

**DIRECTORATE OF DISTANCE EDUCATION
UNIVERSITY OF NORTH BENGAL**

MASTER OF ARTS-HISTORY

SEMESTER -I

TWENTIETH CENTURY WORLD

CORE-101

BLOCK-1

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FOREWORD

The Self Learning Material (SLM) is written with the aim of providing simple and organized study content to all the learners. The SLMs are prepared on the framework of being mutually cohesive, internally consistent and structured as per the university's syllabi. It is a humble attempt to give glimpses of the various approaches and dimensions to the topic of study and to kindle the learner's interest to the subject

We have tried to put together information from various sources into this book that has been written in an engaging style with interesting and relevant examples. It introduces you to the insights of subject concepts and theories and presents them in a way that is easy to understand and comprehend.

We always believe in continuous improvement and would periodically update the content in the very interest of the learners. It may be added that despite enormous efforts and coordination, there is every possibility for some omission or inadequacy in few areas or topics, which would definitely be rectified in future.

We hope you enjoy learning from this book and the experience truly enrich your learning and help you to advance in your career and future endeavors.



TWENTIETH CENTURY WORLD

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BLOCK-1: TWENTIETH CENTURY WORLD

Introduction to Block

UNIT I: CAPITALISM: GROWTH AND STRUCTURAL

CHANGES: Analytical view for the Emergence of Capitalism, Growth of Capitalism, Structural Changes in Society and Economy, Entrepreneurism, Bourgeois Culture, New Scenarios in Social Structure, Economic and Demographic Changes

UNIT II: IMPERIALISM: THEORIES, CONCEPTS AND

EXPANSION: Definition of Imperialism, Theories and Concepts of Imperialism, Stages of Imperialism, Growth of Capitalism and Imperialism, Imperialism: England, Rivalries for the Domination of Globe, Effects on World War I

UNIT III: LIBERALISM AND LIBERAL IDEAS:

Liberal Conception of the State, Views of Rousseau and Marx, Concept of Welfare State, Liberal – Egalitarian State, Libertarian – Minimal State, Gandhian Perspective on the State, Feminist Theory and the State

UNIT IV: SOCIALISM : The Theory of Societal Progress, Eccentricity and Capitalism, Meaning of Socialism, Karl Marx and Socialism, Critiques of Marx, Growth of Socialist Model in Soviet Russia, Various Arguments, Cultural Aspects of Socialism in Russia

UNIT V: RUSSIAN REVOLUTION : The Making of Russian Revolution, The 1905 Revolution: Precursor for 1917, First World War and Russia, October Revolution, Responses and Reactions, The Heritage of Russian Revolution

UNIT VI: SOCIALIST MOVEMENTS: Further Developments in USSR 1945-64, Monumental phase of Socialist Industrialization, The Private Sector, Spread of Soviet Model in Eastern Europe, The Achievements of Socialist Industrialization in Eastern Europe, Socialist Initiatives outside Soviet Bloc)

UNIT VII: NATIONALISM: FORMS, NATURE AND EFFECTS:

Meaning, Nature and Types of Nationalism, Stages in the Development of Nationalism, Conservative Nationalism in late 19th century and early 20th century, Effects of Nationalism

UNIT – 1 CAPITALISM: GROWTH AND STRUCTURAL CHANGES

STRUCTURE

1.0 Objectives

1.1 Introduction

1.2 Capitalism Led Industrialization

1.3 Analytical View: Emergence of Capitalism

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1.0 OBJECTIVES

This Unit defines Capitalism and refers to various theories related with emergence of Capitalism. The Unit also highlights how Industrialization is facilitated by capitalism? In addition to talking about the growth of capitalism, it also refers about new social configurations that were

developed in by the process of modernity. Far reaching profound and irreversible changes took place in virtually every section of the society, e.g., new demographic profile, erosion of traditional communities, declining hold of religion, and secularization of life in general, mammoth transfers of population from villages to cities, creation of new and large urban centre, and creation of new jobs and occupations

1.1 INTRODUCTION

Definitions of capitalism are antique, controversial, and give rise to different and often incompatible clarifications of economic history. This is because capitalism is a historical phenomenon. To say this is more than a truism. It implies that capitalism grew over a long period of time. Consequently, historians differ as to the point in time where the phenomenon may be reasonably said to exist. Some scholars take an expansive view, beginning their story in classical antiquity and encompassing all manifestations of profit-seeking trade, investment, and production. Others focus much more narrowly, whether by equating capitalism with a single quality – such as competition, markets, and the predominance of money in exchange – or by identifying this form of economic structure with modern factory industrialization as originally exemplified by England during the Industrial Revolution.

A capitalist system means that property is predominantly in private hands and the allocation of goods, services, and factors of production (land, labour and capital) is made mainly through market mechanisms, with capitalists responding to profit signals, workers to wage incentives and consumers to prices. In the second place, capitalist economies are highly capitalised. Their stocks of physical capital, education and knowledge are large relative to their income flow and huge when compared with pre-capitalist societies because the most striking characteristic of capitalist performance has been a sustained upward thrust in productivity and real income per head, which was achieved by a combination of innovation and accumulation. In this respect, capitalism is very different from earlier modes of production or social orders whose property and

other social institutions were oriented to maintain equilibrium and were less able to afford the risks of change.

Historically, the rise of this new economic system was an entangled and pervasive process nearly involving every facet of economic life throughout Europe. It also has longevity which stretched across the entire early modern period. The development of capitalism entailed a revolution in economic relations, institutions, and attitudes; on occasion it involved violence on the part of proponents and opponents alike which gave birth to new social classes. None of this occurred quickly or abruptly, however. It gradually supplanted the other forms rather than dramatically overthrowing them. Hence its date of birth and critical moments of maturation are difficult to specify. Not only was the advance of capitalism steady or uniform but also a decidedly uneven procedure--one that suffered disruptions, crises, even reversals. The process unfolded in disparate fashion across nations, regions and sectors of the economy; even within the same industry or farming district capitalist and non-capitalist methods might be found cheek by jowl.

1.2 CAPITALISM LED INDUSTRIALIZATION

Capitalism is pre sine qua non which coincides with the phenomenon of industrialization in its full-blown form. With new economic institutions and the new technology (the relations and the means of production) it transformed the world. Technical progress is the most essential characteristic of capitalist advance, but it is also one that is most difficult to elaborate. This is because its effects are permeated throughout the growth process in a different ways. It increases the quality of natural resources and labour power which has an impact on trade. Investment is the major vehicle in which it is engrossed and their respective roles are closely interactive. There is no doubt of its importance in capitalist growth, or the contrast between its role in capitalist and pre-capitalist industry. A major driving force of capitalist industrialization is the strong urge to risk capital and other means of production on new techniques that

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hold promise of improved profits which is in strong contrast to the defensive wariness of the pre-capitalist approach to technology.

Some scholars regard the application of science to industry as brethren. But this view has its difficulties. In the eighteenth century, the body of scientific knowledge was too slim and weak to be applied directly to industrial processes, whatever the intention of its advocates. In fact, it was not until the second half of the nineteenth century, with the flowering of chemical and electrical sciences, that scientific paradigms provided the foundations for new tools and techniques and new industries. It is evitable, that as early as the seventeenth century the processes of science – observation and experiment – were being applied (not always successfully) for utilitarian purposes. Nor were such efforts restricted to men of scientific training.

Indeed one of the most magnificent features of technical progress in the eighteenth and early nineteenth centuries was the large proportion of major inventions made by unsuspecting thinkers, self-taught mechanics and engineers (the word engineer acquired its modern meaning in the eighteenth century) and other self-taught persons. In many instances the term experimental method may be too formal and exact to describe the process trial and error may be more apposite. But a willingness to experiment and to innovate penetrated all strata of society, even the agricultural population was not left untouched, which generally were the most conservative and suspicious sections. The most significant improvements in technology involved the use of machinery and mechanical power to transform tasks that had been done inadequately and lethargically by human or animal power, or that had not been done at all. To be sure, elementary machines like the wheel, pulley and the lever had been used since antiquity, and for centuries humankind had used a fraction of the inanimate powers of nature to propel sailing ships and actuate windmills and waterwheels for rudimentary industrial purposes.

During 18th century, a notable increase in the use of waterpower in industries such as grain milling, textiles, and metallurgy happened. The most important developments in the application of energy in the early stages of industrialization involved the substitution of coal for wood and charcoal as fuel and the introduction of the steam engine for use in

mining, manufacturing and transportation. Similarly, although metallic ores had been converted into metals for centuries, the use of coal and coke in the smelting process greatly reduced the cost of metals and their ores which exponentially increased their uses, whereas the application of chemistry generated new synthetic materials.

Though the term ‘industrialization’ was absent from the work of Marx and Engels, the conviction was clearly present. Marx distinguishes ‘Modern Industry’ (Factory System, Machinery System) from earlier forms of capitalist production. Modern industry is distinguished from manufacture by the central role of machinery: ‘As soon as tools had been converted from being manual implements of man into implements of a mechanical apparatus, of a machine, the motive mechanism also acquired an independent form, entirely emancipated from the restraints of human strength. Thereupon the individual machine sinks into a mere factor in production by machinery’. (*Capital, 1, chapter 13, section 1*) In parallel with manufacture, Marx distinguishes two stages in the development of the machinery system. In the first stage, ‘simple co-operation,’ there is only a ‘conglomeration in the factory of similar and simultaneously acting machines’ using a single power source’. In the second stage, a ‘complex system of machinery’, the product goes through a connected series of detailed processes carried out by an interlinked chain of machines. When this complex system is perfected and can carry out the entire process of production with workers only as attendants, it becomes an ‘automatic system of machinery’. (*Ibid*, chapter 13, Section 1)

1.3 ANALYTICAL VIEW: EMERGENCE OF CAPITALISM

The origins of capitalism are traced myriadly to the growth of merchant capital and external trade and to the spread of fiscal transactions within feudalism by the commuting of feudal rent and services into monetary forms. This argument concerns the transition from Feudalism to Capitalism and pertains mainly to Western European experience where capitalism first emerged. Whatever the reasons for its origins, the period

from about the 15th century to the 18th century is generally accepted as the mercantilist capital phase of capitalism. Overseas trade, colonization and imperialism carried out by the state-chartered monopolies played a pivotal role in this phase of capitalism especially in Holland, Spain, Portugal, England and France. The industrial phase of capitalism opened with the rise in power-using machinery in the Industrial Revolution in England.

This section will briefly examine theories for the emergence of capitalism advanced by three major thinkers, namely Adam Smith, Karl Marx, Franklin Mendels and Immanuel Wallerstein.

1.3.1 Adam Smith

In the model put forward by Adam Smith (1723-90) in *An Enquiry into the Nature and Causes of the Wealth of Nations*, Book 1, the development of a society's wealth –related with the development of the productivity of labour – is a component of the degree of the division of labour. By this Smith simply means the specialization of productive tasks---achieved through the bifurcation of agriculture and manufacturing and their assignment to country and town respectively. The division of labour in industrial production made possible an exponential growth in output and productivity. If it was possible to sell this enhanced output over a wide market, then such division would prove profitable and these profits could be revert back in further profitable activity.

For Smith, the degree of specialization is bound up with the degree of development of trade: the degree to which a interdependent specialized labour force can be, and is, linked up via commercial links. Thus we get Smith's famous principle that the division of labour is limited by the extent of the market and the size of the area and population linked up via trade relations. For Adam Smith the development of trade and the division of labour unfailingly brought about economic growth. Smith's view, that the bifurcation of manufacture and agriculture and their allocation to town and country, consequently upon the generation of trading connections, will lead to a process of economic development. This would be because the output of the increased productivity which 'naturally' follows from the producers' concentration on a single line of production rather than a multiplicity of different ones.

1.3.2 Karl Marx

The transition from Feudalism to Capitalism was never a substantive specialization for Marx (1818-83) and Engels. It was nevertheless a problem addressed occasionally in discussion of more concrete themes such as the historical materialist method, the capitalistic mode of production or class conflict in history. To Marx, capitalism was powerful and in a state of flux, a superior means of production that enhanced economic growth far above anything possible in feudalism. He attributed its appearance not to the release of natural, unchanging human preoccupations but to specific economic, political and legal measures.

In Marx's interpretation of the emergence of capitalism two broad views were offered. He first emphasises on the most corrosive effect upon the feudal system of mercantile activity, the growth of a global market and new expanding cities. Mercantile capitalism, within an autonomous urban sphere provides the initial dynamic towards capitalism: merchants entered production and employed wage earners. The second variant, evident especially in *Capital*, centres on the 'producer' and the processes where the producer (agricultural or in the crafts sector) becomes a merchant and capitalist. Marx regards the latter as 'the really revolutionary path' to capitalism since this transforms the means and techniques of production. This is because mercantile activity (the first variant) may well turn products for use into commodities for exchange but it does not explain how and why labour power should itself become a commodity. Although the merchant path separates the worker from ownership of the product, it retains inherited tools and techniques and social organization of means of production. It is therefore ultimately dogmatic. Hence it cannot explain the transition to capitalism. The primitive (or original) accumulation of capital is a concept developed in Marx's *Capital* and *Grundrisse* to designate the process which generates the prerequisites of the ongoing accumulation of capital. In Marx's words, 'primitive accumulation is nothing else than the historical process of divorcing the producer from the means of production'. (*Capital*, 1: 873-5). Marx's focus is upon how one set of class relations changed into another. In particular, how it is that a property-less class of

wage-earners--the proletariat, becomes confronted by a class of capitalists who monopolize every means of production.

1.3.3 Immanuel Wallerstein

Capitalism was from the beginning, Wallerstein argues, a matter of the world-economy and not a notion of nation states. Capitalism has never allowed its wings to be determined by national boundaries. For him, 'the only kind of social system is a world system, which we define quite simply as a unit with a single division of labour and multiple cultural systems.' There could be two varieties of such world systems, one with a general political system and other one without. These were called world empires and world-economies respectively. The modern global system, which created a European world economy with an unprecedented structure originated in 16th century Europe, during what Braudel called the 'long sixteenth century' (1450-1660). The geographical limits of this world economy which was largely determined by the state of technology at that time included North-West Europe---the 'core' of the system. Dividing the world into two more elements, Wallerstein placed Eastern Europe (but not Russia) and Spanish America at the 'outer sphere', while the Mediterranean littoral (Spain and the Northern Italian city-states) became a 'semi-periphery'. How did the European world-economy operate? The core areas had mass market industries, international and local trade and commerce in the hands of local bourgeoisie and relatively advanced and complex forms of agriculture. The peripheral areas were of similar cultural, with the cash crops produced on large estates by forced labour. The semi-peripheral areas were in the process of de-industrializing, although they still restored some share in international banking system and high cost quality industrial production. Sharecropping was the most usual form of agricultural labour control used there---a form that was intermediate between the freedom of the lease system and the coercion of slavery and serfdom.

This world was comprised of many political entities. In the core states, relatively strong state systems emerged with an absolute despotism of monarch and a patriarchal state bureaucracy. By contrast, the critical feature of the periphery was the absence of a strong state. The semi-periphery was, once again, in between in its polity. By the end of the 16th

century the decline of state power and authority was clear in Spain and in the large city-states of north Italy.

Wallerstein identified three stages in the development of the world-economy. The first was one of agricultural capitalism, from the 16th to the 18th century. In this stage wage labour is only one of the modes in which labour is recruited and paid; slavery, share cropping and tenancy are all alternative modes. The second stage commenced with the world-wide recession of 1650-1730. In this stage England first ousted the Netherlands from her commercial dominance and then successfully stopped France's attempt to catch up. It was only in the third stage from the mid 18th century that capitalism became primarily industrial (rather than agricultural or mercantile). In this stage capitalist led industrial production represents a constantly growing share of the world's total production. As importantly too, there is the geographical aggrandizement of the European world-economy to include the entire globe. Some of the other important theorists in this respect have been Robert Brenner, M.M. Postan and Emmanuel Le Roy Ladourie.

Check your progress-1

1) How capitalism facilitated the rise of Industrialization?

2) Distinguish between the views of Marx and Adam Smith vis-a-vis capitalism.

1.4 GROWTH OF CAPITALISM

1.4.1 Different Ways Of Industrialization: Britain, France And Germany

There have been and are many paths to industrialization among countries. One would expect this from their historical and geographical diversity and with associated differences in the gestation periods. It is these variations that militate against a non-country specific theory of capitalist industrialization. Britain's transition to capitalist led industrialization was not at all typical of the European experience. Thus Patrick O'Brien and Caglar Keyder, suggest that the British experience is 'initial' rather than 'normal practice', especially with regard to the relative size and increase in production of agriculture. They state that, "Economic theory lends no support to assumptions....that there is one definable and optimal path to higher per capita incomes and still less to the implicit notion that this path can be identified with British industrialization as it proceeded from 1780 to 1914".

Instead of being presented as the paradigmatic case, the first and most famous instance of economic growth, the British Industrial Revolution is now viewed in a more negative light, as a limited, restricted, piecemeal phenomenon, in which various things did not happen or where, if they did, they had far less effect than previously argued. Instead of stressing how much had happened by 1851 it is now frequent to note how little had actually altered. Recent research has stressed the gradualness of change when seen from a macroeconomic standpoint and has also been tending to argue that the 'industrial revolution' was not merely economic, but social, intellectual and political too. The change in emphasis in historiography has been from national aggregates and sectoral analysis to regional alterations and under-development, from the few big and successful businessmen to a many small and inept entrepreneurs. Social history has drifted away from analyses of new class formations and consciousness, as characterized by E. P. Thompson and emphasized by J. Foster to identifying continuity between social protest and radicalism between the 18th and 19th centuries. Then, an influential tendency in the socio-cultural historiography of the 1980s has argued that the British Industrial Revolution was not sufficed because the industrial

bourgeoisie failed to gain political and economic ascendancy. Economic and political power remained in the hands of the landed aristocracy hence 'Gentlemanly capitalism' prevailed.

The historiography of the British Industrial Revolution has moved away from viewing the late 18th and early 19th centuries (particularly 1780-1815) as a unique pivotal point in economic and social development. For example, A.E. Musson's survey, *The Growth of British Industry* criticizes what he regards as 'the general interpretation presented in most textbooks', namely that 'the industrial revolution had taken place by 1850 and the factory system had triumphed.' He emphasized to the extent that consumer goods industries remained handicraft industries which located in small workshops; the degree to which, as shown in the 1851 census, patterns of employment and occupational structure and function remained dominated by traditional artisans, labourers and domestic serfs and the very slow rate at which factories spread and steam power was diffused. He argues that, 'There are good grounds for regarding the period 1850-1914 as that in which the Industrial Revolution really occurred, on a massive scale, transforming the whole economy and society much more deeply than the changes done earlier.' Some historians challenge the elaborative view of the Industrial Revolution expressed in T.S. Ashton's memorable phrase, 'A wave of gadgets swept over England.' Ashton's view was widespread during the 1950s and 1960s. His critics see the Industrial Revolution as a much microscopic phenomenon, as the result of technical change in a few industries, most notably cotton and iron. Crafts wondered whether it was possible that there was virtually no industrial advance during 1760-1850. Since the 1980s, studies of the Industrial Revolution have borne out its pace in leaps and bounds. New statistics have been produced which illustrate the slow growth of industrial output and gross domestic product. Productivity grew slowly; fixed capital proportions, savings and investment patterns altered only gradually; workers' living standards and their personal accumulations remained largely unaltered before 1830 and were certainly not squeezed.

Research by Williamson, Knick Harley and Feinstein has revealed the fact that Britain passed through a turning point around the 1820s. Growth in National Income was not great before than after that year. There was

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exponential growth rate of industrial production too. Feinstein's estimates of the growth of capital formation shows that it drifts incline from then, as does the rate of capital accumulation and the growth rate of capital invested per worker employed in industry. The turning point was substantial in the standard of living. The adult, male, working class real wage failed to increase between 1755 and 1819, but from 1819 to 1851, it rose at an annual rate of 1.85%, according to estimates in 1983 by Lindert and Williamson.

Among the early industrialized nations, France remains the most unusual case. That fact gave rise to a large literature devoted to explain of the supposed 'backwardness' or 'retardation' of the French economy. The major tendency in the Anglo-American literature on modern French economic growth was to treat it in this context. Indeed, in what might be regarded as the founding account of that growth, Sir John Clapham went so far as to amuse that 'it might be said that France never went through an industrial revolution.' What has impressed economic historians as they have looked at nineteenth century France, is the failure of some dramatic breakthrough to appear and subsequent absence of a marked acceleration in growth.

Recent new empirical research and theoretical and rational insights have shown that the earlier arguments were based on a false premise. In fact, although the line of industrialization differed from that of Britain and the early industrialized nations, the outcome was not less efficient and in terms of social welfare, may have been even more humane. Moreover, when one looks at the patterns of development of successful late industrialized nations, it appears that the French pattern may have been more 'typical' than the British.

Two factors in the French situation account in large measure for its unjustified reputation for 'retardation', namely, the dramatic fall in marital fertility, which reduced the growth rate of the population to less than half that of other major nations; and secondly the scarcity and high cost of coal, which resulted in a lower output of the heavy industries (iron and steel) than in other large nations, such as Britain and Germany. Moreover, these two factors in combination help to account for several other features of the French pattern of industrialization, such as the low

rate of urbanization, the scale and structure of enterprise and the sources of industrial energy.

The universal characteristic of French industrialization was a relatively slow expansion of large-scale capital-intensive forms of production. Investment in the advanced sector proceeded at a slow pace, there being no clear acceleration until the 1850s or 1860s and there was a respectively limited growth in new employment outlets. In 1851, at the first industrial census, what the French call *la grande industrie*, it counted 1.3 million workers, or less than 25% of the industrial labour force. Further evidences were the 'proto-industrial' forms. The continuation of domestic workshops and hand tool methods until at least mid 19th century, if not beyond, was common to a large variety of industries with urban artisans tending to work full-time on the higher quality goods and leaving the less skilled tasks to the peasant-worker. Even in the more mechanized industries, large numbers of mines, iron works, spinning mills and weaving sheds were small per the British or German standards, located in isolated rural areas and dependent on labour which continued to work on part-time basis in agriculture.

Unlike Britain or France, before it could commence, the capitalism led industrialization in Germany had to wait the formation for a well-defined area i.e a unified Germany. Before the mid 19th century political fragmentation, whether within the Holy Roman Empire or with the German Federation, was reinforced by the economic conditions of numerous custom barriers, poor communications network, primitive and obsolete roads and the reduction of economic activity to untouched islands that were separately linked to regional markets. As Sheehan pointed out, there was nothing particularly 'German' about these economies.

R.C. Trebilcock had pointed that the German pattern of development was very unsimilar to that of British 'prototype'. Britain had faced an industrialization of low cost, a technology of low capital intensity and had acquired both by recourse mainly to the savings – personal, familial or local which were amassed by entrepreneurs and their thrifty reinvestment of profits. Participation of Banks was usually employed in the provision of short-term working capital and scarcely in connection with long-term capital formation or share ownership. In contrast, Banks

were more important for German industrialization. Indeed Germany was the principal case of ‘moderate backwardness’ for some scholars, in which banks supply crucial financial and entrepreneurial inputs. Unlike Trebilcock, others have found closeness in the British and German paths of industrialization. Both occurred in a relatively brief and clearly marked period of years. Both were based on the classical sectors of coal, iron, engineering, and to a lesser extent, as in the German case, the textiles. The development of the railways triggered a greater range of ‘backward’ and ‘forward’ linkages in Germany (on the metallurgical and mining industries, the employment structures and the rate of capital formation) than the industry had done in England at about the same periods of the 19th century.

German industrialization was also dissimilar on account of the role performed by various cartels. Cartels were groups of firm that combined to control prices, production and markets. They, either the firms making the same range of products or those engaged in different stages of the production of the same products. They began to emerge from the late 1870s and in close collaboration with the biggest banks, gave German industry a degree of concentration in the spheres of capital and labour that was unprecedented anywhere else except in Imperial Russia. They promoted rapid technical growth, a substantial rate of capital formation and an unparalleled supremacy in the export of manufactured products.

1.4.2 Britain, France And Germany: Agriculture And Industrialization

The contribution of the agricultural sector to British, French and German industrialization is different in its chronology and content. Agriculture’s contribution in this respect has been broadly assessed on three parameters, namely whether it created a food security for the non-rural population; whether it helped to widen the scope of home and foreign markets; whether it generated factors of production for industrial investment. The characteristics of the so-called ‘agricultural revolution’ in northern Europe tended to be similar as they included the introduction of new crops like artificial grasses or roots, which preserved the soil’s fertility and so terminated the earlier necessity for fallow periods. The earlier three-field system, where each field followed a cycle of wheat or

rice, barley or oats, was changed to a cycle which eliminated leaving some area fallow and included the cultivation of forage crops. More forage meant that a larger number of livestock hence more organic manure and higher yield of the crops.

English agriculture became the most productive in Europe during the 17th and 18th centuries, well before the advent of industrialization. Landlords, who already by 1700 A.D controlled three-quarters of England's farm land, contributed to rising outputs and yields by enclosing land and providing capital. But it was now increasingly recognized that it was not them but tenants and owner-occupiers who were in the forefront of the new land use patterns and technologies. Before about 1960, the standard view on British agricultural change assigned it to the late 18th and early 19th centuries, during the period of Parliamentary enclosures, which were seen as its cause. A few works suggest that that the fastest growth in agricultural output occurred before 1760 and this growth was exponential between 1700 A.D to 1730 A.D as agriculture became more capital-intensive.

The capacity of British agriculture to sustain industrialization on an elaborative food basis has been questioned. Addressing the phenomenon of 'A British food puzzle' in 1995, Huberman and Lindert pointed out that even as per capita income was growing from 1770 to 1850, food supplies per capita stagnated or even nosedived. This is the food puzzle. To match the demand from rising real incomes, indigenous agriculture should have grown, they suggest, by 172%-228% in 1770- 1850. But there was actually small gain in productivity in this period. This implies a downfall in living standards since food consumption downsized during the period of the British Industrial revolution despite apparently rising real earnings.

French agriculture increased markedly from 1815 to the early 1870s, the period during which rapid sustained growth was seen to have happened in per capita agricultural production in all regions of France. It grew steadily and rapidly enough to feed a rising population, a miniscule proportion of which was engaged in agriculture, and to meet the demand for industrial raw materials (barring raw cotton). Productivity per unit of capital employed in agriculture increased steadily throughout the 19th century.

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Annie Moulin has elaborately pointed a case for the results of the French Revolution having laid not in the formation of a capitalist economy but rather in the consolidation for a century and a half (up to about 1950) of a system of small-scale peasant agriculture based on subsistence farming and the intensive use of family labour. Over the nineteenth century (1815-24 to 1905-13), productivity per worker employed in French agriculture grew by 0.25% annually as against 1% in Britain. The main reason was clearly that the French economy achieved a far higher share of its labour supply in the villages and small towns rather than re-shifting it to industry. There was also a pressure of population on the land and the problem of declining soil fertility. Yields per hectare cultivated in France were around 75% of the British level for most of the 19th century.

It has been argued that rural France provided little jerk as a market for industrial goods. Overall, French cultivators saved to buy immovable land rather than manufactured goods. Until about 1870, notes Eugene Weber, 'many peasants bought only iron and salt, paid for all else in kind and were paid the same way, husbanded their money for taxes or hoarded it to acquire more land.' Through most of the 19th century, the internal terms of trade and commerce moved in favour of agriculture. The French countryside provided relatively few workers for industry which reflects the fact that a majority of Frenchmen preferred to remain on farms.

David Landes cites an estimate that as much as 55% of the labour force was in agriculture in 1789 and this was still true in 1886; by 1950, the proportion had fallen to one-third. Historians like Dunham and Kindleberger have come to the conclusion that French industry had an adequate supply of labour in the 19th century.

The transformation of German agriculture had to await the amelioration of the peasantry. This process started with the legal reforms of 1807-21 and was largely completed by 1830 in the western provinces and by 1840 in the eastern provinces. The legislation effected the abolition of seigniorial duties concerning the legal protection of farmers, the removal of burdensome medieval obligations and improved efficiency of production by the usage of wage labour. Agricultural production increased more than three-fold during the 19th century, while population increased by a factor of 2.3. Though, the share of agricultural employment fell with industrialization. Germany was almost completely

self-sufficient in foodstuffs by about 1850 and German peasants produced a surplus of food grain, wool and timber for exports. After that, Germany was increasingly unable to feed herself as it became a net importer of wheat, oats and barley. But agricultural productivity went on increasing, though not as rapidly as in industry and craft.

Check Your progress-2

1) How the growth of capitalism and Industrialization differs in various countries?

2) How agriculture led to the growth of Industrialisation in European countries?

1.5 STRUCTURAL CHANGES IN EUROPEAN SOCIETY AND ECONOMY

1.5.1 Changes In Life Style And Social Structure

In pre-industrial and peasant societies families were the basic unit of production and subsistence agriculture was the aim of productive activity. From weavers in 18th century England to coal miners in 20th century colonial India, men, women and children could all be found performing different tasks in a co-ordinated work-process. More often than not this labour would be remunerated in piecemeal rates or through the putting-out system based on advances. The families might also be able to cultivate small plots of land and have access to common lands or forests for fuel and forest produce. In the Western world, the experience of industrialization dislocated the family economy. (It is noteworthy that these aspects are substantially modified in the so-called developing countries where casual, informal and seasonal labour was universal and

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takes into its bosom the employment of vulnerable sections as members of work gangs).

Modern industrial economic processes have harmed the economic function of the family as production sites shifted to industries. Most family members have become landless agricultural labourers, tenants-at-will or factory workers. Work for subsistence has been replaced by work in the factories and for daily wages. In the less developed world the conditions remain quite similar to what they were in the initial phases of industrialization in the West. Families struggle to maintain traditional collective bondness and failed to pool their resources and make regular visits to homes. Their daily wages still contribute to a common family fund. In the absence of a comprehensive system of social security and schemes, villages and families failed fulfil their traditional role. Except this, the lives of the workers, whatever is their location, have become dependent upon the capitalist system of wage labour due to which the place and functions of the family had undergone a qualitative shift. The extended families of the pre-industrial and early industrial periods, have given way to nuclear families of parents and dependent children with a sole bread earner.

Under the modern social structures work has become the principal source of individualism. This has been followed by a massive increase in the division of labour and work that went beyond artisanal specialization and what Adam Smith and Karl Marx called the 'detailed' division of labour in the work task itself. The tasks involved in generating a product are fragmented and allocated to several individuals as a means of increasing specialized productivity. This division of labour is the basis for the increase in productivity of modern capitalism. The latter is also associated with the innovations of various entrepreneurs like Henry Ford who introduced the moving assembly line and the 'scientific management' techniques of Frederick W Taylor (a classical thinker) with his 'time and motion' studies.

In modern industrial society, economic wealth, position and relationships has become the keystone to social position. While wealth was always important in determining social position, it was not the central determinant. Other aspects of social being, such as membership of this or that community, race, religion, age or gender were of great importance in

determining positions in the social hierarchy and moving up in the ladder---Sanskritization.

But industrial society has nullified all these principles to the economic one. The position of the individual in the production system and the marketplace gives him place in a particular class, which ultimately increases his/her prestige. Property ownership and education levels also affect market position. Karl Marx predicted that these trends would leave two main economic classes, the proletariat or bourgeoisie. It is a matter of debate among modern sociologists whether these processes of class stratification are still moving in the direction suggested by Marx.

Although it is true that economic linkages have not completely eliminated non-economic determinations of a social status, (a fact that carries a great deal of political significance), it may also be argued that the subordination of human productive activity to capitalist markets and the wage-labour form is going on uninterrupted.

1.5.2 Entrepreneurism

The pre-capitalist social system of the ancient regime was one of 'estates'. An estate was a stratum in which all the four major benefits—privilege, power, prestige and position—were largely determined at birth and also fixed as social inequalities. The aristocracy constituted the influential estate, stratified within itself. The Church constituted a separate stratum but not determined by birth. But even in the 'Third Estate', the stratum of urban tradesmen and artisans i.e the guild system carefully regulated the distribution of income and benefits. The modern bourgeoisie grew out of this Third Estate, as, for instance, the developments preceding the French Revolution make very clear. It is very significant that one of the first demands of this new class was egalitarianism. In other words, the relation of an individual to the order of privilege should no longer be determined by birth or by royal favour but rather by his role and success in the means of production. Max Weber placed the contrast between estates and classes at the core of his theory of social stratification and Marx made this a key criterion in his analysis of what constituted a class. When Marx used the concept of class in political analysis, he held that a class must have a certain degree of cohesion and sense of common purpose, in addition to, having a

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common relationship to the means of production. Feudal estates were too internally stratified to possess this attribute.

One very significant change with capitalism led industrialization had been the enormous expansion of the middle strata. Capitalist accountancy called for a secular and committed bureaucracy (an army of agents and clerks to keep accounts) to attend to correspondence, to furnish the necessary news in order to take advantage of changed market conditions. So perhaps the first visible entry of capitalism into the medieval town was made by the grammar school where the elements of reading, writing and arithmetic were the main subjects of study. Monopolizing paper became the mark of the new commercial bureaucracy. The institution that marked the turning point in the development of the commercial town was the Bourse, or exchange, which began to serve as a centre for large-scale impersonal commercial transactions in the 13th century.

The basic cause for this development was undoubtedly technological and mechanical. An ever-smaller portion of the labour force was required for the actual tasks (to be completed) of material production allowing the shifting of larger numbers of workers into administrative divisions. There was also a vast expansion of the State led bureaucracies. The rise of the capitalist firm/company as a new and immensely important form of economic entity has also filled the growth of a bureaucracy. It has meant a divide between the legal ownership of property and the function of economic control of the assets it entails. It has been argued that effective control over economic resources rather than legal ownership of them is the defining criterion for the top and successful capitalist class. Thus Nicos Poulantzas, in *Classes in Contemporary Capitalism* begins by defining the bourgeoisie not in terms of a legal category of property ownership but in terms of 'economic ownership' (real economic control of the means of production and of the products) and 'possession' (the capacity to put the means of production into operation). By this criterion, the top and middle level managers belong to the capitalist bourgeoisie proper.

In the *Protestant Ethic and the Spirit of Capitalism*, Max Weber makes it clear that capitalism and the pursuit of wealth and power is not at all the same thing. People have always wanted to be rich but that has little to do with capitalist enterprise which he identifies as 'a regular orientation to

the achievement of profit through economic exchange'. Pointing out that there were mercantile operations, which were very successful and of considerable size in Babylon, Egypt, India, China and medieval Europe, he pointed that it was only in Europe, since the Reformation, that capitalist activity had become associated with the rational and scientific organisation of formally free labour.

It called for a new type of economic agent i.e the capitalist entrepreneur. One of Weber's insights that had remained widely accepted was that the capitalist entrepreneur was a very different type of human being. Weber was fascinated by what he thought to begin with was a puzzling juxtapose. In many cases, men and women indicated a drive toward the accumulation of wealth but at the same time showed a 'ferocious asceticism,' a singular absence of liking in the worldly pleasures that such wealth could buy. Many entrepreneurs actually pursued a lifestyle that was 'decidedly economical'. Was this not diabolical? Weber thought he had found an answer in what he called the 'worldly asceticism' of Puritanism, an idea that he expanded by reference to the concept of 'the calling'. This idea dates from the Reformation and behind it lays the idea that the highest form of moral obligation of the individual, the best way to fulfil his duty to God, was to help his fellow men in this world. Weber backed this hypothesis by pointing out that the accumulation of wealth, in the early stages of Capitalism and in Calvinist countries in particular, was morally sanctioned only if it was intermingled with 'a sober industrious career'.

1.5.3 Bourgeois Culture

From the viewpoint of the aristocracy, the bourgeoisie appeared above all as 'vulgar.' What did this envisage? It meant that these people insisted that economic success should count as much as noble birth, family virtue and values, personal honour and prestige and proximity to the throne. The word 'vulgar' derives from the Latin *vulgus*, denoting common, ordinary people, as against the patricians. This 'vulgarity' was morally disturbing as much as it was politically ferocious. Bourgeois culture, at least from the 17th century and into its triumphal 19th century developed in sharp and conscious separation from the culture of the aristocracy, the earlier ruling class against which the bourgeoisie had to establish its ascendancy. The ideal of the bourgeois gentleman was

deliberately balanced to the older, aristocratic, and ideal of the gentleman. The bourgeois eulogize ‘empirically’ against the aristocrat’s reliance on ‘healthy instinct’ and spontaneity. The bourgeois knew that his life style was a matter of self-cultivation; the aristocrats always believed (falsely) that theirs was the result of genetic inheritance or ‘breeding.’

The bourgeoisie was a literate class but the aristocracy contained many individuals who were proudly illiterate. The bourgeoisie believed in the virtue of work as against the aristocratic idealisation of genteel leisure and merry-making. The deliberate display of wealth was an aristocratic rather than a bourgeois quality. Bourgeois culture, most importantly for industrialization, was individuating at the core of its world-view.

This prompted R.H. Tawney in 1921 to point that capitalism had created *The Acquisitive Society*. He thought that capitalism miscalculated human nature, elevating productions and the making of profits, which ought to be a means to certain ends rather than ends in themselves. This had the effect of encouraging the wrong instincts in people by means of acquisitiveness. A very religious man (and a socialist intellectual), Tawney felt that acquisitiveness went against the grain in particular and sabotaged the instinct for service and solidarity that formed the basis for traditional civil society. He thought that in the strategic run capitalism was unviable with culture.

1.5.4 New Scenarios In Social Structure

Industrialism had opened as a system of ceaseless innovation and experimentation. In its core countries, it has virtually eliminated the peasantry and is now creating automated technologies that can increase productivity while workers became a mere a cog in the machine.

Manufacturing once accounted for about 50% of the employed population of industrial societies, which now is shrinking at 25% to 30%. New employment is now available in the service sector, which measures for 50% to 66% of the work force and over half of the GNP. These occupations in government sectors like health, education, finance, leisure and entertainment are called white-collar jobs and indicate an expansion in health, education and public welfare. The population in the core countries has become healthier, happier and better educated. The ‘educated class’ of scientific and technical workers have become the

fastest-growing occupational group. Pure sciences and technology have intermingled more closely. This is evidenced in heavy investments in research and development, especially in industries such as information technology, cybernetics pharmaceuticals, bio-genetics, aeronautics and satellite communications.

The social sciences also generate complex models of sociological and economic forecasting. Some sociologists have pointed these phenomena as signifying a movement to a postmodern post industrial society. This may be a semantic exaggeration given that most changes under late industrialism have flowed from the logic of capitalist led industrialization itself such as mechanization and technical innovation, the increase in complexity of industrial organization and the integration of science with industry and bureaucracy. But these changes do add a new dimension to modern societies such as the decline in manufacturing and the advent of computerized information processing (Artificial Intelligence) that can replace masses of white-collar workers.

Urbanization may give way to the decentralization and de-population of many centres as old manufacturing industries cities decline and new service industries cities come out.

Recent experiences in the USA and UK indicate that the countryside has begun to gain population and the cities to lose it. Globally, urban life continues to spread over greater areas. Metropolitan areas have integrated into the megalopolises with populations of 20 to 40 million. Chains of contiguous cities and regions with huge and mammoth populations may be found in the developed as well poorer countries. These processes embody trends in contemporary global society. The structural forces of industrialism have produced responses against large-scale bureaucratic structures and movements for alternative, automated and intermediate technologies. The political realm too has witnessed such a reaction.

All over world, in addition to Europe, there have been regional movements for autonomy, self-determination and independence; ironically, globalization has kept pace with fragmentation. Areas such as Scotland in Britain, Normandy in France, the Basque region in Spain, and several regions in the erstwhile USSR have all developed such movements and aspirations. The break-up of Yugoslavia in the civil war

of the 1990s was only the most extreme example of these general patterns. New forms of internationalization and integration of the world economy and polity have given rise to new form of nationalisms. It is arguable that the latest assertions of ethnicity, linguisticity, culture and tradition reflect attempts by endangered elites in disintegrating states to mobilize public unrest towards a new conservative mass mobilization and politics. However historians of the future will see these phenomena; it is undeniable that the process of modernization has reached a significant turning point and the governing institutions of the post-1945 world order no longer seem capable of managing rapidly changing social, cultural, economic and political realities.

1.5.5 Economic And Demographic Changes

World population had reached about 500 million by the middle of the 17th century. During this time tendencies towards population growth were checked by starvation, disease, pestilence etc. The Industrial Revolution of the 18th century brought about certain changes. From about 1700 A.D there was a rapid population explosion. Since then global population has enhanced more than eightfold, reaching 4.8 billion by the mid-1980s and more than six billion by 2000. Thus, not only population but its rate of increase has also accelerated since the advent of industrialization revolution. Europe's population doubled during the 18th century, from roughly 100 million to almost 200 million, and doubled again during the 19th century to about 400 million. Europe was also the location for the pattern known as the demographic transition.

Improvements in public health and food supply brought about a drastic reduction in the death rate but no corresponding decline in the birth rate seems to occur. This contributed to a significant population explosion in the 19th century.

It is only later did the phenomenon emerge of urbanized populations voluntarily lowering their birth rates. The century of Russian and Soviet industrialization that began in the 1880s also illustrates the bonding between industrialization and population. The eastern developing societies experienced rapid population growth, especially after 1945, at rates greater than the West. Medical science reduced the high death rates and the birth rates showed little tendency to subside. Attempts made by governments to persuade non- Westerners to have smaller families failed.

One result was the persistence of young population in societies where people under 15 made up more than 40 percent of the populations of the Third World as compared to between 20 and 30 percent in the industrialized world. The high birth rate in these societies was because industrialization was fragmentary (Urbanization without Industrialization: A phenomena so common in Asian and South American countries) and modern classes took much longer to emerge. It remained inspirational for the bulk of the population to continue to have large families to share in labour and provide security for parents. Lower fertility would come, it was argued, when wealth and education was more evenly distributed (with special emphasis on gender specificity) and social security systems well established.

Economic growth became the defining principle of modern politics, especially in the first industrializing nations of Western Europe and North America. This transformed the nature of society. Underlying this phenomenon were technological change which led to the replacement of animate power by coal and oil-driven engines; the freeing of the labourer from customary old ties and the formation of a free market in labour; the concentration of workers in the factory system. A deicidal role was to be performed by the entrepreneur. Later industrialized nations were able to dispense with some of these for e.g the Soviet Union industrialized largely on the basis of a regulated rather than free labour market and did away with large-scale capitalism and entrepreneurship and Japanese entrepreneurs were sustained by strong state interference in industrialization. Certain states - such as Denmark and New Zealand industrialized through the commercialization and mechanization of agriculture, rendering the status of agriculture as another 'industry'. Mechanization made a large superfluous of the rural labour force, subsequently the proportion of the labour force employed in agriculture dropped steadily. This 'sectoral transformation' was one of industrialization's most evitable effects. Most workers came to be employed in the production of manufactured goods and in services rather than in agriculture and allied works. By the mid- 1970s in the United Kingdom and the United States more than 95 percent of the employed population were in manufacturing and services and less than 5 percent in agriculture and allied products. In Japan, in 1970, more than 80 percent

of the employed population were in manufacturing and services, and less than 20 percent in agriculture and allied products. In pre-industrial agrarian societies, on the other hand, typically 90 percent of the adult population were peasant or farm workers.

1.6 LET US SUM UP

This Unit, in addition to defining capitalism, shows how capitalism led industrialization took place in Europe. You have also seen the ways in which various scholars have tried to understand this phenomenon which even today remains central to our lives. Further, this Unit also covers the growth of capitalism in various countries and its effects on social structure and economy. Terms like bourgeoisie, capitalist entrepreneur and bourgeois culture have become parts of our everyday vocabulary and despite a comprehensive criticism of this phenomenon which presumably led to large-scale underdevelopment in large parts of the globe, especially by Marxist thinkers, it retains its hold over our existence. There have been attempts to provide alternative frameworks of shaping human lives, economic structures etc--one of them being the socialist industrialization, yet it still is very much present before us, moreover in more complex forms.

1.7 KEYWORDS

- 1) **Capitalism:** an economic and political system in which a country's trade and industry are controlled by private owners for profit, rather than by the state
- 2) **Industrialization:** the development of industries in a country or region on a wide scale.
- 3) **Entrepreneurship:** the activity of setting up a business or businesses, taking on financial risks in the hope of profit
- 4) **Bourgeoisie:** the middle class, typically with reference to its perceived materialistic values or conventional attitudes.

1.8 QUESTIONS FOR REVIEW

- (1) Define Capital and Capitalism.

- (2) Discuss the role of technology in the process of capitalist industrialization.
- (3) Who is a capitalist entrepreneur? Discuss in the light of the debates around the term.
- (4) How different was bourgeois culture from the aristocratic culture?
- (5) What are the ways in which human life under modern conditions is different from earlier times?
- (6) What do we mean by modern society?
- (7) How is the process of secularization a part of modern social structure?

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1.10 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress 1

1) A major driving force of capitalism is the strong urge to risk capital and other means of production on new techniques that hold promise of improved profits which is in strong contrast to the defensive wariness of the pre-capitalist approach to technology.

2) To Smith, the development of a society's wealth –related with the development of the productivity of labour – is a component of the degree of the division of labour. To Marx, capitalism was powerful and in a state of flux, a superior means of production that enhanced economic growth far above anything possible in feudalism. He attributed its appearance not to the release of natural, unchanging human preoccupations but to specific economic, political and legal measures.

Check Your Progress 2

1) Low rate of urbanization, the scale and structure of enterprise, sources of industrial energy and availability of raw materials etc---different lines of production were the factors responsible for varied capitalist and Industrial growth in different European countries. (see section 1.4.1)

2) Agriculture's contribution in this respect has been broadly assessed on three parameters, namely whether it created a food security for the non-rural population; whether it helped to widen the scope of home and foreign markets; whether it generated factors of production for industrial investment.