc. The countries belonging to that bloc are signatory of a free-trade agreement, which signifies free and easy trade relations amongst the member countries characterised by lower trade barriers.

Business Process Outsourcing: It entails the process of outsourcing of skills, knowledge and labour from one country to another.

Social aspects of globalization

1. Globalisation and culture: Culture has seen drastic transformations with the rise of the globalised world. Its effects can be seen in the movement of ideas, ideologies, values, across the world. The significant role in the diffusion of culture has been played by primarily the media, internet and also increasing international tourism across the world. As a result there can be seen growing social relations and interconnectedness across geographical, racial, political boundaries. Some of the important elements which can be considered as strong agents of cultural globalization are listed below.

   Religion: Religion has been spread widely since early times through various factors like migration, colonialism, trade, etc.

   Sports: Sports acts as an important factor of connectivity and participation. For example, the Olympics, cricket and football matches are popular sports which bring together people from various backgrounds to a common ground as the audience.

   Music: Music acts as a great harbinger of connectivity and love amongst people. At present it can be seen that different music genres from different countries are widespread all across the world.

   Cultural globalization has also been subject to scholarly criticism. It is argued that there is a high likelihood that through cultural globalization the culture of a powerful country may dominate that of a less powerful country, which may eventually be a threat to the growth and sustenance of the latter. Further, it is also argued that the global availability of goods, irrespective of their native place of

origin, may also lead to a reduction in the quality of or the specialty of those goods.

2. Political Globalisation: A discussion on political globalization entails the state as the most important entity, which has been highlighted above. Further, there are elements which are often emphasized in the context of a politically globalised world.

   Inter-governmentalism: The idea of inter-governmentalism is expressed in two distinct ways. While one of the views states that it can be comprehended as a theory of integration of various regions, the other argues that the governments (both state and national) are the significant pillars of integration.

   Multi-level governance: This term, as the name suggests, argues that in a politically globalised world there are multiple structures of authority which are interlinked to each other at different levels.

   Multiple citizenship: It refers to the phenomenon whereby a person legitimately holds the citizenship of more than one state simultaneously.

The phenomenon of globalization has been subject to several scholarly discourses, which have expressed both the pros and cons of globalization. The above account has mostly dealt with the positive aspects of it. Here, the criticisms against globalization shall be highlighted.

Globalisation is considered by many as harmful to the society because of the dominating and over empowering tendencies that it has. This is manifested through cultural domination, superiority of the powerful and the rich over the others, etc.

Further, it is also seen that the growing contact amongst people due to globalization may lead to xenophobia (fear of the foreign/other). This may be manifested through identity crisis, hostility amongst different communities, etc.

Another argument against globalization is that while the economic indicators like GDP may highlight the boosting economic aspects, but the actual social and cultural aspects are not represented by such indicators.

Therefore, to understand the consequences of globalization in the routine life of individuals it is essential to measure globalization through social indicators like happiness, security, peace, etc.

Thus the above account clearly states that globalization as a worldwide phenomenon has to be analyzed in terms of both its pros and cons.



CHECK YOUR PROGRESS

1. Mention one criticism of a welfare system.
2. Define state.
3. Mention one criticism of globalization.



13.7 LET US SUM UP

- A planned economic system is characterized by an essential state regulation whereby the economic decisions and activities are carried out based on a defined plan. It may be a feature of a centralized or a decentralized society.
- The nature of a state or an authority may be welfare oriented which means that it makes provisions for free or subsidized goods and services for its citizens. The welfare provisions may manifest themselves in different forms in different societies.
- Globalisation is the process whereby the world becomes connected and closer through growing interactions and communication amongst peoples, cultures, nations. It has three predominant dimensions: the economic, cultural and the political.
- The social aspects of globalization can be comprehended by its political and cultural dynamics. The political aspect can be explained primarily through the role of the state in the globalised world.



13.8 FURTHER READING

1. Abercrombie, Nicholas; Stephen Hill & Bryan S. Turner; 2000; The penguin Dictionary of Sociology; England.
2. Borgotta, Edgar F. & Rhonda J. V. Montgomery; 2000; Encyclopedia of Sociology; Cengage Learning Publisher.
3. Haralambos, H & R M Heald; 1997; Sociology : Themes and Perspectives; Oxford Publication.
4. Ritzer, George; 2011; The McDonaldization of Society; Sage Publication; USA.



13.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No.1 : It is argued that the management and maintenance of a welfare system requires a large and qualified bureaucratic set-up, which in turn demands a huge monetary expense, which in turn shall raise the burden on the tax-payers.

Ans to Q No. 2: The state can be defined as a body consisting of various institutions which collectively exercise authority and control over a particular territory and the people residing there.

Ans to Q No. 3: It is argued that in a globalised world, while the economic indicators like GDP may highlight the boosting economic aspects, but the actual social and cultural aspects are not represented by such indicators.



13.10 MODEL QUESTIONS

(A) **Short Questions** (Answer within 150 words)

Q1. What is a planned economy?

Q2. What is a welfare state?

Q3. What are the three main aspects of globalization?

(B) **Long Questions** (Answer within 300-500 words)

Q1. What are the advantages and disadvantages of a planned economy?

Q2. Explain the role of the state in the contemporary globalised world.

Q3. Highlight the economic and cultural dimensions of globalization.

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