

## THE TWENTIETH CENTURY: SOME CONCEPTS AND DEFINITIONS

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### 1.0: Objectives

After reading this essay you should be able to

- understand some basic concepts that define the 20<sup>th</sup> century world
- be able to recognize the elements that went into creating the modern world
- define the elements of continuity and change in the 20<sup>th</sup> century
- trace the historical roots of twentieth century world
- perceive the nature of the world order and
- analyse the causes of inequality and conflict in the 20<sup>th</sup> century world
- understand why socialism posed such a challenge to capitalism
- also understand why the collapse of socialism in many countries has strengthened capitalism but not destroyed the challenge of socialism.

### 1.2: Introduction

While the world as we saw it at the end of the 20<sup>th</sup> century was very different from the world in the beginning of the 20<sup>th</sup> century, there are some basic features that lend it an element of continuity. When we speak of the 20<sup>th</sup> century we speak of the modern world, and this modern world was not created overnight, nor at the same time chronologically and not even at the same pace in all areas of the world. The historical roots of the 20<sup>th</sup> century world can be traced to the decline of feudalism and the emergence and growth of capitalist societies, to begin with, in 16<sup>th</sup> century Europe and then elsewhere. Decisive developments in this historical process were the Industrial Revolution and the French Revolution which shaped the modern world. In that sense there is a relationship and continuity with the 19<sup>th</sup> century during which capitalist industrialization became the dominant mode of production and nationalism and nation states the predominant feature of politics. Therefore we can safely say that the 20<sup>th</sup> century world was created by capitalist industrialization with all its social and political ramifications.

You will read about various aspects of the 20<sup>th</sup> century in the later essays. In this essay we will discuss some of the defining concepts and definitions necessary for understanding the 20<sup>th</sup> century.

### 1.3: Capitalist industrialization

Capital permeated all aspects of life in the twentieth century: societies where it advanced rapidly and, interestingly, also where it emerged but was hindered in its advance by the entrenched older social and economic structures. The twentieth century has seen the division of the world into advanced or 'developed' countries and those which are characterized as 'developing' countries; and within countries into those considered 'haves' and 'have-nots'.

In fact the rapid economic advance that capitalist industrialization entailed itself became a factor for the backwardness of some societies, and within societies for a large majority of its people. Colonialism and divisions into classes are aspects of these inequalities. In other words inequality was as much inbuilt in capitalism as it was in earlier societies.

### ***Definition and features***

As you know industry is older than capitalism. When we talk of capitalist industrialization we therefore refer to the changes that took place in the organization of production during late 18<sup>th</sup> and 19<sup>th</sup> century. These changes in the organization of industry are inseparable from the growth of capitalism.

Capitalism entails an economic and social system characterized by private ownership of property i.e., the means of production—land, factory, raw stocks—are all privately owned and controlled and production takes place for sale and profit rather than for use by the producers. What is produced, therefore, becomes a commodity, i.e., an item for sale and profit making. It has an exchange value rather than use value, and an unequal exchange value because those who own the resources gain from it rather than those who labour to produce it.

In other words, the means of producing, distributing and exchanging commodities are operated by their owners solely for the financial gain of the owners. The profits are distributed to owners or invested in new technology and industries, wages are paid to the labour from it. Capital in its various forms is thus the major factor of production in capitalist industrialization.

In addition to the above, i.e., 1) private ownership of means of production and exchange, 2) production for sale and financial gain rather than use, and 3) capital in its various forms being the major factor of production, there are certain other equally essential features that characterize capitalist industrialization.

For example, Marx and Engels point out in their *Communist Manifesto* (1848) that 4) the people who have no means of production of their own (and they are in a majority), are forced to find employment, in other words, to sell their labour power, in order to live. Labour, also, therefore, becomes commodity, an item to be sold in return for wages (livelihood).

Further, if everything is subjected to buying and selling then 5) market becomes the essential and central feature of a society based on capitalist industrialization. All inputs and outputs are supplied commercially through the market. All relationships are contractual relationships determined by the laws of supply and demand, or what is known as the rationality of the market. For example if there are more workers seeking employment than employers demanding work the wages will be lower and vice versa. Again in times of scarcity prices can go higher, in times of recession and financial crisis for the industrialists there may be heavy discounts.

6) Due to the ownership pattern the owners hold all the decision making powers and workers and other employees can only use their collective bargaining power through their organizations or trade unions and strikes etc. But as you can gauge, since they own no means of income other than their labour they are at a disadvantage, except in their numbers and in their unity, to the extent that there is unity amongst them.

Now the question arises that if owners are paying for the production then why should they not have the profit and what is so unfair about it? Many economists and thinkers believe that this is a reasonably fair deal. Marx and Engels, however, argued for a deeper analysis.<sup>7)</sup> They argued that the profits of the employer essentially came from the exploitation of the labour of the workers i.e unequal exchange in the contractual relationship between the factory owner and the worker because the worker produced surplus value over and above what he was paid for. The wages paid are lower than the value of the goods and services produced for the capitalist. They showed that a worker is paid for his labour time, which is the number of hours he/she worked, and not on the basis of the volume of goods produced or the amount gained when the product is sold in the market. With improvements in technology and more advanced machines the workers collectively produced much more in the same time but their wages did not rise in the same measure. The factory owner gained his increased profits from this discrepancy between the value gained by the industrialist and what he has paid for. Everything utilized by the industrialist—raw stocks, infrastructure, capital, credit from banks, the distribution and transportation, machinery, even a pin—has involved labour underpaid for. This is known as the creation of surplus value out of the labour of the worker and is the crux of the injustice inherent in capitalism. Therefore, they argued, as long as private property (in the means of production) exists this contradiction between the interest of the capitalist and the worker will remain. Capitalist industrialization reflects this basic contradiction and inherent injustice and inequality of opportunity.

Thus both technology and social organization of labour-- the relationship between owners and workers—were reshaped at a certain stage in history to conform to the commercial logic. This is what is characterized as capitalist industrialization.

### *Perceptions of capitalist development*

For some historians and economists technical progress, leading to new inventions and their widespread use and diffusion, constituted the core of capitalist industrialization. Others regard the application of science to industry as its most significant characteristic. Still others have given more significance to the agrarian changes which created some of the pre requisites for large scale industrialization. Many have emphasized the growth of markets, within countries and across the world, the increasing division of labour, again within countries or across the world, or the changes taking place within industrial production itself (which they refer to as proto-industrialization). Some, following Karl Marx, have emphasized the new relationships which emerged from changes in the productive forces (technical progress), the transformations in the organization of production (new institutional arrangements) and new ownership patterns.

### *Stages of capitalist industrialization*

Different thinkers and scholars emphasized some or a particular set of features of capitalist industrialization as crucial and identified its various stages through time differently. All of them, however, agree that it is a historical phenomenon: that it originated at a certain point in history and has been undergoing significant changes within the continuing social formation (social and economic framework).

For capitalist or industrial society to emerge as dominant, for it to permeate the whole production process of society, many different economic, cultural, technological, legal and political conditions had to come together—improved technology for mass production, a class of property less workers, a legal system protecting private ownership and market in private property,

development of infrastructure to promote economic activity on a large scale, a political system that is conducive to it.

The earliest phase is termed as merchant or mercantile capitalism and is said to correspond to the period from the 15<sup>th</sup> to the 18<sup>th</sup> centuries when western European nations like England, France, the Netherlands, Portugal and Spain dominated the seas and international trade and embarked on the colonization of other continents. The next phase spreading over the 19<sup>th</sup> century is seen as growth of full blown capitalism linked inseparably with investments in industrial production and the growth of large scale production facilitated by technological progress -- use of steam engines, new inventions in textile machinery and agriculture, new means of transportation especially railways, new methods of coal and iron mining—and factories worked with wage labour and individually owned.

The early years of the 20<sup>th</sup> century saw rapid strides in steel industry, ship building, and concentration of production in large scale firms, cartels, and financial capital. It also saw monopoly capitalism, imperialism and inter imperialist rivalries take on a more aggressive stance. Monopolies in capitalist industrialization resulted from the more advanced countries recognizing their pre-eminent position in industrial production and seeking to maintain this pre-eminence by protecting and monopolizing markets and the economies of their colonies rather than leaving it to open market and competition. In other words they now favoured a regulated market, controlled by them, rather than laissez faire, or leaving the laws of supply and demand to determine economies.

The second half of the 20<sup>th</sup> century saw the emergence of multi or transnational corporations, new economic policies which involved structural adjustments in both advanced countries and the third world countries as a result of pressure from the advanced countries, and cuts in welfare spending by governments across the world. It also increasingly led to neo liberal economic policies, privatization of public or state owned assets. Multinationals spread their production processes and control across national boundaries, moving production overseas to reduce costs where labour was cheaper and to pre-empt competition from third world economies. These policies representing a new phase in capitalist industrialization and the consequent imperialist pressure on third world economies has been known as globalization.

### *Forms of capitalist industrialization*

The time periods for the emergence of capitalist industrialization have differed and there have also been variations in the paths to capitalist industrialization. This is because of the great historical and geographical diversities involved, and the specific social and political particularities of the countries concerned. Apart from these factors the pattern of agricultural changes in the different countries and colonialism also had a great role to play in defining the specific features of capitalist industrialization in each country.

### *Imperialism and capitalist industrialization*

Imperialism is the world framework of political and economic relations imposed by the advanced capitalist countries on the rest of the world. It emerges from and is historically linked with capitalist industrialization and colonialism. The manner in which the unequal and exploitative relationship between the advanced capitalist countries, also called the imperialist countries, and

the rest of the world has been worked out and maintained has depended on the stage of capitalist industrialization and the balance of political power derived from economic strength.

Early stages of colonialism were marked by politically imposed and protected (for the benefit of the colonizer country that is) unequal terms of trade. They were reworked at a later stage of capitalist industrialization as the imperialism of free trade or unfettered exploitation of colonies. Finally, in the last decades of the 19<sup>th</sup> century, with the emergence of monopolies and finance capital there were attempts at division and re divisions of the world between the advanced capitalist countries.

In the 20<sup>th</sup> century the alternating periods of economic expansion and depression led to both crises for the capitalist system and intensification of inter imperialist rivalries. The 20<sup>th</sup> century was also the century of the rise and success of socialist economies. The challenge that socialist economies with their emphasis on social justice and equality and opposition to the whole colonial framework presented to capitalist industrialisation led to the great conflict between the socialist world and the capitalist countries whose rivalries among themselves were held in check by their joint hatred and opposition to socialism.

The demise of socialist economies in the Soviet Union and the countries of Eastern Europe and the dilution of the socialist elements within the Chinese economy has strengthened capitalism but it has not destroyed the promise of socialism. The capitalist industrialized world and the unequal world order that it sustains is still subject to financial crises which adversely affect lives of billions of people, but also because the globalization policies of today's world are leading to even greater inequalities between nations and within nations.

#### **1.4: Modernity**

Modernity as a term applies to the modern era and is distinct from modernism which refers to specific features within different forms of art, literature, music, cinema etc. The modern also implies the opposite of being backward and evokes a sense of being progressive. In historical terms it refers to the post medieval period of history, particularly the intellectual and cultural developments associated with Renaissance and the Age of Reason and Enlightenment. It was first used in this sense.

But increasingly the term has come to denote not just intellectual trends but the transformation of attitudes and a change in the world outlook of a larger set of people than those affected by the intellectual currents in the 16<sup>th</sup>-18<sup>th</sup> centuries. The French revolution and the industrial revolutions in various parts of the world transformed lives of many more millions of people. This also broadened the scope and meaning of what is meant by being modern. The term modernity came to denote the basic features of an industrialized society. It is contained in capitalist society and in socialist societies as well.

In this broader sense modernity implies an industrial civilization, a certain complex of economic, social and political institutional arrangements associated with the changes that the development of capitalist industrialization entailed: right to private property, representative governments, the idea of free nations and popular sovereignty, the practice of electoral democracy, the secularization of societies and a value for religious tolerance and individual rights. The 19<sup>th</sup> century is said to mark the first phase of modernity in this sense, based on the fruits of new inventions, the steam engine, trains, ships, petroleum. The Newtonian revolution and Darwin's

theory of revolution, Harvey's discoveries of circulation of blood changed the way people looked at the world. There was expansion and change in the nature of what is conceived of as the public sphere, a reorganization of social and personal lives, a new relationship with work and leisure. Printing technology, disappearance of old patronage and the intervention of the market, along with expansion of education enabled the democratization of culture and increased the access to knowledge and what was considered as 'high' culture.

Of the twentieth century one can say that most parts of the world had civilizations influenced if not completely transformed by capitalist industrialization. The use of technology in communication—radio, telephone, film, television, computers—and dissemination of knowledge expanded the consumer base for products of industry and for culture. They created bases for new solidarities and collective actions. Modernity meant changes in family and household, between work and leisure, between society and individual, between church and state, between church and believers, between men and women. The idea of equality and women's emancipation, of women's vote and entry of women into various professions, the changes in dress are all inconceivable without this context of modernity. Modernity made possible the creation of a strong force of intelligentsia that could talk for the larger society even as it came from within its privileged section. Capacities for production, space exploration, higher life expectations, cures for several diseases, created possibilities for a better world not just for a few but for all.

All this was on the plus side. The context of capitalist society into which modernity was inbuilt had its flip side for the vast majority of people. Critiques of modernity had their bases in the contradictions inherent in capitalist society.

One kind of critique has been that science had led to loss of spiritualism and decline of religion, technology and mass production had destroyed individual creativity, industry and urbanization had destroyed the environment and link with nature and all this had in turn affected man's nature. Nuclear bombs, wars, loss of neighborhood and community solidarities, dilution of certain traditional values and relations, were seen as results of modernity and unbridled individualism fostered by modernity. These critics opposed what they called the ugliness of modern production, rejected capitalism and democracy at the cost of older values. This took the form of romanticism, because this critique did not take into account the reality that going back in time is not realizable or a possibility.

Another kind of critique valued the advances of capitalist industrialization, particularly the increased production that now made it possible to alleviate the standards of living of the majority of the people of the world and the values that modernity brought. But they were very conscious of its limitations as well. They wanted political and individual liberties to be supplemented with economic rights and social and economic equality in the real sense. They were critical of the inequalities inherent in the system of capitalist industrialization and the wide gap between theory and reality with regard to other rights. They stood for socialism, classless societies and equality between nations and within nations. They stood for equality between men and women and for minority rights. They thought all this was not achievable within the framework of capitalist society. There was therefore a critical appreciation of modernity: they wanted to realize in practice the promise of freedom and equality, which was possible only by overthrowing the system that had both created the possibilities of their realization and also prevented their actual realization because of the injustice structurally inbuilt in capitalist societies. The socialist movements and the socialist and communist parties and their various organizations best represented this world view.

A third response to modernity, which can be characterized as reactionary modernism, is one which accepted the fruits of modern society, such as large scale production and new technologies and the comforts they made possible, but were repulsed by its ideas. Equality, workers rights, women's emancipation, democracy were an anathema to them. This trend became particularly successful in fascist Italy and Nazi Germany, although it had supporters elsewhere as well.

Linked to this last response to modernity is what has been termed as post modernism. This is a response which is rooted in the unhappiness over the changes that took place in the US and following that in Western Europe during the 1960s and the subsequent decades. Some social scientists saw this as the period of post industrialism and therefore characterized the societies of this phase as the 'post-modern' condition. Post modernism is thus a critique of modern society which refuses to acknowledge the capitalist basis of the modern society. It detaches society from its moorings and criticizes modernity rather than capitalism. This is not a rational critique of society. This irrationality of its critique of society gets transferred to its over all world view, and all the ills of modern life are attributed to modernity.

Because modernity means an understanding of the world and of human development on the basis of the principles of rationality, scientific temper and an appreciation of the laws of human development, post modernism on the contrary opposed reason, application of general laws and what they called the 'meta narratives'. For post modernists each person has his/her own truth and every person's situation and therefore vantage point differs. A text does not contain except what we personally see in it: everything is relative, everything is subjective and everything exists only to the extent that we recognize it.

This kind of a critique of modernity has had some negative consequences for how we look at the world and what can be done to transform society for the better, because we can simply refuse to see what we don't want to or are unable to.

### 1.6: Contemporary era

When we talk of contemporary era we refer exclusively to the twentieth century and within the twentieth century to those events and developments which impinge on or continue to impact on the present. In short, the contemporary, for us, as in the dictionary meaning of being simultaneous, defines what we call our times or whatever exists in our lifetimes, and all that forms a background that determines our present lives.

The three defining developments or events that still live with us are the World War I (1914-1918), the Russian revolution of 1917, and World War II (1939-1945). They have definitely set their stamp on our world, not only because of the millions of people involved in them, but also because the causes they represented still remain alive with us and the conflicts they generated have not been resolved. International conflict, inter-imperialist rivalry and conflict of interests between the advanced capitalist countries and what is known as the Third World remain with us unresolved. The threat of wars and peace movements are important issues of today. Poverty and inequalities in societies make socialism and the 1917 revolution still relevant to us.

The contemporary era has also seen the unification of nationalities and particularly in the second half of the twentieth century a process of decolonization and the consequent creation of independent nations in Africa, Asia and Latin America. From the 40s to the 90s of the twentieth

century we see the Cold War between the US and the Soviet Union, representing the tensions between the socialist and the capitalist world. This is also the period of what we term the Space Age characterized by fast pace of space exploration and race for space dominance and the growth of technology and cultural developments associated with it. This is followed by the digital revolution or the age of information technology, characterized by extensive expansion and transformation in industry due to computers and the possibilities of manipulation of information and knowledge by those countries which dominated this field.

The changes of the 20<sup>th</sup> century encompassed not just North America and Europe, but the entire world. Three quarters of the world awakened into new nationhood, political rights so far not available to them and new arrangements of civil society. As Prabhat Patnaik has put it, "the institutionalization of 'one-person-one-vote' constituted a veritable social revolution." The actual existing democracy is thus an achievement of popular movements of the 20<sup>th</sup> century. Women won their right to vote in the advanced countries only in the 20<sup>th</sup> century after great struggles, and in the rest of the world by virtue of being active participants in national liberation. A third of the humanity broke away from the capitalist system to adopt socialism as basis of economy and state. Democracy itself was given a new meaning and content by these democratic upsurges. Reigned against them were the forces of fascism represented by Fascist Italy and Nazi Germany, and the rule and onslaught of big Capital on the movements of the working people and the marginalized all over the world.

In terms of historical time the contemporary era marks the high time of capitalist industrialization and modernity. But it is an era in which, as Aijaz Ahmad has commented, "socialism emerged as the central fact around which most aspirations and conflicts on the global scale were shaped." There was imperialist domination on the one hand and on the other mass struggles against it which involved billions of people. National liberation movements reflected a democratic upsurge the world over. These struggles were shaped by socialism and the entry of masses of people as actors and subjects of their own history. The Soviet Union not only actively supported national liberation movements, there would have been no defeat of fascism without the sacrifice and heroism of the Soviet armies, and the resistance forces linked with socialism in the advanced capitalist countries.

### 1.7: Conclusion

You have seen how the world we live in has been defined by capitalist industrialization and socialism in the 20<sup>th</sup> century. It continues to be so in the 21<sup>st</sup> century.

The 20<sup>th</sup> century ended with the collapse of socialist states in the Soviet Union and Eastern Europe, US hegemony over the world and the important international institutions, and the beginning of the 21<sup>st</sup> century has seen a financial crisis that has important negative ramifications for living standards of billions of people. Despite these disastrous consequences the US, and other advanced capitalist countries, continue to pursue and impose on the rest of the world the neo liberal economic policies which constitute the core of globalization, as they have been doing since the 1980s and more particularly 1990s. While in our part of the world it seems the middle classes are under the spell of these policies and the popular resistance to them is weak, in the Latin American countries both people and governments are actively opposing these policies and the US hegemony in world affairs. How these contestations will unfold in the 21<sup>st</sup> century is not yet clear.

### 1.8: Some questions

Answer the following questions in approximately 200 words. (Please consult the relevant readings recommended for the course, given in the syllabus and also at the end of the course material).

1. Explain four features of capitalist industrialization.
2. Describe some of the changes in capitalist industrialization in the 20<sup>th</sup> century.
3. How is modernity related to capitalist industrialization?
4. Discuss the main aspects of modern civilization as seen in daily life.
5. Discuss one trend that represented a critique of modernity.
6. Write about any one important development which shaped the twentieth century.
7. How did capitalist industrialization contribute to inequalities in the world?
8. In what way did socialism constitute a challenge to the imperialist world order?