

ASPECTS OF TWENTIETH CENTURY WORLD

Unit – I

Contents

1 - Growth of Capitalism and Imperialism	2
2 - UK, France, Germany and Japan.....	4
3. Rise and Development of Liberalism and Socialism.....	6
4. Nationalism	10

1 - Growth of Capitalism and Imperialism

Growth of Capitalism

Capitalism, also called free market economy or free enterprise economy, economic system, dominant in the Western world since the breakup of feudalism, in which most means of production are privately owned and production is guided and income distributed largely through the operation of markets.

The continuous development of capitalism as a system dates only from the 16th century, antecedents of capitalist institutions existed in the ancient world, and flourishing pockets of capitalism were present during the later European Middle Ages. The development of capitalism was spearheaded by the growth of the English cloth industry during the 16th, 17th, and 18th centuries. The feature of this development that distinguished capitalism from previous systems was the use of accumulated capital to enlarge productive capacity rather than to invest in economically unproductive enterprises, such as pyramids and cathedrals.

In the ethic fostered by the Protestant Reformation of the 16th century, traditional disdain for acquisitive effort was diminished, while hard work and frugality were given a stronger religious sanction. Economic inequality was justified on the grounds that the wealthy were more virtuous than the poor.

Another contributing factor was the increase in Europe's supply of precious metals and the resulting inflation in prices. Wages did not rise as fast as prices in this period, and the main beneficiaries of the inflation were the capitalists. The early capitalists (1500–1750) also enjoyed the benefits of the rise of strong national states during the mercantilist era. The policies of national power followed by these states succeeded in providing the basic social conditions, such as uniform monetary systems and legal codes, necessary for economic development and eventually made possible the shift from public to private initiative.

Beginning in the 18th century in England, the focus of capitalist development shifted from commerce to industry. The steady capital accumulation of the preceding centuries was invested in the practical application of technical knowledge during the Industrial Revolution. The ideology of classical capitalism was expressed in 'An Inquiry into the Nature and Causes of the Wealth of Nations (1776)', by the Scottish economist and philosopher Adam Smith, which recommended leaving economic decisions to the free play of self-regulating market forces. After the French Revolution and the Napoleonic Wars had swept the remnants of feudalism into oblivion, Smith's policies were increasingly put into practice. The policies of

19th-century political liberalism included free trade, sound money (the gold standard), balanced budgets, and minimum levels of poor relief. The growth of industrial capitalism and the development of the factory system in the 19th century also created a vast new class of industrial workers whose generally miserable conditions inspired the revolutionary philosophy of Karl Marx.

Imperialism

Imperialism, state policy, practice, or advocacy of extending power and dominion, especially by direct territorial acquisition or by gaining political and economic control of other areas. Because it always involves the use of power, whether military or economic or some subtler form, imperialism has often been considered morally reprehensible, and the term is frequently employed in international propaganda to denounce and discredit an opponent's foreign policy.

Imperialism in ancient times is clear in the history of China and in the history of western Asia and the Mediterranean—an unending succession of empires. The tyrannical empire of the Assyrians was replaced (6th–4th century bce) by that of the Persians, in strong contrast to the Assyrian in its liberal treatment of subjected peoples, assuring it long duration. It eventually gave way to the imperialism of Greece. When Greek imperialism reached an apex under Alexander the Great (356–323 bce), a union of the eastern Mediterranean with western Asia was achieved. But the cosmopolis, in which all citizens of the world would live harmoniously together in equality, remained a dream of Alexander. It was partially realized when the Romans built their empire from Britain to Egypt.

The Failure of Imperialism

At the beginning of this century the normal requirements of their home markets and the natural demand of the non-capitalist foreign markets were ceasing to absorb the production of heavy goods which the great capitalist countries could turn out. Moreover, the supplies of certain raw materials were threatening to run very low or the cost of their production to rise very high. Britain, France, Germany, and even the U.S.A. were not able to supply the iron ore and other minerals for their own metal works. Known reserves in Spain, Italy, Cuba, and Sweden were, it was learned, not inexhaustible. Circumstances combined to cause a panic among the capitalists and their Governments. Thenceforward commenced the insensate scramble for concessions on the one hand, and for exclusive or monopoly markets on the other, of the ten years of Secret Diplomacy. The Tariff Reform agitation had its beginnings in the

alarm of British steel-makers at “the flood” of German steel which inundated this country in 1901 and 1902. It coincided with the formation of the United States Steel Corporation and the preliminaries of the German Steel Combine. It was initiated by Chamberlain, Bonar Law, and Howard Vincent, by the steel interests of Birmingham, Glasgow, and Sheffield. It was immediately succeeded by the “Dreadnought” boom, another device for selling steel. All the Navy Leaguers have been fostered by the steel firms; all the navy laws and navy scares in Britain, Germany, France, Italy, and the U.S.A. have, for a generation, coincided with depressions in the steel trade. The Moroccan intrigues, the Bagdad ambitions, the Cape to Cairo dreams, the Mexico imbroglios, the recent China-Japan negotiations, the Dalmatian empire lusts have all been the handiwork of the metal syndicates. There is proof overwhelming and abundant.

2 - UK, France, Germany and Japan

Private ownership of the means of production, the modern definition of capitalism, has characterized the UK market economy since the 16th century, though antecedents existed in earlier times and there were flourishing pockets of capitalism during the later Middle Ages. Beginning in the 18th century in England, the focus of capitalist development shifted from commerce to industry as the Industrial Revolution flourished and the factory system developed.

Economist and philosopher Adam Smith, in the late 18th century, recommended leaving economic decisions to the free play of self-regulating market forces, and his policies were increasingly put into practice across Europe. And while the 19th century’s new class of industrial workers started to question the evolution of capitalism in the UK, it wasn’t until World War I, when international markets shrank and the gold standard was abandoned, and until the Great Depression of the 1930s brought an end to the policy of non-interference by the state in economic matters, that capitalism began to evolve with a little state manipulation.

The continuous development of capitalism as a system dates only from the 16th century, antecedents of capitalist institutions existed in the ancient world, and flourishing pockets of capitalism were present during the later European Middle Ages. The development of capitalism was spearheaded by the growth of the English cloth industry during the 16th, 17th, and 18th centuries. The feature of this development that distinguished capitalism from previous systems was the use of accumulated capital to enlarge productive capacity rather than to invest in economically unproductive enterprises, such as pyramids and cathedrals. This characteristic was encouraged by several historical events.

In the ethic fostered by the Protestant Reformation of the 16th century, traditional disdain for acquisitive effort was diminished, while hard work and frugality were given a stronger religious sanction. Economic inequality was justified on the grounds that the wealthy were more virtuous than the poor.

Another contributing factor was the increase in Europe's supply of precious metals and the resulting inflation in prices. Wages did not rise as fast as prices in this period, and the main beneficiaries of the inflation were the capitalists. The early capitalists (1500–1750) also enjoyed the benefits of the rise of strong national states during the mercantilist era. The policies of national power followed by these states succeeded in providing the basic social conditions, such as uniform monetary systems and legal codes, necessary for economic development and eventually made possible the shift from public to private initiative.

Beginning in the 18th century in England, the focus of capitalist development shifted from commerce to industry. The steady capital accumulation of the preceding centuries was invested in the practical application of technical knowledge during the Industrial Revolution. The ideology of classical capitalism was expressed in *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), by the Scottish economist and philosopher Adam Smith, which recommended leaving economic decisions to the free play of self-regulating market forces. After the French Revolution and the Napoleonic Wars had swept the remnants of feudalism into oblivion, Smith's policies were increasingly put into practice. The policies of 19th-century political liberalism included free trade, sound money (the gold standard), balanced budgets, and minimum levels of poor relief. The growth of industrial capitalism and the development of the factory system in the 19th century also created a vast new class of industrial workers whose generally miserable conditions inspired the revolutionary philosophy of Karl Marx. Marx's prediction of the inevitable overthrow of capitalism in a proletarian-led class war proved shortsighted, however.

World War I marked a turning point in the development of capitalism. After the war, international markets shrank, the gold standard was abandoned in favour of managed national currencies, banking hegemony passed from Europe to the United States, and trade barriers multiplied. The Great Depression of the 1930s brought the policy of *laissez-faire* (noninterference by the state in economic matters) to an end in most countries and for a time created sympathy for socialism among many intellectuals, writers, artists, and, especially in western Europe, workers and middle-class professionals.

In the decades immediately following World War II, the economies of the major capitalist countries, all of which had adopted some version of the welfare state, performed well, restoring some of the confidence in the capitalist system that had been lost in the 1930s. Beginning in the 1970s, however, rapid increases in economic inequality, both internationally and within individual countries, revived doubts among some people about the long-term viability of the system. Following the financial crisis of 2007–09 and the Great Recession that accompanied it, there was renewed interest in socialism among many people in the United States, especially millennials (persons born in the 1980s or '90s), a group that had been particularly hard-hit by the recession. Polls conducted during 2010–18 found that a slight majority of millennials held a positive view of socialism and that support for socialism had increased in every age group except those aged 65 or older. It should be noted, however, that the policies actually favoured by such groups differed little in their scope and purpose from the New Deal regulatory and social-welfare programs of the 1930s and hardly amounted to orthodox socialism.

3. Rise and Development of Liberalism and Socialism

Liberalism, political doctrine that takes protecting and enhancing the freedom of the individual to be the central problem of politics. Liberals typically believe that government is necessary to protect individuals from being harmed by others, but they also recognize that government itself can pose a threat to liberty. As the revolutionary American pamphleteer Thomas Paine expressed it in *Common Sense* (1776), government is at best “a necessary evil.” Laws, judges, and police are needed to secure the individual’s life and liberty, but their coercive power may also be turned against him. The problem, then, is to devise a system that gives government the power necessary to protect individual liberty but also prevents those who govern from abusing that power.

The problem is compounded when one asks whether this is all that government can or should do on behalf of individual freedom. Some liberals—the so-called neoclassical liberals, or libertarians—answer that it is. Since the late 19th century, however, most liberals have insisted that the powers of government can promote as well as protect the freedom of the individual. According to modern liberalism, the chief task of government is to remove obstacles that prevent individuals from living freely or from fully realizing their potential. Such obstacles include poverty, disease, discrimination, and ignorance. The disagreement among liberals over whether government should promote individual freedom rather than merely protect it is

reflected to some extent in the different prevailing conceptions of liberalism in the United States and Europe since the late 20th century. In the United States liberalism is associated with the welfare-state policies of the New Deal program of the Democratic administration of Pres. Franklin D. Roosevelt, whereas in Europe it is more commonly associated with a commitment to limited government and laissez-faire economic policies.

Political foundations

Although liberal ideas were not noticeable in European politics until the early 16th century, liberalism has a considerable “prehistory” reaching back to the Middle Ages and even earlier. In the Middle Ages the rights and responsibilities of the individual were determined by his place in a hierarchical social system that placed great stress upon acquiescence and conformity. Under the impact of the slow commercialization and urbanization of Europe in the later Middle Ages, the intellectual ferment of the Renaissance, and the spread of Protestantism in the 16th century, the old feudal stratification of society gradually began to dissolve, leading to a fear of instability so powerful that monarchical absolutism was viewed as the only remedy to civil dissension. By the end of the 16th century, the authority of the papacy had been broken in most of northern Europe, and each ruler tried to consolidate the unity of his realm by enforcing conformity either to Roman Catholicism or to the ruler’s preferred version of Protestantism. These efforts culminated in the Thirty Years’ War (1618–48), which did immense damage to much of Europe. Where no creed succeeded in wholly extirpating its enemies, toleration was gradually accepted as the lesser of two evils; in some countries where one creed triumphed, it was accepted that too minute a concern with citizens’ beliefs was inimical to prosperity and good order.

The ambitions of national rulers and the requirements of expanding industry and commerce led gradually to the adoption of economic policies based on mercantilism, a school of thought that advocated government intervention in a country’s economy to increase state wealth and power. However, as such intervention increasingly served established interests and inhibited enterprise, it was challenged by members of the newly emerging middle class. This challenge was a significant factor in the great revolutions that rocked England and France in the 17th and 18th centuries - most notably the English Civil Wars (1642–51), the Glorious Revolution (1688), the American Revolution (1775–83), and the French Revolution (1789). Classical liberalism as an articulated creed is a result of those great collisions.

In the English Civil Wars, the absolutist king Charles I was defeated by the forces of Parliament and eventually executed. The Glorious Revolution resulted in the abdication and exile of James II and the establishment of a complex form of balanced government in which power was divided between the king, his ministers, and Parliament. In time this system would become a model for liberal political movements in other countries. The political ideas that helped to inspire these revolts were given formal expression in the work of the English philosophers Thomas Hobbes and John Locke. In *Leviathan* (1651), Hobbes argued that the absolute power of the sovereign was ultimately justified by the consent of the governed, who agreed, in a hypothetical social contract, to obey the sovereign in all matters in exchange for a guarantee of peace and security. Locke also held a social-contract theory of government, but he maintained that the parties to the contract could not reasonably place themselves under the absolute power of a ruler. Absolute rule, he argued, is at odds with the point and justification of political authority, which is that it is necessary to protect the person and property of individuals and to guarantee their natural rights to freedom of thought, speech, and worship. Significantly, Locke thought that revolution is justified when the sovereign fails to fulfill these obligations. Indeed, it appears that he began writing his major work of political theory, *Two Treatises of Government* (1690), precisely in order to justify the revolution of two years before.

Socialism

Socialism describes any political or economic theory that says the community, rather than individuals, should own and manage property and natural resources.

The term “socialism” has been applied to very different economic and political systems throughout history, including utopianism, anarchism, Soviet communism and social democracy. These systems vary widely in structure, but they share an opposition to an unrestricted market economy, and the belief that public ownership of the means of production (and making money) will lead to better distribution of wealth and a more egalitarian society.

How Socialism Emerged

The intellectual roots of socialism go back at least as far as ancient Greek times, when the philosopher Plato depicted a type of collective society in his dialog, *Republic* (360 B.C.). In 16th-century England, Thomas More drew on Platonic ideals for his *Utopia*, an imaginary island where money has been abolished and people live and work communally.

Socialism emerged as a response to the expanding capitalist system. It presented an alternative, aimed at improving the lot of the working class and creating a more egalitarian

society. In its emphasis on public ownership of the means of production, socialism contrasted sharply with capitalism, which is based around a free market system and private ownership.

In the late 18th century, the invention of the steam engine powered the Industrial Revolution, which brought sweeping economic and social change first to Great Britain, then to the rest of the world. Factory owners became wealthy, while many workers lived in increasing poverty, laboring for long hours under difficult and sometimes dangerous conditions.

Influence of Karl Marx

It was Karl Marx, undoubtedly the most influential theorist of socialism, who called Owen, Fourier and other earlier socialist thinkers “utopians,” and dismissed their visions as dreamy and unrealistic. For Marx, society was made up of classes: When certain classes controlled the means of production, they used that power to exploit the labor class.

In their 1848 work *The Communist Manifesto*, Marx and his collaborator, Friedrich Engels, argued that true “scientific socialism” could be established only after a revolutionary class struggle, with the workers emerging on top.

Though Marx died in 1883, his influence on socialist thought only grew after his death. His ideas were taken up and expanded upon by various political parties (such as the German Social Democratic Party) and leaders like Vladimir Lenin and Mao Zedong.

Marx’s emphasis on the revolutionary clash between capital and labor came to dominate most socialist thought, but other brands of socialism continued to develop. Christian socialism, or collective societies formed around Christian religious principles. Anarchism saw not just capitalism but government as harmful and unnecessary. Social democracy held that socialist aims could be achieved through gradual political reform rather than revolution.

Socialism in the 20th Century

In the 20th century—particularly after the Russian Revolution of 1917 and the formation of the Soviet Union—social democracy and communism emerged as the two most dominant socialist movements throughout the world.

By the end of the 1920s, Lenin’s revolution-focused view of socialism had given way to the foundation of the Communist Party of the Soviet Union and its consolidation of absolute power under Joseph Stalin. Soviet and other communists joined forces with other socialist movements in resisting fascism. After World War II, this alliance dissolved as the Soviet Union established communist regimes across Eastern Europe.

With the collapse of these regimes in the late 1980s, and the ultimate fall of the Soviet Union itself in 1991, communism as a global political force was greatly diminished. Only China, Cuba, North Korea, Laos and Vietnam remain communist states.

Meanwhile, over the course of the 20th century, social democratic parties won support in many European countries by pursuing a more centrist ideology. Their ideas called for a gradual pursuit of social reforms (like public education and universal healthcare) through the processes of democratic government within a largely capitalist system.

4. Nationalism

For a global definition of nationalism, it is best to again depend on Ernest Gellner: 'Nationalism is political principle that holds that national and political units should be congruent.' Among the scholars who have grappled with the problem of nation and nationalism, he really stands out for a variety of reasons. Most of them have begun their enquiry by first trying to define nation, and from there they have gone on to define nationalism as the articulation of the nation (the desire for autonomy, unity, identity of the unit called nation, already defined). Gellner is probably the only one who has begun his enquiry by first defining nationalism and then having moved on to nation. His definition of nationalism covers, at one stroke, national sentiment, thinking, consciousness, ideology and movement. The definition is simple and profound. If the two concepts employed in it – political unit and national unit - are dejargonized to mean state and nation, respectively, it becomes even simpler. We, living in modern times, tend to take nation and state for granted and moreover, tend to taken them to be more or less the same thing. We do so because they appear to us as very nearly the same things. But there is no reason for us to believe that the two may have always been the same thing, or to use Gellner's words, they may have always been congruent. After all, their congruence is not a condition given to us; it is the insistence of the agent called nationalism. For this coming together of state and nation, there are clearly three pre-conditions - there should be a state; there should be a nation; and finally, they should be nationalism to tell the other two that they are meant for each other and cannot live without each other. In other words, the present day congruence of nation and state (emergence of nation-state) is a product of three specific developments in human history. When did the three happen in human history? Let us now focus on the emergence of state and nation as preconditions to the development of nation-state. As mentioned earlier we look upon nationalism as a modern phenomenon and understand it to be rooted in the transformation of the world from agrarian to industrial. We need to therefore

answer two questions: Why did nationalism not emerge during the agrarian period? What was it about the industrial society that necessitated the emergence of nationalism? In this section we will also try and answer these questions by pointing out some salient features of the agrarian society and of the industrial society.

Emergence of State and Nation

State, as the centralized, power wielding agency, did not arrive in this world for a very long time; it may sound improbable but is true that mankind, for most of its life - about 99 percent, lived happily without a state. Human society, in its pre-agrarian stage, was a stateless society. Societies were small; forms of organization were simple; division of labour was elementary. The nature of exchange, wherever it existed, was such as could be managed easily by people themselves without having to resort to any central authority. People did not need a state and, as a result, did not have one. The pre-condition for the arrival of the state, and therefore nationalism, simply did not exist.

The first agrarian revolution - indeed the first revolution known to mankind - initiated the first major transformation in human life. It liberated a section of the population from having to fend for themselves; it could now be done by others. Those who were freed from the need to procure food for themselves were obliged to do other things. A division of labour came into being. With the passage of time this division became more complex. The availability of large surplus, segregated people from each other. Groups of people were separated and stratified. A state came into being to maintain law and order, collect surplus, resolve disputes when the need arose, and, of course, to regulate the exchange mechanism. Of course, not all agrarian societies had a state; only those with an elaborate division of labour did. Simple agrarian societies resembling their pre-agrarian ancestors, could still manage without one. State, at this stage of human history, was an option, and as an option, was crucially dependent upon the existing division of labour. A hypothetical anti-state citizen of the medieval world could still hope that under conditions of a stable division of labour, state might be dispensed with. Our medieval anti-state protagonist would certainly have been disappointed, if he had lived long enough, by the arrival of the industrial era which increased this division of labour manifold thereby ensuring a long life for the state. State, under conditions of industrial economy, was no longer an option; it became a necessity. As of today, the state is still with us, strong as ever, and the vision of a stateless society in some distant future is there only to test human credulity.

So the state has arrived and shows no signs of disappearing. What about nation, the other pre-conditions? We certainly did not hear of a nation in the medieval times, though we did hear of cultural groups and units. It is possible that nations may have grown out of these cultural units, under conditions favourable for their growth. Cultural units that existed in the medieval world were either very small (based on tribe, caste, clan or village) or very large (based on the religious civilizations of Islam and Christianity). This range was also available to political units. They were either very small (city-states or small kingdoms) or very large (Empires - Holy Roman, Ottoman, Mughal, Russian).

So the cultural units existed in the medieval world and so did the political units. They often cut across each other. Large empires contained many cultural units within their territory. Large cultural units could easily accommodate themselves under many political units. They felt no great need for any major re-allocation of boundaries to suit nationalist imperative. Nobody told them that they were violating the nationalist principle. None -either the political or the cultural unit - was greatly attracted to one-culture-one polity formula. Indeed, it was not possible to implement such a formula even if the impulse had existed (which it did not).