

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

**MASTER OF ARTS-HISTORY  
SEMESTER -II**

**TWENTIETH CENTURY WORLD AFTER  
THE SECOND WORLD WAR**

**CORE-201**

**BLOCK-2**

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## **UNIVERSITY OF NORTH BENGAL**

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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.

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# TWENTIETH CENTURY WORLD

## AFTER THE SECOND WORLD WAR

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### **BLOCK 1**

Unit 1. Cold War and Bipolarism in World Politics: Background and Responsibility, Ideological and Political basis of Cold War, Pacts and Treaties, Tension and Rivalries.

Unit 2. Cold War and its Effects around the World: Beyond USA and USSR

Unit 3. Historical Context of the Emergence of the Third World: Principle of Non- Alignment Movement, Conferences, and Ideology in this regard.

Unit 4. Third World and Revolution

Unit 5. Post-World War II World – The Rise of UN

Unit 6. UNO and the Concept of World Peace and Regional Tensions

Unit 7. Cultural Revolution, Civil Rights Movements, Apartheid, Feminism, Gender Issue in Global Context.

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# **BLOCK-2: TWENTIETH CENTURY**

## **WORLD AFTER THE SECOND**

### **WORLD WAR**

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#### **Introduction to the Block**

UNIT- 8.Towards the Millennium – Concludes how the century folded and what was to be expected from the new millennium, with issues like the Islam-Hindu conflict in sight.

UNIT -9.Disintegration of the Socialist Bloc – Explains what went on in the international lobby and what all countries were up to.

UNIT -10.Real socialism – Introduces the concept of socialism as prevalent during that time.

UNIT -11.End of Socialism – Help us understand how socialism was subdued and ultimately replaced by communism

UNIT -12.First Step towards Globalization– Explains what spurred a boom in economy and prosperity post the crisis decades in the context of modernization and liberalization

UNIT -13.The Crises decades- The crisis of the USSR and Easter Europe and the irretrievable damage to the progress made in the golden years

UNIT -14.The Avante – Garde Dies – The Arts after 1950 – Looks at the development of various forms of Art throughout the latter half of 20-century

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# **UNIT-8: TOWARDS THE MILLENNIUM**

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## **STRUCTURE**

- 8.0 Objective
- 8.1 Introduction
- 8.2 The fate of War participant countries
- 8.3 Military operations and Destructive activities
- 8.4 Conflicts between The First and The Third world
- 8.5 Religious Wars and conflicts
- 8.6 Primary problems of the economy
  - 8.6.1 Environmental and Demographic
  - 8.6.2 Social Aspects
- 8.7 Partition of Hindu-Islamic unity
- 8.8 Let Us Sum Up
- 8.9 Keywords
- 8.10 Questions for Review
- 8.11 Suggested Readings and References
- 8.12 Answers to Check your Progress

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## **8.0 OBJECTIVE**

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After going through this unit you should be able to understand:

- The primary reason for the sheer dearth of a concrete system.
- Reason of Hindu-Islamic unity partition.

- Reason for environmental problems and demographic problems
- Loss of faith and the emergence of religious conflicts

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## 8.1 INTRODUCTION

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After the gun fell silent in the fin de siècle of one marked by a thirty-year long war, all people knew after witnessing bloodshed and erasing of one-tenth of the population of the world was that a long event in history had come to its conclusion. The twentieth century gave rise to issues in its short-lived duration that no one could or even attempt to solve. Two catastrophic wars left people on the edge of a daze, with no one knowing what step to be taken next. This is the primary reason why there was a sheer dearth of an international structure or concrete system. Post-1989 was characterized by a rapid increase in the formation of newly independent states but what these states lacked is a system to determine their borders efficiently. The fact that there was no third party to mediate between states speaks volumes about the advent of the third millennium, where were the vanquishers from the war and what were these superpowers doing?

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## 8.2 THE FATE OF WAR PARTICIPANT COUNTRIES

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The participants of war had all met their distinct fates. Russia had been to its former size from the seventeenth century. France and Britain merely existed as regional titles, which was barely covered by their possession of nuclear weapons. Although the Germans and the Japanese were economically massive and powerful, the two countries never felt the requirement to back their economy with a strong military force even after receiving the freedom to do so. The European Union had aspirations of political unity that was a colossal failure except in the economic fronts. The United States of America was the only, remotely stable “superpower” that had an ounce of influence left to exercise on the world. Amidst this



confusion, there was an uncertainty regarding the fate of the countries, big or small, by the time the 20th century wrapped itself up. Thus, for the primary time in 2 centuries, the globe of the Nineties entirely lacked any *Systeme International d' Unites* or structure. The actual fact that, after 1989, dozens of recent territorial states appeared with no independent mechanism for deciding their borders - while not even third parties accepted as sufficiently impartial to act as general mediators - speaks for itself. Wherever was the association of international powers that had once established a minimum of formally legal controversial frontiers? Where the victors of the primary warfare United Nations agency supervised the re-drawing of the map of Europe and therefore the world, fixing a borderline here, insisting on a vote there? (Where, indeed, were those operating international conferences thus acquainted to the diplomats of the past, thus totally different from the brief public-relations and photo-exercise summits that had currently taken their place?)

What, indeed, were international powers, old or new, at the top of the millennium? The sole state that could be recognized as a great power was the USA. Russia had been reduced to the dimensions it had been within the mid-seventeenth century. The United Kingdom and France had been reduced to strictly regional standing, that wasn't hidden by the possession of nuclear arms. Germany and Japan were definitely 'great powers' in economic terms, however, both overlooked backing their enormous economic resources with military muscle. What was the international political stance of the new international organization, that aspired to a standard political policy however established stunningly incapable of even feigning to have one, in contrast to in economic matters? It had been not even clear whether or not all but a number of states, giant or tiny, recent or young, would exist in their present form by the time the century reached its half-moon.

This confusion suggested a lack of clarity with respect to the status of the players of war, which resulted in an inevitable cluelessness about the dangers that the future had in store for these nations. The twentieth century saw war, irrespective of its hotness or coldness with apocalyptic measures of mass destruction that almost led the world to its end.

Although the nuclear apocalypse was dodged by the world, the transforming or decline of most players of superpowers, along with their mighty allies, suggested that a third world was not foreseeable, which was reassuring.

Typically speaking this did not mean that war as a whole was an unlikely happening in the future, as the world witnessed the British-Argentina war and the clashes between Iraq and Iran in the 1980s. Although these wars had little to do with the erstwhile players or superpowers of the world war, confrontation of these superpowers was still rendered as a concrete possibility.

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### **8.3 MILITARY OPERATIONS AND DESTRUCTIVE ACTIVITIES**

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The early 1990s saw military activities increase at a bullet-train speed, even though they lacked the characteristics of a full-fledged war. Regions of Asia, Africa, and Europe were at the center of these military operations, along with Angola, Afghanistan, Horn of Africa, Middle-East, and Sudan being at the periphery. Liberia, Angola, Sudan, all had to face hostilities. Other areas like ex-Yugoslavia, Moldova, the Caucasus and Transcaucasus countries were all under the conflicts radar.

These hostile ventures could never be recorded as wars between specific countries due to changing geographical frontiers. The causes and parties of these small-time military outbreaks were nearly always a blur, which was the primary reason for these conflicts not being termed as a “war”. The people inhabiting these conflicting regions lacked a life of peace. Essentially, the impending doom of war had not vanished into thin air, but the definition of it had merely shifted.

States like Bosnia, Tadjikistan, Liberia had perfectly harmonious settlements and governance only a few years back. And now, all these states were waging war at each other and even internally, creating an entire situation of havoc. In the early 1990s, the Balkans clearly stated that it did not take much time for the scale to shift. One day, a country might be dealing only with a minor internal dispute and in the next few

years, it might actually manifest into a world war. The idea of war had not ended, but the nature of it had been transformed.

The people of stable and mighty regions, like the parts of the European Union and Scandinavia had substantial support of other countries. They probably thought themselves to be invincible in their safe spaces, with much fewer adversities than those in third world and post-socialism countries, but this is where they were mistaken.

Yet it had become more and more clear over the half of the Short Twentieth Century that the primary world might win battles however not wars against the Third, or rather that winning wars, though doable, could not guarantee the management of such territories. The foremost quality of imperialism had disappeared, specifically the readiness of colonial populations, once conquered, to let themselves be quietly administered by some of the occupiers.

Those times made it possible for even the puniest of associations to take on the world by a storm and have disastrous effects on their desired opponents, as was seen in the tragic bombings of the World Trade Centre in 1993. The viability of such non-terrorist (especially) activities stemmed from the fact that these activities were moderate, except for the insurance agencies. It was highly convenient to blow up a political opponent than an actual standing armed force across a border. Additionally, these acts of warfare mainly functioned on handheld armaments instead of large explosives. But, there was no fathomable reason as to why nuclear weaponry, along with its materials and building information was inaccessible in the market and not handy for these groups.

Several situations in the immediate aftermath of the Cold War drama sized this unsuspected limitation on state power, notably Bosnia and Somalia. They also threw light on what looked like becoming perhaps the major cause of international tension in the new millennium, namely that which arose out of the rapidly widening gap between the rich and the poor parts of the world. Each resented the other. The rise of Islamic fundamentalism was patently a movement not only against the ideology

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of modernization by Westernization but against the 'West' itself. Not by accident did the activists of such movements pursue their ends by disrupting the visits of Western tourists, as in Egypt, or murdering local Western residents in substantial numbers, as in Algeria. Conversely, the jagged edge of popular xenophobia in the rich countries was directed against foreigners from the Third World, and the European Union dammed its borders against the flood of the Third World's labor-seeking poor. Even within the USA, signs of serious opposition to that country's de facto tolerance of unlimited immigration began to appear.

The destructive means got democratized, which brought the scale of these destructive activities crashing low. After the Cold war era, the plethora of issues led to an increase in the drama surrounding the state power's limitation. These issues illuminated some of the major causes of international unrest in the millennium, one of which was the regional disparity between the rich and the poor masses. Both detested each other. Islamic fundamentalism seemed like not only a contrasting ideology to the western beliefs, but an attack on the west itself. It was not a mere coincident or an accident that western tourists across these Islamic nations were being killed by believers of its ideology like in Egypt and Algeria. The most classic examples of unabashed xenophobia were displayed in the wealthy nations against the Third World foreigners and the European Union erected a massive door to shut out the job-seeking poor populations of the Third World. The situation in the United States of America became cold and unwelcoming towards a sea of unlimited immigrants.

### Check your progress I

1. Countries involved in the Second World War?

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2. Explain the destructive effects of the Second World War?

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## 8.4 CONFLICTS BETWEEN THE FIRST AND THE THIRD WORLD

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All the countries suspected each other's intentions but there was nothing that any country could do about it. The indistinct borders and the absence of any proclaimed international body made the situation even worse. Amidst these happenings, a conflict between the North and South was predictable to be won by the North, with its riches and technical prowess. The Gulf War was a demonstration of this prediction in the year 1991. The possession of nuclear weaponry by some Third World countries, even if they knew the know-how of its maintenance and use, was ineffective in deterring the rest of the world as western nations. The coalition in Gulf War, coupled with Israel, was ample demonstration of pre-emptive steps that were capable of being taken against a probable opponent that was too frail to be an actual threat to them as yet. With respect to military prowess, the First World countries regarded Third world countries as mere weaponry made of origami. Mao coined the term 'paper tiger' to refer to third world countries.

It was a rather poetic analysis by the First World of its capabilities against the Third World, of winning a battle against them but not wars. Even if winning a war was a possibility by the First World nations, they were self-aware of never being able to establish control over the defeated Third World nations. This was owing to the vanishing active ingredient of imperialism, where the colonized refused to obey a bunch of occupiers and readily make themselves available at their disposal. Administration in Bosnia-Herzegovina was an easy task for the Habsburg Empire. However, in the 1990s multiple governments were suggested by their military chiefs that the calming of that sad, war-victimized area would need the showing up for troops in thousands of numbers, for an indefinite time. This mobilization was akin to a literal war. Somalia was always a

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land difficult to keep a hold on, which even called for Britain's intervention and Rome or London still were forgetful of the fact that Muhammad bin Abdallah had poked a finger in the noses of Italy and Britain's government. In the 1990s, the UN and U.S.A. withdrew after being met with the option of uncertain occupation without a clear end. The U.S.A., despite all of its might, budged when it faced a local general that headed the local American-armed army that stopped an elected American president to return in Haiti. It additionally challenged the U.S.A. to try to occupy Haiti. Consequently, The U.S.A. failed to capture Haiti as it had between 1915 and 18934, not because of nearly a hundred armed military imposing a threat, but because it was unaware of how exactly it could suppress the Haitian problems by external forces.

In the collection and on its fringes things was so different, perpetually excepting the huge population of the Far East, whom the Confucian tradition had unbroken proof against official faith for a few millennia, although to not unofficial cults. Here, indeed, one may need to be expected the son secular traditions that entrenched standard ways that of wondering the world to become distinguished on the general public scene because the common people became established actors thereon scene. this is often what happened in the last decades of the century because the secularized and modernizing elite minorities United Nations agency had LED their countries into the fashionable world were marginalized (see chapter 12). The charm of politicized faith was all the bigger as a result of the previous religions were, virtually by definition, enemies to the culture that was the agent of social disruption, and to the wealthy and irreverent countries that looked, over ever, as the exploiters of the poor world's poorness. The native targets of such movements were the Westernized wealthy with their Mercedes and emancipated girls, further a tinge of sophistication struggle to such movements. They became familiarly (but misleadingly) referred to as 'fundamentalism' in the West. Regardless of the modern name, such movements looked back, as it were ex officio, to some easier and stable and a lot of perceivable age of the notional past. Since there was

no approach back to such associate degree era, and since these ideologies might don't have anything of connection to mention regarding the actual issues of societies totally not like those of, say, pastoral nomads in the ancient geographic region, they provided no steerage to those issues. They were symptoms of what the national capital wit Karl Kraus knew as psychoanalysis: 'the sickness of that they purport to be the cure'.

Hence, the century came to wraps with a global disorder, the nature of which was far from clear and with a lack of a mechanism to either control it or conclude it. This impotence was due to not only the complex nature of the world's crisis but failure after repeated attempts to put rest to this unrest.

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## **8.5 RELIGIOUS WARS AND CONFLICTS**

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The Twentieth Century saw manifold religious conflicts and wars and the most dooming of them were those caused during the blood-thirsty eras of socialism and nationalism, and led by either equivalent of the almighty, that was abstract, or politicians who were raised on a pedestal problematically close to that of God's. These extreme examples of religious believers were however reduced to mere sects from universal churches before the cold war came to its end.

When the USSR collapsed, it was a lesson for the world in declining communism, with the failure of universal state ownership of the factors of production and a centralized system of planning that fell short of providing an efficient solution to the market and price economics. The idea of communism that erected from Marxism continued to be a debate with respect to its future existence. Marxism was seen as a doctrine of political action and an inspiration for social movements during most parts of the 1890s was most likely to do so in its pure form.

The faith in an economy characterized by unlimited competition, distribution of resources by an unrestricted market and production of maximum good, services and happiness with a tag of freedom was bankrupt. Never had such a laissez-faire structure successfully existed in the world. This attempt was however made in place of Soviet's socialist

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economy by way of shock therapies that was suggested by western advisers and the outcome of which was a sheer failure and dreadful for the politics and economics of the state.

The face-first fall of the Soviet's aspirations of laissez-faire reinstated people's beliefs in capitalism and how no economy without a stock exchange could function smoothly. Socialists were convinced that ultra-liberal models of the economy were not viable as decisions of the humans and economy were too crucial to be decided by the market. This also threw light on the fact that the belief of capitalism and socialism being polar opposite and mutually exclusive would be a debate that will be traced back to the cold war of religion. It may, however, become as irrelevant as the debate of true Christianity was between Catholics and reformers of the sixteenth and seventeenth centuries.

More alarming than the failure of these polar opposite economic ideologies were the state of confusion in mixed and most noteworthy and miraculous economies of the world. They had practically conjoined private and public. The brilliance of this pragmatic step was not the intellectually excellent theories formulated before implementing it, but the sheer success that it met within the real world. It was a simple case of practical victory over intellectual coherence. The Crises Decades had a plethora of shortcomings that were identical to the policies in the Golden Age but sans any effective alternative plans of action. It elucidated upon not only the aftermath of an economic revolution on culture and society since 1945 but also ecological side effects. Collective institutions comprising of humans had lost to the collective actions of other humans. It helped explain the neo-liberal ideology with utmost precision that every individual must chase their satisfaction without any inhibitions or barriers and the result from it would be the most superior one they could achieve.

There was a precipitous decline of Roman Catholicism. In Wales, churches stood empty and deserted even after formerly playing a pivotal role in shaping the identity of the nation. The churches began to get sold and used for alternative purposes. In formerly-communist areas where Churches were the common faces of opposition against unpopular



beliefs, the distance to churches kept increasing. Observers of religion were often positive of the return to God's post-Soviet region of Orthodox Christianity but soon, this proved to be just a delusion with no substantial evidence.

The Third World Countries had a contrasting effect on them. Politicized religion appealed to them deeply as the old religions were not extremely impressed by the western civilization which was considered to be a vector for social disturbances with the wealthy and godless nations looking like exploiters of the poor. The popular targets of these movements were the urban rich with their luxury sedans and liberated women that gave it a characteristic of a class struggle. These ideologies, however, had nothing important to say or a substantial contribution to make to their real issues. Strictly speaking, this movement was merely an amalgamation of feelings and slogans which was barely an ideology. It strove on the corpse of ideologies much like the inhabitation of the post-war remains in Europe after the bombings. This was just identity politics coupled with xenophobia.

The world saw Wilsonian-Leninist ideology of right to national self-determination get shrunk to an absurd belief as they moved towards the millennium. The cultivation of fascism was in an inter-war environment which allowed it a conducive environment for budding. The same was seen in the case of Third World countries where poly-religious revolts and thirst for identity and social system provided them with an environment for politics to flourish. They saw a bleak prospect of overthrowing archaic regimes and replacing them with new ones. They, however, seemed as inept in providing solutions as fascism was during the catastrophic age. It was however unclear whether the Third World was capable of coming up with a mass uprising like fascism that intimidated even before it acquired the power of the state.

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## 8.6 PRIMARY PROBLEMS OF THE ECONOMY

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### 8.6.1 Environmental And Demographic

The two major problems faced in an economy by the nations were roughly environmental and demographic in nature. The explosion of the population ever since the mid-twenties was supposed to stabilize itself by the year 2030, especially with the birth rate in Third World declining. However, if this estimate was proven to be false, there was no other recourse left. If this estimate would be the slightest bit of truth, it would entail with its issues regarding the maintenance of such stability in population. Whether the population would stabilize or not was an irrelevant question considering how it would inevitably impact and cause the opposite of equilibrium in the nation. It was predicted that the developed and wealthy nations would be pioneers in the stabilization of population or merely halting their reproduction akin to manifold nations in the 1990s.

The two central, and, within the long-term, decisive, issues were demographic and ecological. The world's population, exploding in size since the middle of the 20th century was usually expected to stabilize at about 10 billion individuals, or 5 times its 1950 numbers, sometime around 2030, basically by a decline within the Third World's population. If this forecast were to prove wrong, all bets on the long run would be off. Notwithstanding it tested roughly realistic, it'd raise the matter, not hitherto ever envisaged on a world scale, of the way to maintain a stable world population or, additional possible, a world population unsteady spherical tier or slightly rising (or falling) trend. (A dramatic fall within the world population, unbelievable however not out of the question, would introduce however more complexities.) However, stable or not, the foreseeable movements of the world's population were guaranteed to increase the disequilibria between its different regions. On the entire, as within the Short Twentieth Century, the rich and developed countries would be those whose population would be the first to stabilize, or perhaps not to breed itself, as many such countries within the Nineties not did.

Centered amidst poor nations with massive standing armies fighting for menial jobs made one appear wealthy in accordance with the standards of Morocco. Nations with high numbers of the senior population and a low population of children would have the choice of allowing immigrants to inhabit their land. They may also shut them out with barricades. Conditional or temporary immigration could also be a probable answer to this dilemma. This kind of immigration would not vest the rights and privileges in the immigrants that were at par with its citizens. This could be like the apartheid in Israel and South Africa. The immigrants would merely look at their accepting nations as land to earn money on and help in survival while having their roots firmly intact in their respective homelands. This dual way of life was a better possibility in the later years of the twentieth century owing to the regional disparity, wage gap, and transport and communication.

The environmental problems, on the other hand, were existent but not an imminent danger for the world. This is not a disparagement as the ecological issues did find their way into debates and heated discussions in the 1970s. However, the fact that the greenhouse effect resulting from a high discharge of CFCs and causing nations to submerge or loss of an entire species to extinction was not a fact that could make one sigh out of relief. The twentieth century could have a catastrophic effect on the ecology. It would impact the human race and although it would not turn earth into an inhabitable planet, it would substantially change our lifestyles. Additionally, with technological advancements on an all-time high, we have been equipped with tools for environmental transformation. But in case this fails, humans have very little rescue time left that is more appropriately fits in the category of decades and not a whole century.

There is a two-pillared solution to this issue of the environmental crisis that is radical and realistic environmental policies, and a global movement instead of a regional one. Secondly, zero growth policies would merely put the present-day inequalities of the man at a halt, which would be unmanageable in a country like India. It is a fact that most of the ecological movements arose in the boardrooms and living areas of the rich and wealthy or middle classed people, while the poor were

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booming and unemployed, solely fixated on development and not the reverse of it.

The flagbearers of ecological policies were on the right footing, irrespective of their economic status. Sustainable development in the short run would be of no worth but in the long run, would provide an ecological balance where humans would fathom the resources of consumption and its effects on the environment. Not many ventured into devising a concrete structure to achieve this balance. Some said it had much to do with science and technology, which would provide solutions for curbing an irreversible crisis. However, the pivotal point that was ignored was that ecological movements to create balance have little to do with technology and science and more to do with politics and society. One assurance was that this was not a possibility in an era where participants of a market were in Bolt-like rush towards gaining maximum profits and competing with the other players in a free market. To frame it concisely, if the environment would be given a chance, the opportunities of capitalism would have to be taken away.

Surrounded by poor countries with huge armies of the young people, anxious for modest jobs within the wealthy world that create men and ladies rich by the standards of the Republic of El Salvador or Morocco, these countries of the many senior voters and few kids would face the selection of permitting large immigration (which created political troubles at home), barricading themselves against the immigrants whom they required (which could be impracticable within the long run), or finding another formula. The most likely was to allow temporary and conditional immigration, which did not provide the foreigners the social and political rights of voters. These might vary from the societies of frank social policy like those of African nation and Israel (declining in some components of the globe however by no suggests that excluded in others) to the informal toleration of immigrants UN agency created no claims on the receiving country, as a result of they saw it merely as an area within which to earn cash from time to time, whereas essentially remaining unmoving in their own homeland. Later twentieth-century transport and communications, as well as the enormous gap between the incomes that

would be earned in wealthy and poor countries, created this kind of twin existence a lot of doable than before. Whether or not it might within the long run, render the frictions between natives and foreigners less incendiary remain in the dispute between the eternal optimists and therefore the illusion-less skeptics.

The Second World War did not merely have axis and allied powers. It also had its not-so-silent payers or colonies of the big four powers. India was one of these when it extended its loyalties coupled with armed support to Britain during the war. The bloodshed and destruction that resulted from the war had its effect in the form of several hundred casualties of forces of Indian origin. However, the loss at war and a resultant breakdown of the British economy drove Britain to reallocate its resources and thereby reroute its priorities. The support extended during wartime was a common pattern seen in Indochina with the French colonizers, the Philippines with Americans and the Dutch and Malaysia with British colonizers. The common intent of extending manpower during the war was a part of a negotiation in return for freedom. After the war came to an end, these colonies were expectant of the fulfillment of promises and it resulted in peaceful outcomes. However, the Indochina was an exception to this, which sparked the Vietnam War, where the French first fought the Vietnamese, followed by Americans.

**Check your progress II**

1. What were the problems faced by the Economy?

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2. After-effects of the Second World War?

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### 8.6.2 Social Aspects

The economics were not considered as threatening or likewise. Although it was imperative to note that along with the economic problems, the social hazards also marked this transition phase. And even if the effects in both social and economic aspects seemed trivial at the moment, they would grow and manifest into bigger issues if left unattended. The Kondratiev periodicity could be justified only on the grounds that before the millennium was actually over, another prosperous era started coming to the shore. The dismantling of the Soviet integration and the haywire division of the entire world into numerous countries and territories have, however, clouded the beginning of the new era. The absence of any international authority and an increase in armed forces of all proclaimed nations also posed a great threat in the new rising. Economy experts were excited about the unlimited trade going on between various countries. Nevertheless, there was ample scope for improvement and reconstruction of the world.

The legacy of the Golden Age was to be shifted to this new era as well. The idea of developed market economies would persist. In the coming years, an unanticipated inclusion of all the countries of the world into the global economy was about to happen. Globalization would soon be in the limelight for giving equal importance to nations of all sizes and population. The concept of international redistribution of production would serve as a boon for approximately six thousand million population of the world, residing in countries that were never considered in the global dynamics.

The only hitch in the plan was the probable widening of the gap between the rich and the poor, the after-effects of which we suffer till date. The clashes of the 1980s and the Third world establishment were the prime causes of such a misfortune. During that time, the countries that did not have socialist ideas or structures were literally drained of money, causing most of their population to live below the poverty line. This widened the gap between the affluent countries and the underprivileged countries during the future rise of a new and otherwise developing era. It all started when the ongoing draining procedure made the growth rate of the Third

world population suffer the most regrettable fall ever. The growth continued to steep down lower in the further years.

The neoclassical concept of economics was adopted as a preventive measure. The idea of neoclassical economics was to globalize world trade and to make it free, without any taxes or other duties, in order to bring the rich and the poor sects of the world together. This concept lacked common sense and was shun by historians. But, the economists loved the idea and it was implemented anyway as a desperate method to control the haphazard situation. It was nothing more than an attempt to bridge the previously created gap. Countries did not realize that this move would rather bring a more negative impact on the world economy and breach future trouble. The main loophole in the neoclassical concept was that it was indirectly encouraging the discrimination between world economies by allowing the happening of unequal trade. Free trade would work well for the poor nations but the rich would become richer and thus the widening of the virtual gap would accelerate, contrary to the motive of freezing it.

Although, it is essential to know that all kinds of economic activities have their consequences. In total, there were three major alarming factors in the late twentieth-century economy. The first factor was the repercussions of the development of technology. It is good to have something new and innovative evolving and manifesting. But there are always two sides of a coin. The downside of the rapid growth of technology was that its intention to minimize human labor countered to create the exact opposite scenario. Employment decreased and no new means of the same was discovered. On the other hand, the deployment of technology did not even serve its primary purpose of better work than humans. The lack of human expertise and diversified workforce did not help. The rather intelligent plan to reduce man's hard work backfired on both aspects. The bar of employment that was set in the Golden Age was far from achievable. At the crossroads of the millennium, things seemed bleak and the idea of a prosperous economy looked far-fetched.

Globalization of economy also played its part in somewhat degrading the economic system. The incredible idea had its repercussions. It cannot be

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denied that the main resource for production setups remained human. Only the source of employment differed. Richer countries incurred more costs as per the workforce was concerned. When the production system was globalized and redistributed, it indirectly meant that now cheaper labor was available for the same job. In poor countries, people agreed to work for any bare minimum wage.

This can be seen as an advantage and disadvantage both. The upside was the maximization of business profits as a whole while the downside was at the preliminary level. It was unjust and unfair to hire workforce at a lower rate for the same job, just because of the difference in location. This inequality amidst all the notions of equality could result in two outcomes. The poor countries could get more employment opportunities because the cost of labor was lesser. On the other hand, another possibility was that the global wages could be standardized and reduced to match the wages of the less fortunate countries.

Countries like Britain could finally call themselves low economies. However, this paradigm shift would result in social chaos among the people. It is obvious for people to revolt when their payments are regulated only because of the lower standard pay in less privileged countries. Also, the social status would be reduced, restricting Britain to compete with the NICs. Earlier in history, such tactical and crucial decisions were enforced by the introduction of new political systems, like protectionism.

The third and final nail in the coffin of options was the absence of a proper international authority. Who was the superpower? Which country could lead by example to help others? Who could regulate the payment standards of workers and deployment of technology? Who could make the decision for the entire world in such a way that everyone accepts it? The answers to all these questions were null. No one, no authority, no superpower, no leader existed. There was no one to pull the reigns of this growing economy that was being slowly led to its turmoil. The fact that there was no international body that could meet up, arrange conferences for all national delegates to participate and in turn make a solid decision was disturbing.



Of course, the effects of the seeds of poor decisions planted now would not grow up to be a problem for all nations at the same. Countries like South Korea would have to face the repercussions sooner than nations like Britain. However, the bottom line was that the doom was inevitable. Sooner or later, all the countries would succumb to the disparity of authority and loopholes in the economic sector. On top of that, all the previous solutions could not be applied to the present situation.

In the Golden age, the huge production schemes would succeed only because of the large consumer database. The technological operations would only be viable if there were enough funds to direct it in the correct direction. These funds and income came from the high wages of the workforce. With the anticipation of a new wage standard soon, the gross income of the countries was at terrible risk. There was no way in the world that these sources of income could preserve themselves, let alone compensate for other worse factors.

In the developed countries of the world, the decrease of employment of labor force due to wage issues was not that much of a threat. The rich countries were smart in taking the opportunity to diversify their workforce into other streams. People were now employed for social security and public welfare purposes. This led to the further advancement of the rich countries while the poor remained as they were. All these aspects resulted in 30% of the total GNP of all the Western forces, combined. It is fascinating to observe that the GNP for the same Western countries was only around 4 %, collectively, in the 1920s.

This was due to the establishment of more stable jobs for the people of the rich countries whose earlier jobs were rather volatile. The numbers clearly indicated that the wave of development was swaying into Western side more and more with each passing year. Another notable proof of the same was when the Wall Street stock exchange market collapsed to bits in 1987. This was the biggest collapse in the stock market ever since 1929. The crucial thing to note here was that even an economic setback like this one did not lead to the fall in capitalist fortunes like the 1930s.

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These only methods of stabilization were being ignored at the moment. By the end of the Twentieth century, all the orthodox economic consulting firms and Governments stressed on the diversion of the workforce from the production units to the social welfare and security sectors of the rich countries. The employment in production units now became a sole existence in the less fortunate nations. The scales seemed balanced to the world powers but in fact, that was not the case. The social welfare and security that was being given so much importance in the developed Western nations were being overlooked in the poor countries. No one even considered that the less fortunate nations also required their law and order, social proceedings to be just and secure. The overall idea of economic equality would be shattered soon due to this negligence. Nobody was concerned that this unequal economic growth could even seclude a handful of nations entirely and forever from the global economic scene. And all this because of what? Only because the workers in poor countries agreed to work on low wages? This looked unfair to the highest degree of it all.

Since everything was globalized, no one felt the need to change anything in the system as long as the global economic growth had a positive slope. The underlying factors were not considered. It was not economically viable to even possibly think of a scenario where France could shut down its entire agricultural operation and start importing food products from the underprivileged nations with same or more fertile lands. Similarly, there were no apt reasons to stop the production of all the TV programs of the world in only Mexico City just to provide more avenues for others. This concept of mutual compromise to dwell together as equal nations were out of sight and out of mind. National benefits seemed little as long as there were net gains and no global uprisings.

These issues would be fueled further in an unregulated free global trade scenario where no one or no country was answerable to any authority for its wrongdoings. On the contrary, the existence of such a set up would speed up the process of unemployment and underemployment in many parts of the globe. Absence of standards allowed countries to reimburse any minimum amount of taxes and in some cases reduce the social security taxes to a minimum. All the factors could be risked in this

system as long as globally, we were prospering and gaining profits. No one even cared to look at the risk at which the poor countries were functioning. Firstly, the workers there were functioning at rates below the previous bar, just for the sake of employment. Talk about the exploitation of someone's desperate need to survive. Another point was that their national security was at risk just to help in maximizing the net global production. This was not just unfair but indeed brutal on their part.

All these situations were happening for the time in history. The capitalist economy had never functioned on such grounds. Neither did the rich countries ever earn so much profit. This scenario was the prime reason for the existence of developed countries in today's world. And of course, the presence of underprivileged nations till date has not diminished. Such disparity in economic status in the same timeline of events is shocking and the roots of it were laid at the brink of the millennium. Political concepts like depression and protectionism arose due to this haphazard state of affairs. The concept of economic liberation and global marketization looked good only on paper. The 1980s saw the worst practical impacts of the implementation of such schemes, the aftermath of which exists even today.

The existence of communism and the establishment of USSR was similar to the Nazi rule of Germany. Uncontrolled and unleashed in all aspects. When the Soviet Union disintegrated into pieces, much of the other world economies were affected as well. This indeed breached more indistinctive authority. The remains of the Soviet-led to even more serious threats. Ideas and concepts seemed to be fruitful on the outside but on the inside, this phase affected the global economy like termites destroy wood. Little by little, in the depth and in parts. There is substantial proof today that almost two-thirds of the world population did not benefit from the alleged economic advancement.

Even today the countries of the world are categorized into developed and developing. It is more strange to see such discrimination at the beginning of an era that sparked the idea of the world as a whole and single entity. The millennium which proclaimed that we all are global citizens had itself been founded on the grounds of economic differences. These

differences kept on manifesting each year and the signs of this disparity linger on till today.

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## **8.7 PARTITION OF HINDU-ISLAMIC UNITY**

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Before the independence of India in 1947, after movements abundant, the real conflicts within India began. The Hindu-Islamic unity, which was a powerful tool of reiterating a spirit of nationalism in the face of British suppressors during the time of the post-Bengal partition uprising was jinxed and led to bloodshed. This resulted in the partition of India, and the formation of a nation called Pakistan.

M.A. Jinnah's brainchild of "two-nations" culminated into a partition that has often been termed as quick, brutish, and nasty by historians. Pakistan was a land formed in haste and terror, amidst calamity and bloodletting. Unfortunately for Jinnah, this was a half bitten aspiration on his platter, for the new partitioned state of Pakistan excluded Kashmir. The Independence Act of 1947 empowered all its princely states to merge with either of the new nations. However, the reigning Maharaja of Kashmir, Hari Singh, anticipated a civil war if he made a choice, and picked a middle path of conciliatory agreements with both nations. This conciliation was short-lived with the desperate attempts of Pakistan and its raiders in Kashmir, badgering the Maharaja to join hands with Pakistan. This led Maharaja to turn to India for aid with an additional Agreement of Accession of Kashmir in 1947. India's indiscretion at the time made it outline a condition of a plebiscite after the restoration of peace. This was a fraud in the eyes of Pakistan and soon after, Kashmir became the keystone of Pakistan's foreign policy. Armed attacks on the Kashmir border led to multiple interventions by Lord Mountbatten, the viceroy of independent India and the formation of a five-member United Nation's Commission for India and Pakistan. Pakistan's NATO and CENTO membership, coupled with the exploitation of western support aided in its firm holding of acquiring Kashmir. This led to civil war. Three wars of Indo-Sino, Indo-Pak and Kargil war took place and the Kashmir issue still remains an interrogative one for either of the

countries. The only change has been in the wordings of the sentence formation with no sight of a concrete or probable answer.

Indeed, just because the twentieth century had plenty of examples of incomparably ruthless regimes, and those seeking to impose minority power on majorities by force - as in apartheid South Africa - it demonstrated the limits of sheer coercive power. Even the most ruthless and brutal rulers were well aware that unlimited power alone could not supplant the political assets and skills of authority: a public sense of the regime's legitimacy, a degree of active popular support, the ability to divide and rule, and - especially in times of crisis - the citizens' willing obedience. When, as in 1989, this obedience was visibly withdrawn from Eastern European regimes, these regimes abdicated, even though they still had the full backing of their civil functionaries, armed forces and security services. In short, contrary to appearances, the twentieth century showed that one can rule against all the people for some of the time, some of the people all the time, but not all the people all the time. Admittedly, this was no comfort to permanently oppressed minorities or to peoples who suffered during a generation or more of virtually universal oppression.

It will be a half-witted decision to conclude this book with a prediction of what the future of the world has in store, especially after being plundered and pillaged in countless numbers. Although there is meager hope for the world's hopeful future, one cannot deny the possibility of things taking a dramatic turn in the positive direction and may look more promising. In any case, the after-effects of the cold war have been relatively prolonged than the consequences of the two world wars that the world was witness to. We live in times of rampant capitalism with a desperate requirement for ecological balance. Our world is at a dual risk of implosion and explosion. If humanity wishes to see a future here, a balance must be created by ceasing to overthink the past and not protracting the present. And the cost of a failure of changing this is dusk.

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## 8.8 LET US SUM UP

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- The twentieth century had raised issues and formation of independent states.
- The USA was the only one having over-powered stability.
- Post-Bengal partition led to the partition of Hindu-Islamic unity.
- The Gulf war was the prediction of war between the North and the south.
- The twentieth century faced a religious issue with environmental and demographic problems.

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## 8.9 QUESTIONS FOR REVIEW

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1. Which countries were the participants of the war?
2. How was Pakistan formed?
3. What were the two-pillared solutions for environmental crises?
4. How was Sustainable Development beneficial in Long-run?
5. How was the year of Post-1989 characterized?
6. What were the independent states of Post-1989 were lacking behind?
7. In which year the military operations had increased? Who were major countries of military operations?
8. What was the primary reason for conflicts?
9. After the Roman Catholics declined, what role did church play?
10. What were the alternative purposes of the church?
11. What were the major problems in the economy?
12. What was the prediction for the demographic transition?
13. Why Hindu-Islamic unity was divided?
14. What was the two of Pakistan's membership?

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## 8.10 KEYWORDS

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Military	Army of the country.
· Millennium	Years from the birth of the Christ
· Laissez-faire	No government intervention
· Third World	This term refers to the developing world.

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## 8.11 SUGGESTED READINGS AND REFERENCES

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- The Millennium Trilogy by Stieg Larsson
- Towards the Millennium: Optimistic Visions for Change by Yorick Blumenfeld
- Towards a New Alchemy: The Millennium Science by Nick Begich
- Slogging Towards the Millennium by Bill McClellan

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## 8.12 ANSWERS TO CHECK YOUR PROGRESS

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1. Countries involved in the second world war explained in paragraph one module 14.4.....(check your progress I.Q.1)
2. destruction caused by the second world war explained in paragraph four-module 14.4.....(check your progress I.Q.1)
3. Problems faced by the Economy explained in paragraph one module 14.7.....(check your progress II.Q.1)
4. After-effects of the second world war on the economy explained in paragraph six-module 14.7.....(check your progress II.Q.2)

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# **UNIT-9 DISINTEGRATION OF THE SOCIALIST BLOC**

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## **STRUCTURE**

9.0 Objective

9.1 Introduction

9.2 Empires and International Society

9.3 The Origins of International Relations

9.4 Europe's Imperial Expansion

9.5 Self-Determination and Decline of Imperialism

9.6 Disintegration of Soviet Union and Western Bloc

9.7 Internal and External causes of Disintegration

9.10 Keywords

9.11 Questions for Review

9.12 Suggested Readings and References

9.13 Answers to Check your Progress

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## **9.0 OBJECTIVE**

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After going through this unit, you would be able to explore the origination of the International Relations, over the past centuries by experiments of the changing perceptions of the chronological order within the present world. It is given in this chapter to take into the consideration of the impact of major historical events on the evolution of International Relations. It includes empires and international society. This chapter introduces you to a variety of theoretical tools which will assist you to analyze the behavior of international actors and



therefore nature of international systems. Here, we will also discuss about the Europe's Imperial Enlargement and its decline, disintegration of Soviet Union and Western Blocs, Internal and External reasons for the disintegration of the Socialist Blocs. Also, with this will look into the way of disintegration, that how it was divided by studying in brief about all its eight countries. This unit outlines and discusses some main ideas inside the discipline, including war, peace, the state, and power. It further critically assesses the challenges faced by the international society including security, world governance.

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## **9.1 INTRODUCTION**

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This chapter provides an insight into the study of international relations (IR), particularly focusing on the international actors and systems at the center of the discipline. These include the evolution of International Relations throughout the twentieth century, the impact of the key historical events on the event of the 20<sup>th</sup> century, including the Peace of Westphalia, European imperialism, its emerging and the decline phase and mainly the disintegration of the Soviet Union and Western Bloc. The changes in the international system since the end of the Cold War and the history of globalization and its influence on the evolution of discipline is the main theories and concepts, the main theories of lawlessness and systems in IR's understanding of the world; a number of the similarities and variations between thought approaches to IR – significantly Liberalism, Realism, and Marxism.

There are various theories of world politics conferred by some of IR's newer theoretical faculties which significantly includes the constructivism, international political economy, and post-colonialism. The difficulties implicit in process and limiting war between and inside states and the contentious place of peace in international society is another aspect. The role and responsibilities of the state joined actor among several within the international system and our dynamical understanding of international power along with the impact of globalization and the end of the conflict on actors' definitions of security

is what can be learned from this chapter. The difficulties of global governance in a lawless international society and also the seeming impact of Asia's (especially China's) rise on the units, processes, and structures of the international system. Lastly, this chapter

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## **9.2 EMPIRES AND INTERNATIONAL SOCIETY**

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By the 1900s, the people of Europe and European countries dominated the world. They did this in many ways, some specific and some implicit, however the qualifications matter from the general reality. This was a singular development in world history. For the first time, one civilization established itself as a front runner worldwide.

The secret anti-communist armed force known, after its existence was revealed by an Italian politician in 1990, as Gladio (the sword) was set up in 1949 to continue internal resistance in various European countries after Soviet occupation if such a situation arose. Its members were armed and paid by the USA, trained by the CIA and United Kingdom Special Forces. Their existence was concealed from the governments in whose territories they operated, apart from selected individuals. In Italy, and perhaps elsewhere, it originally consisted of last-ditch fascists who had been left behind as nuclei of resistance by the defeated Axis, who subsequently acquired a new value as fanatical anti-communists. In the 1970s, when invasion by the Red Army no longer seemed plausible even to American secret service operatives, the Gladiators found a new field of activity as Right-wing terrorists, sometimes masquerading as Left-wing terrorists.

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## **9.3 THE ORIGINS OF INTERNATIONAL RELATIONS**

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The truce has been signed and therefore the Presidents of the nations can soon assemble to undertake the task of closing the written agreement of Peace which will give the citizens new hope and can herald in an exceedingly new world, free of the menace of war. The previous issues should be confronted in an exceedingly new spirit and the insular and

vested prejudices should be removed. Understanding and toleration would be greatly developed. It is a huge task and a myriad of agencies will be needed to execute it. Many politicians, diplomats, and students at the time were of the notion that war may be created obsolete by reciprocally agreeing rules of behavior and therefore the creation of international organizations just like the League of Nations came into being. But instead of this, the treaties that finished the First World War settlement led to what E.H. Carr calls the twenty years' crisis – an amount of political, economic and social unrest that spanned the interwar years between 1919 and 1939. Carr argues that the peace settlements of 1918–1919 contained the seeds for an excellent greater conflict. He is particularly critical of the idealistic United States President Woodrow Wilson, whose Fourteen Points were the premise for several of the treaties.

As a seasoned British diplomat, Carr saw that powerful commie states like Germany and Japan were discontent with the establishment created once the great War and pushed onerous to alter the international system in their favor. Like several of his day, he hoped that German and Japanese ambitions can be contained through a technique of diplomatic concession referred to as appeasement. The establishment, he argued, was not sacred, and 'peaceful change' was preferred to war. In the end, Carr's policy tested to be delusive. Germany and Japan weren't glad through appeasement. Instead, their policies of conquest and enlargement continued, drawing the United Kingdom and France (in September 1939), the Soviet Union (in June 1941) and therefore the USA (in December 1941) into the most harmful war in history. As you may see part two of this subject guide, the Second World War and therefore the conflict that followed on its heels had a huge impact on the event of international relations – baring away much of the idealism that outlined the topic in its earliest days and broadening the scope of its interests to incorporate questions about human rights and weapons of mass destruction (WMDs).

As the study of negotiation grew in Europe and also the Americas after 1920 had been ready to draw on a far older tradition of Western the political philosophy that stretches back to the fifth century B.C.

There are 3 writers who stand out during this period due to their merit and special attention. They are Hobbes (1588–1679), John Locke (1632–1704) and the revolutionist Karl Marx (1818–1883). All these three-date to the formal discipline of negotiation. However, their ideas have contended a vital role in shaping the rise and birth of International Relations some of the most significant ideas and theories. What follows are 3 transient sketches of their main concepts and a glimpse of some of the ways in which within which they need had an on the spot impact on the evolution of international relations.

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## **9.4 EUROPE'S IMPERIAL EXPANSION**

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There are many important theories of the ways in which some writers have historically considered International Relations. Mostly through European eyes, and primarily as the one thing that solely became seriously interesting once states emerged because of the main actors in international affairs. International Relations did not begin and finish with the increase of European states. Students of world politics should even so confront an incontrovertible fact that at some point between the late fourteenth and the sixteenth centuries, Europe began growing around the Mediterranean and later in states bordering the Atlantic and began to evolve in ways which modified the course of world history. In a very important sense, there was no such issue as a really interconnected world before 1500. Solely, the invention America and Australia came into existence by the Europeans. Then, it might we actually begin to suppose in such terms. Collectively of the J.M. Roberts, has argued, the age of a real-world history started within the fifteenth and sixteenth centuries and continued for another four hundred years, by which period European domination of the world was complete. In many ways, the age of European imperialism marked the birth of world International Relations.

The sources of Europe's dynamic growth when 1500 are heatedly debated. Some explanations are technical which includes Europe's medieval agricultural revolution to Renaissance innovations in construction and navigation that created oceanic travel additional reliable. Alternative explanations are economic,

attributing Europe's conquests to the increase of the market economy. According to historians like Eric Hobsbawm, it's no coincidence that Western Europe began to vanquish alternative regions and push outward just as the structure began to interrupt down reception and a market economy began to rise in its wake. One of the reasons, it's truthful to mention that when in 1500 the states of Western Europe did not wait for things to happen to them. Instead, they were intended on building things to happen to others. The consequences of International Relations were vast. Not only did imperial growth build European states terribly, it conjointly created their voters feel clearly superior to everyone else. It spawned a regular exchange of West African slaves that spelled disaster for millions of bound souls and created vast fortunes for the few UN agency who lived and prospered from the unpaid labor of others.

Like several historical processes that came before it, Europe's growth at the same time created wealth, poverty, technological progress, and ethical barbarity. It fostered invention and innovation, revolutionized communication, gave birth to trendy earth science and mapmaking, and was instrumental at the beginning of recent science. Its consequences were under no circumstances neutral from the purpose of fostering of world relationships. The planet was refashioned by the European powers, typically for economic gain and sometimes on grounds that created European. Most Europeans were enlightened in terms of 'raising the level' of 'native' civilizations, religiously necessary in terms of spreading Christianity or racially preordained with 'inferior' teams and cultures being destined to be dominated by those of the purportedly 'superior' white variety. Considerably, few Europeans of the time opposed imperialism. Even liberals and socialists were counted among imperialism's supporters, a conflict that there was something distinctively progressive regarding an economically and culturally superior Europe serving to those less lucky to hitch the trendy world. Whatever the reasons behind it, European imperialism was driving the force behind the creation of today's international society. It linked antecedently isolated political communities and economies

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through transoceanic networks of power, nearly always to the advantage of the Europeans dominated them.

There were two facts about the European Resistance movements.

- First, their military importance (with the possible exception of Russia) was negligible before Italy withdrew from the war in 1943, and not decisive anywhere except perhaps in parts of the Balkans. One must repeat that their major significance was political and moral. Thus Italian public life was transformed after over twenty years of fascism, which had enjoyed considerable support, even among intellectuals, by the unusually impressive and widespread mobilization of the Resistance in 1943-45, including an armed partisan movement in central and northern Italy of up to 100,000 combatants with forty-five thousand dead (Bocca, 1996). While Italians could thus put the memory of Mussolini's era behind them with a good conscience, Germans, who had remained solidly behind their government to the end, could not put a distance between themselves and the Nazi era of 1933-45. Their internal resisters, a minority of communist militants, Prussian military conservatives, with a scattering of religious and liberal dissenters, were dead or emerged from concentration camps. Conversely, of course, support for fascism or collaboration with the occupier virtually removed the people concerned from public life for a generation after 1945, though the Cold War against communism found plenty of employment for such persons in the underworld or half-world of Western military and intelligence operations.
- The second observation about the Resistance is that, for obvious reasons - though with one notable exception in Poland - its politics were skewed to the Left. In each country, the fascist and radical Right and conservatives, the local rich and others whose main terror was social revolution, tended to sympathize, or at least not to oppose the Germans.

Imperialism and also the empires Europe created did important harm to societies and cultures around the world. It also provided the idea for a

contemporary economic process that links distant communities and expands the reach of power relations. Ironically, it was this exact same method of the economic process that eventually led to the dissolution of those empires within the twentieth century, as European concepts about statehood and national self-determination unfold on globalized networks to encourage colonial liberation movements across the world. The assault on the planet by Europe's rising states had, by the late nineteenth century, created the European world political system. There was opposition first once the thirteen American colonies defeated and expelled land and empire within the late 1700s, and once more when Latin America expelled the Spanish and also the Portuguese empires within the 1800s. However, these challenges failed to upset Europe's world dominance. The USA created its revolution within the name of European and even English ideals, and only welcomed immigrants from Europe into the 'New World' till the twentieth century. In the geographic area, liberation from the Kingdom of Spain and Portugal failed to lead to the end of Europe's influence over the continent. Indeed, its revolutions left the previous European ruling categories of Latin America intact and allowed states just like the USA and also the United Kingdom of Great Britain and Northern Ireland to become even a lot more deeply concerned in regional affairs than that they had been before the

**Check your progress II**

1. What are the facts about the European Resistance Movements?

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2. What made Europe the focal point of 1914?

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## 9.5 SELF-DETERMINATION AND THE DECLINE OF IMPERIALISM

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The First warfare could be a watershed event in peacekeeping of an event that marks the end of one era thereby facilitating the start of another. The war and therefore the peace treaties that completed it was directly liable for bringing concern for the Russian Revolution and therefore the institution of the Soviet Union, for dissolving the international Ottoman and Austro–Hungarian empires, for mortifying effects of defeated Germany, for unsatisfactory nationalist aspirations in Italia and Japan, and for weakening the monetary and military capabilities of the two remaining superpowers on the European continent, France and Great Britain. The United States had become a world power throughout the war, culminating in President Woodrow Wilson’s Fourteen Points. His decision to win a simply and lasting peace the settlement was shattered. Eight of the fourteen points proscribed specific territorial disputes between fighting states. 5 introduced new norms, rules, and practices into diplomacy that United States President hoped would be the basis for a brand new reason for peacekeeping. These were: treaties or agreements that came into conclusion through open and public diplomacy rather than the secret ones and that predominated before the war; freedom of the seas; free-trade; reduction of armaments; and therefore the adjustment of colonial claims based on the principles of self-determination. Wilson’s final purpose mixed up the creation of a brand new organization which later develops as the League of Nations that would shield the sovereignty of states slowly and evenly.

President Wilson’s proposals were the base for the idealism that typified peacekeeping within the interwar years. He sought to make the world a fairer and additional democratic place. Wilson saw justice because it was the sole basis for proper order. Thus, he believed that the post-war international order might solely be sustained once the peoples of the planet lived in states that they created through a social contract, instead of being forced to measure in states created and maintained through conquest or oppression. He summed this up within



the idea of self-determination loosely outlined because of the right of a national cluster to choose its own sort of political organization. States, governments, bureaucracies and therefore the security services ought to represent a political community composed of individuals sharing a typical identity. This sort of the political community is termed as a nation. Self-determination took hold in many colonial capitals, responding to the concept that governments ought to represent the political systems and of the peoples, they governor risk losing them legitimacy. It had been this concept of self-determination quite the rest that signaled the approaching finish of imperialism.

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## **9.7 INTERNAL AND EXTERNAL CAUSES OF DISINTEGRATION**

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Before, proceeding with the internal and external causes of disintegration of Soviet Union and Western Bloc, you need to know that the causes of causes were slowly in view. Communist dominance was over the eight countries of Socialist bloc. So, now we must start with firstly Internal causes of the disintegration.

### **I. Internal Causes Of Disintegration**

There were mainly three causes of internal integration of the Soviet Union and Western Bloc. They are briefly written below.

#### **1. Economic Cause—**

The situation of overtaking of capitalism was mainly the economical cause of the disintegration. It leads to many failures at once in the regard to the economic issue. The socialist states were not able to draw up with the Western Bloc in the matters of the industry, technology and the production of food. It was basically estimated in the quantitative terms. In general, their living standard and expectations to receive more was elevating in pace. Being a consumer and popularity of culture was becoming dissimilar with the Western Bloc of capitalism. It was the major cause of the internal disintegration for which, many reforms were made. Also, many changes in the technology and the resources were made to resist the issues of crucial conditions for some time. It had

reduced the political and sociocultural issues for managing the feeling of being uncomfortable for some particular duration.

### **2. Cultural Cause—**

The Socialist Bloc countries were not able to participate for competing in the culture field of consumers, pacing of IT and the third industrial revolution. Also, they could not contribute the substituting block that could eliminate itself from the world of capitalism. It could have been possible happened once when “iron curtain” subsided over Europe during World War II. Due to the emergence of communication, it became accessible to all the people of the Socialist states for being aware about the all worldly happenings out from the World.

Czechoslovakia and Eastern Germany is a perfect example for this, when the Western Germany television was too much used in both states. The Pop music was the direct link of bonding the youth of socialist world to the source of entertainment and music. Importance of education was widely considered with the elevating job opportunities for people to have adventures. There was a fine line of comparison between the levels of living standard and the conditions of politics in the Socialist world. The capitalist countries were enhancing and became more advanced. But, sadly it was totally a failure due to the downfall of the Socialist states that led to the discontentment of its working system. It could be speculated by the bankruptcy and also that Eastern Bloc and Western Bloc could never draw up with each other.

### **3. Political Cause—**

The failure of the political Socialist states led to the discredit of the communist party leaders. It caused to declining of their authority to rule over the states. The Socialist regimes were forcibly forced to have their ruling power without any democratic elections. This was a serious problem that people were fighting with. They wanted to question each part of it, that why they were not allowed to elect their own representative and to noted, firstly they should be allowed to vote. It caused the legitimacy and authority of the communist ruling party to dictate and govern over the citizens.

The economic failure of the Socialist countries did not only bring the distribution of the issues of the society but opposed the Eastern European countries too with the disruption of the nationalism. It collaborated all the intellectuals and workers and other occupational working people. This bonding or union was turned out to be a effectively and powerful strong danger for ruling the elite people. These all groups were ranking against their opposition. All the countries were having not having similar cooperation and unity in all the parts.

Till now, we had only discussed the internal causes of the disintegration but now we are going to discuss the external causes of disintegration on Soviet Union and Western Bloc.

## **II. External Causes of Disintegration**

### **1. Role Of USSR—**

The Role of USSR was one of most essential cause of disintegration. It had a crucial in politics. It was passed more than six years in the disintegration when Gorbachev had made some policies of Perestroika and Glasnost in the Soviet Union. Possibly, it gave rise successfully for this formulation of policy by Gorbachev. However, it can't be said that, he wasn't aware about the effects that had already took place but it was very certain that he was having the potential of dominating the thing that he initiated.

That thing was the reformation of the socialism. It was indeed so fortunate till the extent of numerous changes that were about to come in the parts of Soviet Union. He was absolutely accountable for commencing the political reforms and rule of democracy in the system of politics. On one hand, the Western capitalist countries were generating enthusiastic youth, associations and the groups of rivals and on the contrary, it was dealing with some high delicate issues. Before, people were urging for the socialist reforms but soon after, it transformed to reformation of the political communist system.

Hence, we could perceive that there was no rival for descending in the East Europe at the ruling duration of the communist party that was

before the commitment of Gorbachev in November 1988. The rivals were there but not fragmentally organized. Communist party was dominated by the uncompromising stern control of the country. At the second half of the eighties, the opposition parties had attained a different structure, objective and sequence of defeating and conquering. So, ultimately we can point on the decision made by Gorbachev as he was absolutely responsible for fortifying the forces of alterations by bonding them altogether. He was an inspirational ideal or an image for the radical reform of the socialist system.

### **2. Role of Western Capitalist Countries—**

The role of Western Capitalist countries was getting organized for the demand in forming the systematic reforms. We could see, Greater the democracy, greater the demand for eliminating the communist parties. They democratic demand of the people led to widespread encouragement and warm welcoming in USA and Western Europe. They had a firm belief according to the bourgeoisie class that they would receive the diplomatic, financial and military assistance and support from Western Capitalist countries.

### **3. Witnessing Liberalisation—**

There were certain movements, which were successful by the protests and strikes in the Socialist bloc, but we must truly note that it was the only reason for the disintegration of the Soviet Union and the Western Bloc. Since, people speculated the liberalization of the governance in the Hungary and formation of rigid government in Poland. People started to migrate in mass from the GDR in 1989 summer. Czechoslovakia was also upheaving with a sudden broke of the war in the Romania.

### **Check Your Progress III**

1. What were the two problems faced by the socialist Bloc during the failure of Cultural Cause?

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2. What were the policy formations by Gorbachevian in Soviet Union?

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## **9.8 POWER AND POLARITY FROM 1919 TO 1991: MULTIPOLAR AND THE BIPOLAR**

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The years between the first and Second warfare were dominated by international relationships between an outsized variety of superpowers: Britain, France, the United States., Japan, arguably Italia, and later, Germany and also the Soviet Union. A

Technique to consider mediation is to explain the world in terms of what percentage nice powers exist in international society. There is some logic behind this oversimplified assumption. Powerful states can use their influence to form the norms, rules, and practices that influence international behavior. This suggests that terribly powerful states might be able to modify the behavior of international society itself. In an international society created several powerful states like what existed in Europe before 1945 – practices like the balance of power could evolve to guard against the increase of anyone making an attempt to dominate society’s alternate members. During a society with one hegemonic power – like existed during the Pax Britannica within the early and mid-19th century the principles and practices expected of a state can in all probability mirror the hegemon’s own behavior.

During the times when society was divided between 2 superpowers, tiny states can probably be drawn into one camp or the opposite – cacophonous the globe into competing blocs with their own most popular norms, rules, and practices. The distribution of power at intervals a world society is named as it’s polarity, and commonly falls into one in every of the 3 following conditions: a society with 3 or additional superpowers is termed multi-polar, a society divided between 2 superpowers is termed bipolar and a society

## Notes

dominated by one body politic is termed unipolar. As the Second War came to an end, IR analysts were aware that a huge power shift was afoot. Rather than the Multi-polarity that had typified European and international politics since around 1500, this new development pointed towards the emergence of a two-power, bipolar system. The rising world order would be dominated not by an outsized number of European empires – though these still possessed good assets in 1945 but by the United States of America and also the Union of Soviet Socialist Republics. The probabilities of a come back to the pre-war standing quo were terribly slim. By 1945, the USA recognized that its own security requires participation in diplomacy. This effectively dominated out and come back to its pre-war foreign policy. Indeed, the USA had become thus powerful that it is not possible for it to possess ‘retreated’. This is rarely, if ever, what rising powers do.

In 1945, each different body politic winner and loser alike was severely weakened by years of war that had left them in ruins.

This enclosed the Soviet Union that had emerged from the Second War with the world’s most powerful army, however at the price of over twenty-five million of its citizens’ lives. The USA, meanwhile, had never been in higher economic and military health, accounting for nearly sixty percent of the world’s economic wealth, over fifty percent of its analysis and development, seventy percent of its service tariff and also the lion’s share of its agricultural surpluses. The USA conjointly possessed the world’s solely atomic bombs – weapons of mass destruction that gave it an absolute military the advantage over all different states until the Soviet Union exploded its own nuclear bomb in 1949. American confidence during this amount meant that a lot of its policy-makers discounted any threat from the Soviet Union that had been economically weakened by its brutal four-year war of extermination with Germany and was currently confronted by U.S.A. atomic energy.

However, the US hopes for a unipolar world were quickly dotted by the expansion of Soviet the power within the years after the war. The age of great power competition had begun. By 1945, military planners in Washington DC and Moscow were already wondering who the succeeding enemy may be. The facility of Europe’s imperial states was

in obvious decline. As their colonial empires achieved independence, the USA saw a necessity to determine a brand new economic and political order to keep up international peace and security. However, deep variations of opinion over the longer-term form of Europe, the standing of Germany, matters in China and even the longer term of the capitalist economy before long divided the victorious allies. This division quickly became a full-blown divorce, punctuated by the USSR's decide to blockade the Americans, British and French sectors of occupied Berlin in 1948. The origins of the ensuing 45 year-long conflicts are heatedly debated. Some blame Soviet philosophy for inflicting the rift. Others blame the hegemonic political and economic policies of the USA. No matter the causes, the Cold War is viewed through the lens of polarity as a natural consequence of competition between the 2 superpowers during a bipolar international society – with the USA and its allies promoting capitalist norms, rules and practices, whereas the Soviets and their allies tried to unfold those of state socialism.

### Check your progress III

1. Who was the President of the United States during the First world war?

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2. When did the Soviet Union explode its own nuclear bomb?

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## 9.9 LET US SUM UP

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The conflict finally ended between 1989 and 1991. These years saw the withdrawal of Soviet troops from the states of Eastern Europe, the conjugation of West and European country, and therefore the collapse of the Soviet Union into its constituent republics. The end of the conflict had effects that still reverberate through IR. First, it left the United States as the sole remaining superpower within the world, fixing the amount of unipolarity supported by the United States of America hegemony. This radically modified the international

order on that peace and security was primarily based, introducing a replacement set of dangers and opportunities into international society. Second, it left thinkers and policy manufacturers across IR inquisitive why they hadn't seen the end coming. The failure to predict the collapse of the land was particularly damaging for Realists the group of thinkers and policy manufacturers who dominated IR throughout the Cold War. This led to a revived interest in various IR theories that might account for this sort of major historical modification.

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### **9.10 KEYWORDS**

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- Imperialism- the act of extending a political empire by the use of military forces.
- Polarity- the state of having two contradictory tendencies.
- Liberalism- protection and enhancement of individual freedom.
- Colonial- relating to a particular colonial or rather an area.
- Armaments- military weapons usually used in a war.

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### **9.11 QUESTIONS FOR REVIEW**

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- What was the twenty-year crisis?
- Explain Europe's Imperial Expansion.
- What led to the decline of Imperialism?
- What was the major role of USSR in external cause of disintegration?.
- What is Multipolarity?
- Explain Bipolarity.

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### **9.12 SUGGESTED READINGS AND REFERENCES**

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- The Last Great War by Adrian Gregory.
- Dropping Out of Socialism by Julianne Frost and Josie McMillian
- Communist Parties (1951-1991) by Audial Bergan



- Eastern Bloc Information dissemination by Jesse Russell and Ronald Cohn
- Eastern Bloc Economies by Jesse Russell and Ronald Cohn

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## 9.13 ANSWERS TO CHECK YOUR PROGRESS

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- I. 1. E.H Carr gave the term “twenty-year crisis”. (Refer to section 9.3)
2. There are 3 writers who stand out during this period due to their merit and special attention. They are Hobbes (1588–1679), John Locke (1632–1704) and the revolutionist Karl Marx (1818–1883). (Refer to section 9.3)
- II. 1. There were two facts about the European Resistance movements.
- First, their military importance (with the possible exception of Russia) was negligible before Italy withdrew from the war in 1943, and not decisive anywhere except perhaps in parts of the Balkans. One must repeat that their major significance was political and moral. Thus Italian public life was transformed after over twenty years of fascism, which had enjoyed considerable support, even among intellectuals, by the unusually impressive and widespread mobilization of the Resistance in 1943-45, including an armed partisan movement in central and northern Italy of up to 100,000 combatants with forty-five thousand dead (Bocca, 1996). While Italians could thus put the memory of Mussolini’s era behind them with a good conscience, Germans, who had remained solidly behind their government to the end, could not put a distance between themselves and the Nazi era of 1933-45. Their internal resisters, a minority of communist militants, Prussian military conservatives, with a scattering of religious and liberal dissenters, were dead or emerged from concentration camps. Conversely, of course, support for fascism or collaboration with the occupier virtually removed the people concerned from public life for a generation after 1945, though the

## Notes

Cold War against communism found plenty of employment for such persons in the underworld or half-world of Western military and intelligence operations.

- The second observation about the Resistance is that, for obvious reasons - though with one notable exception in Poland - its politics were skewed to the Left. In each country, the fascist and radical Right and conservatives, the local rich and others whose main terror was social revolution, tended to sympathize, or at least not to oppose the Germans. (Refer to section 9.4)

2. Dynamic imperial and industrial growth made Europe the center of the planet by 1914. (Refer to section 9.4)

III. 1. The Socialist Bloc countries were not able to participate for competing in the culture field of consumers, pacing of IT and the third industrial revolution. Also, they could not contribute the substituting block that could eliminate itself from the world of capitalism.

2. Perestroika and Glasnost were the two policies reformed by Gorbachev in the Soviet Union.

IV. 1. Woodrow Wilson was the President of the United States during the first world war. (Refer to section 9.8)

2. The Soviet Union exploded its own nuclear bomb in 1949. (Refer to section 9.8)

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# UNIT-10 – REAL SOCIALISM

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## STRUCTURE

10.0 Objectives

10.1 Introduction

10.2 Social and Economic Symbiosis

10.3 Marxism and the Socialist Movement

10.4 Let Us Sum Up

10.5 Keywords

10.6 Questions for Review

10.7 Suggested Readings and References

10.8 Answers to Check your Progress

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## 10.0 OBJECTIVES

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After going through this unit, you should be able to

- Understand how the concept of socialism was introduced
- Learn about the examples of socialism in the past
- Learn about Marxism and the socialist movement
- Understand the role of various socialist associations
- The role of the National Development Council
- Understand how anarchism has regularly endured fluctuations in its popularity
- About Social Democracy

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## 10.1 INTRODUCTION

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Socialism can be defined as an economic system where everyone in a society almost equally shares the factors of production. The ownership is supposed to be acquired through a democratically elected government. It

## Notes

could also be a cooperative or public corporation where everyone owns a certain percentage of the total shares. The four factors of production can be labor, entrepreneurship, capital goods, and natural resources.

These factors are valued only for their usefulness to people.

Socialists take into consideration, both individual needs, and greater social needs. They assign resources using central planning, as done in a command economy.

Examples of the greater social needs may include transportation, defense, education, health care, and preservation of natural resources. Some socialists would also define the common good as caring for those who cannot directly contribute to resource production. Examples include the elderly, children, and their caretakers in the family.

This system motivates them to work long hours if they want to receive more. Workers receive their share of production after a percentage has been deducted for the common good. A mantra of socialism is, "From each according to his ability, to each according to his contribution." Everyone in society is supposed to receive a share of the production based on how much each has contributed.

Socialists assume that the basic nature of most people is usually cooperative. They believe that this basic nature has not yet emerged in full because capitalism or feudalism has forced people to be competitive.

Some socialists will argue that the economic system must support this basic human nature before these qualities can emerge properly.

Under socialism, workers are no longer exploited because they own the means of production. Profits are spread equally among all the workers class and according to their individual contribution.

But the cooperative system also provides for those who can't work. It meets their basic needs for the good of the whole society.

The system eliminates poverty. It provides equal access to health care and education. No one is discriminated against.

Everyone works at what one is best at and what one enjoys doing. If society needs jobs to be done that no one wants, it offers higher compensation to make it worthwhile. Natural resources are preserved for the good of the whole community.

The biggest disadvantage of socialism can be described as it relies on the cooperative nature of humans to work. It ignores those within society who are competitive, not cooperative. Competitive people tend to seek ways to overthrow and disrupt society for their own gain. Whereas capitalism harnesses this "Greed is good" drive, socialism simply pretends it doesn't exist.

As a result, socialism doesn't reward people for being entrepreneurial. It struggles to be as innovative as a capitalistic society.

A third disadvantage is that the government has a lot of power. This would work as long as the government represents the wishes of the people. But government leaders can misuse their position and claim power for themselves.

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## **10.2 SOCIAL AND ECONOMIC SYMBIOSIS**

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Put forward by the social reformers - The exploitation theory is misleading. An employment relationship is simply a contract. The employer agrees to pay the employee a given salary provided he or she performs certain tasks as required by the employer. As long as the employer does not ask the employee to do anything illegal or unethical, then he or she is bound to do as instructed, even if it is inefficient, unproductive, and personally unfulfilling. If the employee is not satisfied with the compensation, work environment, tasks assigned, use of resources, or anything else, the employee is free to re-negotiate the contract or leave the relationship and seek employment somewhere else.

If an employee feels he or she is not receiving adequate wages for a given level of effort then two choices exist: Either petition for a higher salary or exchange labor with a different party. Perhaps another employer will value that person's labor more highly. In the employment

## Notes

relationship, there is really no more exploitation than in any other market exchange. When people buy and sell, they voluntarily have to give up something they value less for something they value more. They are truly exploiting the differences in perceived value. If there isn't a surplus-value in every market transaction, then buying and selling will not occur. Surplus value is essential to any exchange, including employment.

As long as the owners are willing to accept the consequences of using a centralized model, there is nothing wicked in doing so. The concept of the capitalist uses terms implying wickedness on the part of the owners—exploitation, greed, expropriation, etc. However, there is nothing inherently unethical about controlling production within a business centrally, or, structuring it on a socialistic model. In fact, for very small businesses there is evidence to suggest that it is an efficient method. It is in large businesses that the inefficiency, stagnation, labor unrest, and a lack of motivation become very clear.

In his modern-day classic *The Fatal Conceit*, F.A. von Hayek discusses two social forms—the small group and the extended order. Hayek identifies the small group with small top-down hierarchies such as families and tribes, while the extended order he identifies with the spontaneous unplanned social order, capitalism. He states:

If we were to apply the unmodified, uncurbed, rules of the micro-cosmos (i.e., of the small band or troop, or of, say, our families) to the macro-cosmos (our wider civilization), as our instincts and sentimental yearnings often make us wish to do, we would destroy it. Yet if we were always to apply the rules of the extended order to our more intimate groupings, we would crush them. So we must learn to live in two sorts of worlds at once.

Profit is not the motive for engaging in the myriad voluntary organizations which give charm to our lives. Charitable organizations, community athletic teams, clubs or associations of common interest, and especially our families; these are the reasons we engage in capitalistic pursuits. The workings of our most cherished institutions are bastions of centralized control and communal ownership. They are not capitalistic in nature but must be supported and funded by capitalistic methods.

Workers are not just one-dimensional machines of production, but interested members of families and communities. Such associations have rewards outside of wages and profits. To use Hayek's words, "We must learn to live in two sorts of worlds"—social and economic—and learn to protect the unique features of each.

An economic system cannot function very efficiently on a social model. When we extend the workings of the small-group to large-scale enterprise, socialism emerges automatically.

Socialistic structures of control can be successful only in very small businesses, where inefficiencies are obvious and the natural affections between individuals tend to compensate for the disagreements and injustices which are bound to occur. Indeed, some of our most successful business experiences come about from the esprit de corps present in a small team of individuals with common goals.

Large organizations are not considered very efficient under socialism because, in a system without consumer-driven prices, no measures can exist to guide production. Without the presence of such measures, the well-meaning participants worked at cross-purposes with each other and lost opportunities became increasingly difficult to identify. While people in such a system may fervently desire greater prosperity, the injustice of the system itself becomes a demotivating aspect. The frustration turns to resentment and suspicion. Someone, they feel must be incompetent or selfish. Being unable to see mistakes in the entire system they search for villains and saviors.

The Soviets desired to totally get rid of capitalism by creating state-controlled businesses within a socialistic state. Very soon, they found the laws of human nature and economics prevented a successful implementation of such a scheme. The inevitable episodes of under-producing what was desired and over-producing what was not required, forced underground economies to emerge. Black markets supplied what was required to keep the people from dying of hunger. Repeatedly, they had to retreat from socialist ideals and allow some private production to take place. The result was many, as predictable, small capitalistic enterprises within a socialistic environment.

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The New Economic Policy (NEP) was the subject of impassioned debate in Russia in the 1920s and again in the early Gorbachev years of the 1980s, but for the opposite reasons. In the 1920s it was clearly recognized as a defeat for communism, or at least a diversion of the columns marching towards socialism from the main highway to which, in one way or another, the way back had to be found. Radicals wanted a break with NEP as soon as possible and a massive drive for industrialization, which was the policy eventually adopted under Stalin. Moderates were keenly aware of the political and economic constraints under which the Bolshevik government had to operate in a country more overwhelmingly dominated by peasant agriculture than before the revolution. They favored a gradual transformation. Lenin's own views could not be adequately expressed after paralysis hit him in 1922 - he survived only until early 1924 - but, while he could express himself, he seems to have favored gradualism. On the other hand, the debates of the 1980s were retrospective searches for a historical socialist alternative to the Stalinism which actually succeeded NEP: a different road to socialism from the one actually envisaged by Bolshevik Right and Left in the 1920s.

In the so-called capitalistic countries, an entirely different irony began to emerge. The free market reflected consumer preferences extremely well. Shortages and overages were extremely rare and the standard of living raised greatly. But the success convinced the leaders of industry that their business structures were efficient as they were. They could not see the obscured inefficiencies of socialistic systems working right within their own firms. They had achieved structured businesses within a capitalistic environment. But to add irony on top of another irony, most of these successful business leaders, believing their own systems to be efficient, tried to infuse the exact same socialistic practices into the external society as well. And they were not the only ones in their attempts. Socialist and communist organizations of all sorts, subversive and blatantly open, tried to accelerate the slide toward a totally socialistic system. Universities, the entertainment industry, labor unions, the news media, and even religious leaders with good intentions, all lent a hand at smiting the capitalist monstrosity. Had it not been for the impossibility of



achieving total socialism, as the Soviet Union has so clearly demonstrated, we would have arrived there a long time ago.

Socialism can survive only in the presence of capitalism. It can either be internal to businesses or external. As huge businesses struggle under a load of bureaucratic measures, some common solutions have been there to merge them with other companies or break them up into smaller units. While destructive in many ways, such changes often help to reintroduce certain specific capitalistic measures—infusing the economic calculation of market exchange.

So here is the most crucial point at which we have finally arrived: Though socialism can survive only in the presence of capitalism, capitalism (at least in business and governmental realms) does not actually need socialism. What we do need are capitalistic businesses within a capitalistic environment. Not only will our businesses prosper within, but we will stop seeding socialistic practices into the external society and poisoning the well of our own prosperity.

In the long run, the centrally planned, hierarchy of large businesses is just as certain to fade away as is the socialist state. The task is to model and create a new business structure based upon constitutional and free-market principles. This is Constitutional Enterprise.

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## **10.3 MARXISM AND THE SOCIALIST MOVEMENT**

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Marxism can be defined as a body of theory that developed from social movements. The work of Marx and Engels represents a summary of the experiences, debates, theories, and conflicts seen by the popular movements of the 19th century, that sought, in turn, to contribute to those movements' future development. Further developments in the Marxist theory in the 20th century were intimately linked to the development of oppositional political projects across the world, ranged from revolutionary struggles against imperialist wars and capitalism itself to the emergence of new forms of popular assertion in the post-WWII era. And still, if the main figures of 'classical Marxism' all used

## Notes

the term 'movement', none seems to have developed any explicit explanation of the term.

The European popular movements of the Left, including the Marxist labor and socialist movement to which the Bolshevik party belonged, drew on two political traditions: electoral, and sometimes even direct democracy, and the centralized action-oriented revolutionary efforts inherited from the Jacobin phase of the French Revolution. The mass labor and socialist movements which emerged almost everywhere in Europe at the end of the nineteenth century, whether as parties, labor unions, cooperatives or a combination of all these, were strongly democratic both in their internal structure and their political aspirations. In fact, where constitutions based on a wide franchise did not yet exist, they were the chief forces pressing for them. Unlike the anarchists, the Marxists were fundamentally committed to political action. The political system of the USSR, which was also later transferred to the socialist world, broke sharply with the democratic side of socialist movements, though maintaining an increasingly academic commitment to it in theory. It even moved far beyond the Jacobin heritage, which, whatever its commitment to revolutionary rigor and ruthless action, did not favor individual dictatorship. In short, as the Soviet economy was a command economy, so Soviet politics was command politics. The founders of Marxism assumed that the function of a Russian revolution could only be to spark off the revolutionary explosion in the more advanced industrial countries where the preconditions for the construction of socialism were present.

### **Check Your progress- 2**

1. Where is Socialism more effective between large and small organizations? Why?

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2. What is Marxism?

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## 10.4 LET US SUM UP

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- Socialism can be defined as an economic system where everyone in a society almost equally shares the factors of production.
- Socialism literally sprang from observing the success of capitalism, while believing that conditions for workers could be improved if the control of production were moved from capitalists to the state.
- An employment relationship is simply a contract. The employer agrees to pay the employee a given salary provided he or she performs certain tasks as required by the employer.
- We must learn to live in two sorts of worlds—social and economic—and learn to protect the unique features of each.
- The Paris Commune was a famous democratic government that ruled Paris for 10 days in Mid-March, in the year 1871.

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## 10.5 KEYWORDS

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1. Socialism: a political and economic theory of social organization which advocates that the means of production, distribution, and exchange should be owned or regulated by the community as a whole.
2. Utopian: modeled on or aiming for a state in which everything is perfect; idealistic.
3. 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.
4. Marxism: the political and economic theories of Karl Marx and Friedrich Engels, later developed by their followers to form the basis of communism.
5. Commune: a group of people living together and sharing possessions and responsibilities.

6. Superfluous: unnecessary, especially through being more than enough.

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## 10.6 QUESTIONS FOR REVIEW

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- How do you define socialism?
- What are the disadvantages of Socialism?
- How would you differentiate between Socialism and Capitalism?
- Briefly explain how Socialism was introduced.
- What are the two kinds of social forms as given by Hayek?
- Define Constitutional Enterprise.
- What was the Paris Commune?
- How did the Paris Commune to an end?

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## 10.7 SUGGESTED READINGS

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The Contradictions of "Real Socialism": The Conductor and the  
Conducted by Michael A. Leibowitz

*Power And Civil Society: Toward A Dynamic Theory Of Real  
Socialism* by Leszek Nowak

*Socialism Today?* by Ota Sik

*Socialism* by Christian Niemietz

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## 10.10 ANSWERS TO CHECK YOUR PROGRESS

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1. Socialism can be defined as an economic system where everyone in a society almost equally shares the factors of production. The ownership is supposed to be acquired through a democratically elected government..... (answer to Check Your Progress 1 Q1)

2. The essence of Socialism is that all the means of production are in the exclusive control of the organized community. This and this alone is Socialism. All other definitions are misleading. .... (answer to Check Your Progress 1 Q2)

3. Large organizations are not considered very efficient under socialism because, in a system without consumer-driven prices, no measures can exist to guide production. Without the presence of such measures, the well-meaning participants worked at cross-purposes with each other and lost opportunities became increasingly difficult to identify. Socialistic structures of control can be successful only in very small businesses, where inefficiencies are obvious and the natural affections between individuals tend to compensate for the disagreements and injustices which are bound to occur. .... (answer to Check Your Progress 2 Q1)

4. Marxism can be defined as a body of theory that developed from social movements. The work of Marx and Engels represents a summary of the experiences, debates, theories, and conflicts seen by the popular movements of the 19th century that sought, in turn, to contribute to those movements' future development. .... (answer to Check Your Progress 2 Q2)

5. The Paris Commune was a famous democratic government that ruled Paris for 10 days in Mid-March, in the year 1871..... (answer to Check Your Progress 3 Q1)

6. Workers of Paris united to overthrow the existing French regime which had earlier failed to protect the city from Prussian siege, and formed the first truly democratic government in the city and in all of France. It was inspired by the Marxist politics and revolutionary goals of the International Workingmen's Organization..... (answer to Check Your Progress 3 Q2)

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# UNIT 11 - END OF SOCIALISM

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## STRUCTURE

11.0 Objective

11.1 Introduction

11.2 Socialism during War

11.3 Post War Socialism

11.4 Socialism post Communism

11.5 Let us Sum Up

11.6 Keywords

11.7 Questions for Review

11.8 Suggested Readings

11.9 Answers to Check your Progress

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## 11.0 OBJECTIVES

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After going through this unit – “End of Socialism”, you should be able to understand the following:

- How there was initially an air of fascism in the reign of Stalin and how the world was divided into two blocs.
- The chapter also tells us about the approach the socialists and the communists and the fascists had.
- The chapter briefs about the difference between philosophies and of ideologies of capitalism, communism, and majorly of socialism and the approaches the leaders had at the time of the war and after the war.
- The chapter talks about the major concepts of socialism such as market socialism and the key points and factors of each of these.

- The chapter also tells how socialism was on the verge of decline but the socialist leaders did not lose the grip of the world and let socialism disappear completely.
- The chapter has various details and characteristic features of the post-war era with regard to socialism and this is helpful and enlightening for the students of the particular course.

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## **11.1 INTRODUCTION**

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There was a dominant air of Fascism in Europe at the beginning of World War II. The leaders of the Russian Revolution were removed from power by murdering them and the USSR was now under the control of Stalin. In the United States and in Britain, the workers' movement was given a hard blow and it was the end of the movement. This demoralized the workers completely and this happened during the period of depression. The East had been observing a national liberation movement which was also crushed brutally and lost its value and came to an end.

The leadership of Stalin had several loopholes, yet Europe was saved from the grip of fascism by the Red Army and by the working class of the Soviet. By the time the war came to an end, almost half of Europe had already been occupied by the Red Army. The capitalist countries outside of the United States were all disintegrating and the colonial countries and the masses in Europe had started a rebellion at this point.

Situations, on the other hand, were favorable for the socialist world and the socialist revolution. There were anti-imperialist uprisings and uprisings by the working class in the years 1944 to 1948 in several countries. These were Burma, Albania, Czechoslovakia, China, Bulgaria, Greece, Egypt, India, Germany, Hungary, France, Algeria, Korea, Indonesia, Malaya, Italy, Iran, Rumania, Palestine, Syria, Poland, Vietnam, Thailand, and Yugoslavia and other countries like Australia and Britain also witnessed powerful uprisings and movements.

There was an alliance between the capitalist governments and the domesticated Communist Parties of these governments. This alliance was based on the strategic alliance that was created at the Potsdam and the Yalta Conference which led to the division of the world into two parts – the United States and the USSR. In this conference both the sides agreed not to interfere in the ‘legitimate affairs’ of the other. The revolutionary wind that started post-war was shunned off on the basis of this alliance.

Stalin was left in charge of or rather took control of countries and he had certain ideas and perspectives in their regard after the end of the Second World War. His perspective was not, as one may think to impose socialist ideas. He was of the idea of forming a bloc with the concept of Menshevik with the help of all the progressive forces. This would according to him bring about a peaceful transition and not only this, it would be possible with the application of the ideologies of capitalism – People’s Democracy.

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## **11.2 SOCIALISM DURING WORLD WAR**

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As mentioned above, the world was divided into two parts – the United States and the USSR. This division had an institutional result. This is because there emerged communist parties one by one in several countries. This was a challenge to the socialism that already existed and also a step against the common problem of capitalism. The people with the communist approach followed the ideologies of the revolutionary Marxist which soon came to be known as the Marxism – Leninism. The enemies were the ones with socialist ideas and perspectives. They were commonly called as the socialists, the Labourites or the social democrats.

The socialists were a more unified group of people and they were also quite diverse. They comprised of non – Marxists as well as the revisionists and were devoted to the common goal of applying peaceful and democratic strategies in their ways and activities. Rather than claiming that the world was moving towards its doom with capitalism, the socialists were more likely to give a thought to the ethical deliberations.



On the communist side, when Lenin died Stalin came to power. Stalin won the power struggle and as emphasized above was successful in his occupations. He ordered the deaths of all his rivals including Trotsky and all the others who did not approve of his policies. The stain would profess to be a Marxist – Leninist in his ideologies but in reality, he was busy in forming “socialism in one country” with the means of forced collectivization and industrialization.

There were times when there would be a slight drift from the Marxist and Leninists ideas. An example of this would be the case of Antonio Gramsci, the founding member of the Italian Communist Party. Gramsci opposed the reduction of the Marxist theory in economic relations. He instead laid focus on the fact that the dominance of the people in power over the media, churches, schools, and other cultural establishments was the reason of the upsurge and revolt by the working class. However, Gramsci failed to convince the communists of the power of cultural transformations. This was because he was imprisoned from 1926 to 1937 by Benito Mussolini of the fascist sovereignty.

The fascist reign was oppressive in nature and this was a problem for both the socialists and the communists. It was not a problem in Italy alone but also in Germany under the dictatorship of Adolf Hitler and in Spain under the leadership of Francisco Franco. The socialist parties were able to draw a good amount of votes in Britain, Germany, and France. These were enough for them not only to take part in but also to lead the coalition governments that were formed in the 1920s and in the 1930s.

In Sweden, the Swedish Social Democratic Workers` Party had gained control of the government in the year 1932. The party promised to transform the nation into a “people’s home” and the basis of this was “concern, helpfulness, cooperation, and helpfulness”. The socialists and the communists were, however, the first one to be subdued and crushed, in places where the fascists came into power. There were no signs of victory for the socialists outside of Europe either while the World War was on. Eugene V. Debs won almost one million votes in United States Presidential elections held in the year 1920. However, when the records

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were checked, less than four percent of the people had cast their votes. It still remained a high point in electoral terms for the socialists in America.

Mahatma Gandhi, in India, had a huge following. However, this was not because of the traces of socialism in his ideologies and philosophies but because of the independence campaign and movements against the British. There was another mass movement in China with regard to the national liberation that was developing in the country at that time, but the point to focus on was that this movement was communist in its nature. The leader of the movement was Mao Zedong, who was also the founder of the CCP (Chinese Communist Party) in 1921.

### Check your progress I

Who were the socialists?

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What was the nature of fascist reign?

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## 11.3 POST-WAR SOCIALISM

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The Second World War had given birth to an uneasy and unwanted alliance between the socialists and the communists – and between the conservatives and the liberals. This happened due to their common struggle against the fascist regime. However, when the Soviet Union established communist sovereignty in the Eastern European nations, this alliance soon was dissolved and came to an end. The occupation happened at the end of the war.

The Cold War that followed the Second World War made the gap between the socialists and the communists even deeper. The socialists were now seeing themselves as the democrats who were standing against

the one-party rule of the Soviet Union and the union's satellites. For example, the Labour Party won the parliamentary majority in 1945 in British elections. After winning the elections, they founded a national health care system as well as public control of the main industries there and their utility provisions. However, the party lost the majority it had won in the year 1951. They then withdrew without creating any problem and handed over the offices and the government to the Conservatives who had emerged victorious this time.

The communist government believed that the people were not able to govern themselves, and believed in the notion of "people's democracy". The communist at this time would claim to be democratic in their nature. Mao declared that the new "People's Republic of China" would now be "people's democratic dictatorship" which means that the CCP would now rule in the according to the people's interests. This would be done by suppressing the people standing against the rule and by building the socialist environment and ideologies. This happened after the forces of Chiang Kai-shek were thrown out of mainland China in the year 1949.

The concept of political competition and freedom of expression were considered to be illiberal and were considered to be orthodox and regressive ideas. This was the justification that was given by the communist rule in Cuba, North Korea, and in Vietnam and in other countries for the one-party rule.

In the meantime, the socialist parties in Europe were trying to reshape their position and were enjoying their successes. The socialists in Scandinavia were setting the example of what was known as the "mixed economies" and these were combinations of huge private ownerships and of the government that directed and influenced the economy and also the considerable welfare programs, and there were other socialist parties that followed them.

There were some people and parties that considered the confusing partitions between socialism and the welfare-state liberalism to be good for the future and also considered it to be the end of an ongoing ideology. On the other hand, there were more radical people in the 1960s who believed that the choices were restricted between capitalism and between

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the old – fashioned communism of the Marxist – Leninist regime. They believed that the bureaucratic socialism that was in power in Europe was also not any different and also offered restricted choices.

The colonial powers of Europe had withdrawn from places such as the countries in Africa and in the Middle East. This was to be taken as an opportunity for the formation of modern structures of socialism. The terms like Arab socialism and African socialism were often solicited in the years the 1950s and the 1960s. This was due to some extent because the old colonial powers were considered to be similar to the capitalist imperialism.

When observed with a practical approach, these modern and latest kinds of socialism were typically blended appeals to the traditions that were of the indigenous nature. The communal and ownership along with the model of one-party rule by the Marxist and the Leninists had the purpose of quick modernization, and this is a type of the new and latest socialism referred to above. An example of this would be that in Tanzania, Julius Nyerere had developed a dictatorial program of what was known as the ujamaa which meant family hood in Swahili. This program would collectivize village farmlands. Not only this, it attempted to achieve self-sufficiency as far as the economy was concerned. All this happened under the one-party rule but Nyerere was unsuccessful in his attempts.

However, in Asia, no distinguished type of socialism had unfolded itself. Other than the communist countries and rules, the only country in which a socialist group or rather a party had won a proper and significant and constant following was Japan. It was to the point that the government would be occasionally controlled and there was a participation of a coalition.

There also has not been any unusual contribution to the socialist theory by the Latin Americans. There was a liberation theology that asked the Christians to give importance and priority to helping the underprivileged and the poor, though it had not developed any distinct program based on socialism. Venezuelan Pres was the Latin American demonstration of the socialist impulses.

There were many socialist (socialist-leaning ideology) leaders who walked on the path laid by the Salvador Allende and went with his example in becoming victorious in the elections to come to the office in the Latin American nations. Hugo Chavez was responsible for leading the way in the year 1999 and it was followed in the early 21<sup>st</sup> century. This was done by successful election campaigns that were self – declared socialists and by the leaders in Argentina, Brazil, Bolivia, Chile, and Uruguay and these leaders were left-of-center leaders.

The leaders of the above-mentioned countries have not been a part of any common program as such, but they have all supported and made efforts towards the cause of the poor. Not only this, they have worked towards the nationalizations of some of the foreign corporations and the redistribution of the land to the poor and the peasants to whom it belonged by taking it away from the grip of the big landholders. These leaders have made an effort towards the cause of the giving resistance to the policies that were neoliberal in their approach of the International Monetary Fund and the World Bank.

**Check your progress II**

When did the Labour Party win the elections?

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What was the situation in Asia during the time of socialism?

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**11.4 SOCIALISM POST COMMUNISM**

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Eastern Europe in the year 1989 and the Soviet Union in the year 1991, witnessed the fall and removal of communism and this was considered to be one of the most valuable in the history of socialism. However, there was not a complete disappearance of communism. The communist parties continued to rule and remained in power in nations such as China,

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Cuba, North Korea, and in Vietnam. The influence of Marxism reduced in the policies of the CCP as the world moved towards the 20<sup>th</sup> century. This happened as there were economic reforms that were bent towards or rather we can say that favored the private ownership of any kind of property that was productive in nature. They were of the opinion that the market competition should be prioritized more and gave an impetus to this competition. However, the thing that still remained was the Leninist one-party rule.

The trouble for 'really existing socialism' in Europe was that, unlike the inter-war USSR, which was virtually outside the world economy and therefore immune to the Great Slump, now socialism was increasingly involved in it, and therefore not immune to the shocks of the 1970s. It is an irony of history that the 'r

real socialist' economies of Europe and the USSR, as well as parts of the Third World, became the real victims of the post-Golden Age crisis of the global capitalist economy, whereas the 'developed market economies', though shaken, made their way through the difficult years without major trouble, at least until the early 1990s. Until then some, indeed, like Germany and Japan, barely faltered in their forward march. 'Real socialism', however, now confronted not only its own increasingly insoluble systemic problems, but also those of a changing and problematic world economy into which it was increasingly integrated. This may be illustrated by the ambiguous example of the international oil crisis which transformed the world energy market after 1973: ambiguous because its effects were potentially both negative and positive. Under pressure from the global oil-producers' cartel, OPEC (the Organization of Petrol-Exporting Countries), the oil price, low and, in real terms actually falling since the war, more or less quadrupled in 1973 and more or less trebled again at the end of the 1970s, in the aftermath of the Iranian Revolution. Indeed, the actual range of fluctuations was even more dramatic: in 1970 oil was selling at an average price of \$2.53 a barrel, but in late 1980 a barrel was worth about \$41.

In 1985 an obsessive reformer, Mikhail Gorbachev, came to power as General Secretary of the Soviet Communist Party. This was no accident.

Indeed, except for the death of the urgently sick General Secretary and former chief of the safety equipment, Yuri Andropov (1914-84) who had really created the decisive split the Brezhnev era in 1983, the era of the amendment would have begun a year or 2 earlier. It absolutely was entirely evident to all or any different communist governments, in and out of the Soviet orbit, that major transformations were at hand, though quite unclear, even to the new General Secretary, what they might bring.

The 'era of stagnation' (zastoi) that Gorbachev denounced had, in fact, been an era of acute political and cultural ferment among the Soviet elite. This enclosed not solely the comparatively small cluster of self-co-opted Communist Party chieftains at the highest of the Union hierarchy, the only place wherever real political selections were, or might be, made, but the relatively immense cluster of educated and technically trained middle categories as well because the economic managers who really unbroken the country going: academics, technical elite, consultants and executives of varied kinds.

Mikhail Gorbachev made attempts at bringing about openness and also at restructuring, and he started to move away from the one-party rule after he was elected as the General Secretary of the Communist Party of the Soviet Union in the year 1985. Gorbachev also attempted to move away from the command economy which had proved to be inefficient and did not generate the desired results. The command economy had bureaucrats who were responsible for the determination of the prices, the wages, the production, and the distribution of the produce.

Gorbachev declared that he was of the intention of reforming it in order to bring a rise in the productivity and also improve the standards of living while making sure that he did not go farther off into the market economy. However, the openness factor had generated several political options for the people to whom communism had proved to be a disappointment. This was already visible in the downfall of the eastern European regimes.

The efforts of Gorbachev had certain reactions and there was eventually an attempted coup that was carried out by a lot of strongly opinionated communists. This happened in 1991 but this attempt was a big fail. So

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much was the impact of the failure of the coup that the whole of the Soviet Union disintegrated as a whole in the same year. By the time 20<sup>th</sup> century came to an end, communism had not completely disappeared but it was almost a concept far left behind in the history.

The relevance and the importance of the ideologies and policies were questioned at the beginning of the late 20<sup>th</sup> century. There were doubts and people were skeptical about the so-called “post-industrial” economy in which more importance was given to aspects such as knowledge and to information in place of the labor services and of the production. This idea was both in theory and in practical application considered to be a response to the capitalism that the industries were experiencing and observing.

The above-mentioned decision now led to the discussion and emergence of the concept of the “third-way”. This was in truth, a center-left position that was supposedly brought in action in order to keep alive the commitment that was made to equality and well-being by the socialists. It was to preserve the fact that the socialists were to give up politics and ideas that formed their basis on the class factor and also the public ownership when the issue of the mean and resources of the production was brought to the surface.

The British Labour Party in the year 1995 was headed by Tony Blair. He adapted the concept of third way due to the long-standing allegiance it held with regard to the nationalization process of the industries of the nation. Due to this step taken up by Blair, the Labour Party observed a sweeping victory in the general elections that were held two years later. Tony Blair was now elected as the Prime Minister and he served the office for a total of ten years. There were other heads and leaders of other countries as well, who had adopted the concept of the third way. These included the Chancellor of Germany Gerhard Schroder, the President of the United States Bill Clinton, and Wim Kok, the Prime Minister of the Netherlands.

However, the critics of the left were of the opinion that the act was not and the adoption of the third way was responsible for the reduction in the equal opportunity of the economies to be in competition with each other.



They believed that the rich were like previous times, at a position of advantage as they continue to be richer. On the other hand, the poor became poorer. They, therefore, concluded that this situation was not in line with socialism.

The critics of the left proposed that according to them a form of decentralized market socialism would do well. Market socialism was the concept as per which socialism would mix and merge the elements of the free – market economy with the concept of social ownership and with the control of this property. The proposals that were put forward varies with each other to various degrees but the basic idea remained the same for all the proposals. This idea was that the businesses would be in competition with each other to gain more and more profits, as is in the case of capitalism. To demonstrate the feasibility of such a socialist economy is not, of course, to demonstrate its necessary superiority to, say, a better version of the Golden Age mixed economy, still less, that people would prefer it. It is merely to separate the question of socialism in general from that of the specific experience of ‘really existing socialism’. The failure of Soviet socialism does not reflect on the possibility of other kinds of socialism. Indeed, the very inability of the dead-end economy of Soviet-type central command-planning to reform itself into ‘market socialism’, as it wanted to, demonstrates the gap between the two kinds of development. However, the condition was that these businesses would be owned by or if not owned then governed by the people who are a part of the business itself and work for them.

The other proposals were that the people working in these businesses would have the authority to choose their own leader and also have control of their own working conditions and the working environment. They would be allowed to decide the price of the products that they would be supplying to the market. They would also have the authority to decide the division of profits that they make and how it would be shared amongst the employees and employers and the owners. They would be the whole sole owners of their enterprise and therefore, it would be on them entirely on how they would deal with the losses that they would face. Thus, the concept of market socialism was a form of what was called the “economic democracy” or “workplace democracy”. This

would help the workers of the businesses to vote in the contests and political campaigns and would also have a say in case of all the economic decisions that would have an effect on the daily life of the people.

**Check your progress III**

Which years were considered to be valuable for socialism?

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What were the policies of Mikhail Gorbachev?

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**11.5 CHINESE COMMUNISM**

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One socialist country in the 1970s was particularly worried by its relative economic backwardness, if only because its neighbor, Japan, was the most spectacularly successful of the capitalist states. Chinese communism can't be regarded merely as a sub-variety of Soviet communism, still less as a part of the Soviet satellite system. For one factor, it triumphed in a very country with a way larger population than the Soviet Union, or for that matter any other state. Even letting the uncertainties of Chinese demography, something like one out of each 5 people, in general, was a Chinese living in China. (There was additionally a considerable Chinese diaspora in East and South-east Asia.) Moreover, China wasn't solely across the nation much more homogenized than most different countries - regarding ninety-four percent of its population was dynasty Chinese - however had shaped one, though' intermittently no continuous, unit in all probability for a minimum of 2 thousand years. Even additional to the purpose, for many of these 2 millennia the Chinese Empire, and possibly most of its inhabitants who had a read on these matters, had thought about China to be the center and model of world civilization. With minor exceptions all different countries during which communist regimes triumphed, from the

country on, were and saw themselves as culturally backward and marginal, relative to some a lot of advanced and paradigmatic center of civilization. The terrible strictness, with which the country insisted, within the communist years, on its lack of intellectual and technological dependence on the West, and on the native supply of all the leading inventions from telephones to craft, was a telling symptom of this sense of inferiority.

Not thus China, which, quite properly, saw its classical civilization, art, script and social ethic because of the acknowledged inspiration and model for others - not least for Japan itself. It actually had no sense no matter of any intellectual and cultural inferiority, either together or of individual Chinese compared to the other folks. The actual fact that China had no close states that might even faintly threaten her, and, due to adopting fire-arms, not had any problem in avoiding the barbarians on its frontier, confirmed sense of superiority, while it created the empire unprepared for Western imperial growth. The technological inferiority of China that became all too evident within the nineteenth century, as a result of it had been translated into military inferiority, wasn't because of technical or instructional incapacity, however to the terrible sense of independency and self-assurance of ancient Chinese civilization. This created it reluctant to try and do what the Japanese did when the Meiji Restoration of 1868: plunge into 'modernization' by adopting European models at a whole. This might and would be done solely on the ruins of the traditional Chinese Empire, guardian of the previous civilization, and thru social revolution, that was at an equivalent time a Cultural Revolution against the Confucian system. Chinese communism, therefore, was each social and, if the word doesn't beg queries, national.

The social explosive that fuelled communist revolution was the extraordinary financial condition and oppression of the Chinese folks, at first of the toiling plenty within the nice coastal cities of central and south China that fashioned enclaves of foreign imperialist management and generally electronic equipment business - Shanghai, Canton, urban center - later of the class that fashioned ninety per cent of the country's large population. Its condition was so much worse than even the Chinese urban population, whose consumption, per capita, was one thing like

two-and-a-half times higher. The sheer financial condition of China is difficult for Western readers to imagine. Therefore at the time of the communist take-over (1952 data) the typical Chinese lived basically on 0.5 a metric weight unit of rice or grains on a daily basis and consumed rather but 0.08 kilos of tea a year. The national part in Chinese communism operated each through the intellectuals of upper- and lower-middle-class origin who provided most of the leadership of all twentieth-century Chinese political movements, and thru the sensation, beyond any doubt widespread among the Chinese plenty, that the barbarian foreigners meant no sense to such Chinese people as that they had dealings with, and to China as a full. Since China had been attacked, defeated, partitioned off and exploited by each foreign state reachable since the center of the nineteenth century, this assumption wasn't implausible. Mass anti-imperialist movements with a conventional ideology were already acquainted before the top of the Chinese Empire, as an example the supposed Boxer Rising of 1900.

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## 11.6 LET US SUM UP

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Socialism has been considered to be very important for future aspects and that would be in the form of market socialism. Market socialism is good because of the fact that it does not promise or give the assurance of that everything would be in perfect condition and the state would not encounter any form of trouble in economic or governance terms or other situations. It does not unnecessarily lay emphasis on utopia, unlike the early socialists. Market socialism also did not emphasize that it would create a new world as was believed by the followers of Marxism and they thought of it to be the justification of all actions and the way in which the history of the world would be completed.

What was promised, however, was that market socialism would help in the promotion of cooperation in place of individualism that was competitive in nature. The aim of socialism was that not the complete removal but reduction of the class division that was responsible for the ill-treatment and for the estrangement. However, it was seen that because communism had not been completely done away with, it started to make

its way back into the world, especially eastern Europe. This marked the beginning of the decline of the socialist world.

Though socialism came to an end after the Second World War, socialism was still considered to be a decentralized and conventional theme that continued to inspire people to go into the roots of socialism and learn more about it. Not just learn, there were individuals who were even willing to take up the cause of this ideology and socialist philosophy. In places like the Latin American countries, there are socialists remaining and functioning. They were busy calling people to take up and be a part of the public ownerships in businesses dealing with the natural resources and those that involved big industries.

Even in the above-mentioned situation, there was a chance of being a part of the competition in order to gain as many profits as possible in the marketplace. The socialist power was on the verge of coming to an end but they continued to show interest in the case of bringing free market under their supervision but they had in their mind that they would not do away with it completely.

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## **11.7 KEYWORDS**

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**Socialism:** An Economic and political theory of a social organization which proposes the theory that all the means of production, exchange, and distribution should be owned by a community.

**Communism:** An Economic and political doctrine which aims at replacing all profit-based and private enterprises with public based ownership and communal control for at least all the major enterprises which are related to production.

**Marxism:** A method and theory of self-emancipation and the working class.

**Fascism:** A government which focuses on authoritarian ultra-nationalism and is against democracy forcing dictatorship.

**Market Socialism:** A state in the economic system where the products are either owned by the individual workers of the product or by the state

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## 11.8 QUESTIONS FOR REVIEW

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- Who were the Marxist, Communists, and fascists?
- Who were the holders of power?
- What is meant by post-war socialism?
- What was the situation of India during this time?
- How did socialism end communism?
- What was the concept of the third way'?

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## 11.9 SUGGESTED READINGS

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- The End of Socialism by James Otteson
- The Idea of Socialism by Axel Honneth
- Socialism: Its Strength, Weakness, Problems And Future By Alfred Raymond Johns
- A History of Socialism by Thomas 1844-1912 Kirkup and Edward Reynolds 1857- Pease

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## 11.10 ANSWERS TO CHECK YOUR PROGRESS

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Check your progress I

The socialists were a more unified group of people and they were quite diverse....(refer to 12.3)

The fascist reign was oppressive in nature....(refer to 12.3)

Check your progress II

The Labour Party won the Parliamentary majority....(refer to 12.4)

In Asia, no distinguished type of socialism unfolded itself.....(refer to 12.4)

Check your progress II

Eastern Europe in the year 1989 and the Soviet Union....(refer to 12.5)

Mikhail Gorbachev made attempts at bringing about.....(refer to 12.5)

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# UNIT- 12: FIRST STEP TOWARDS GLOBALIZATION

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## STRUCTURE

12.0 Objective

12.1 Introduction

12.2 The Transformation of Social Structures

12.3 Economic Growth Post War

12.4 Recovery

12.5 Golden Age of Capitalism

12.6 History of Capitalism

12.6.1 Central Capitalism and Industrialisation

12.6.2 Post-war Capitalism

12.7 GATT Agreement to facilitate trade

12.7.1 Industrialisation Trade

12.7.2 Transitional Economy

12.8 The Era of the Golden Years

12.8.1 World Wide Phenomenon

12.8.2 Problems of Poor Countries

12.8.3 Disparities of Surplus Food

12.8.4 Expansion of Industrial Sectors

12.8.5 Growth of Agricultural Output

12.8.6 Effect of Human Behavior

12.8.7 Emergence of Automobile

12.8.8 Technological Revolution

12.8.9 Technological Strike Conditions

- Transformed life
- Complex and complicated technology
- Capital and Labour-intensive technique

12.8.10 Division of Labour

12.8.11 Keynesian Economic Growth

12.9 End of the Twentieth Century

12.10 Let us Sum Up

12.11 Keywords

12.12 Questions for Review

12.13 Suggested Readings and References

12.14 Answers to Check your Progress

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## **12.0 OBJECTIVE**

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After going through this chapter, you should be able to understand the following:

- The socio-economic conditions post WWII
- The history and the rise of capitalism
- The emergence of the new methods of sustaining an economy
- The advent of the Golden years and its effects

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## **12.1 INTRODUCTION**

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Globalization in its literal sense is the procedure of change of neighborhood or provincial things into worldwide ones. It can likewise



be utilized to portray a procedure by which the individuals of the world are brought together into a solitary society and function together. This procedure is a mix of political, economic, technological and socio-cultural powers. Globalization is usually used to refer to globalization in terms of the economy, that is, incorporation of national economies into the worldwide economy through exchange, migration, capital flow, foreign direct investment, and the spread of innovation.

Consequently, after World War II, the growth of the economy was in a hurry with the most ruined history of humans. The link with the international institutions that were cooperating was never connected before. In the rapid wakening of World War II, the standard living conditions of those locations where the war could have taken place. The government made several budgets for the development of the industry and housing sectors but there were unbalanced financial difficulties. After, the recovery Japan and Western Europe had faced the ladders of success in regarding the solution to the past crises but not for the future. The rationing and price controls were kept in control due to high inflationary pressure in Japan's case until late 1948. China had faced the condition of hyperinflation until early of the 1950s and was also involved in a civil war that ended in the year 1949.

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## **12.2 THE TRANSFORMATION OF SOCIAL STRUCTURE**

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Before the First World War farmers were the crucial revenue generator. Although this number reduced quite a bit after the first war farmers still made up a near-majority in every developed country except England and Belgium--in Germany, France, Japan, the United States--and, of course, in all underdeveloped countries, too. Agriculture was the soul business around the world. The corporate and private sector was almost nil. Everyone used to perform agricultural activities to earn a livelihood. Everyone used to own land and agriculture activities seems to be the only way to earn money.

But after the Second World War scenario began to change tremendously, things started to modernize with the help of newer technology. Today only Japan among major developed free-market countries is a heavy importer of food. The social structure began to change around the 1970s when import and export became a crucial method and the private sector began to take over.

In the developed nations of the world, middle-class feminism, or the development of intellectual or scholarly women, expanded out into a kind of nonexclusive sense that the ideal opportunity for women's freedom, or at least self-declaration, had come. This was on the grounds that particularly the early middle class women's liberation, however sometimes not straightforwardly applicable to the worries of the Western womanliness, brought up issues that concerned all: and these inquiries ended up pressing as the social change we have portrayed produced a significant, and from numerous points of view abrupt, moral and social disappointment, a sensational change of the social and individual conduct. Women were vital to this social revolution, since it turned on, and discovered articulation, changes in the traditional family and household of which they had consistently been the central component.

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### **12.3 ECONOMIC GROWTH POST WAR**

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The following two decades after the Second World War brought a huge change in the economic and market world. America had won the war and defeated the forces of evil in the world. The hardships of the previous fifteen years of war and depression were replaced by rising living standards, increased opportunities, and a newly emerging American culture confident of its future and place in the world.

In 1944, government spending at all levels accounted for 55 percent of gross domestic product (GDP). By 1947, government spending had dropped 75 percent in real terms, or from 55 percent of GDP to just over 16 percent of GDP. Over roughly the same period, federal tax revenues fell by only around 11 percent. Yet this “destimulation” did not result in a collapse of consumer spending or private investment. Real consumption rose by 22 percent between 1944 and 1947, and spending

on durable goods more than doubled in real terms. Gross private investment rose by 223 percent in real terms, with a whopping six-fold real increase in residential- housing expenditures. The private economy boomed as the government sector stopped buying munitions and hiring soldiers. Factories that had once made bombs now made toasters and toaster sales were rising. On paper, measured GDP did drop after the war: It was 13 percent lower in 1947 than in 1944. But this was a GDP accounting quirk, not an indication of a stalled private economy or of economic hardship.

America saw the biggest economic success immediately after the war. In fact, The United States, Soviet Union, Western European and East Asian countries, in particular, experienced unusually high and sustained growth, together with full employment.

In France and Italy, the materialistic benefits of growth took some time to come into the effect. Not, until the politician Harold Macmillan who won the election with his slogan. The term, 'Full employment' did not come into being until the Western European employment occurred at 1.5%. In Italy, almost 8% were employed. Not until the country of Europe took its success for granted. By that time, every observer simply assumed that the economy will continue to grow and expand. According to the United Nations Report, which came in 1972, there was no particular reason for the trending fluctuations in early and mid-1970s, which were similar to the 1960s. The Golden Age was the part of developed capitalist countries which represented the third quarter of the world's population and exports of all over 80%. There was an answer to its slow growth which was due to the independence of the regions. East Germany which was the communist country had lacked behind the non-communist country of Federal Germany.

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## **12.4 RECOVERY**

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For the non-communist states, the heritage of war and resistance, the fear of social revolution and communist advance put behind them was a part of their recovery. After World War II, the production was gradually increasing. In the part of Western Europe, it nearly took only three years

to recover the level of production. Since the consumption of the food per capita in the 1950s was restored. This situation led the improvement in the agriculture sector as comparatively in mining and manufacturing products specifically where the growth levels were slowly moving in the second half of the 1940s. With the recovery, the per capita domestic product (GDP) was getting recovered in the 1950s. There were some of the countries like Canada, European countries and the United States, which was not affected by the war consequences, faced the rising production level within two years.

### Check Your Progress -3

Q.1. How there was an improvement in the agricultural sector during World War II during the Golden Years?

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Q.2 What was observed in the United Nations report?

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## 12.5 THE GOLDEN AGE OF CAPITALISM

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The post–World War II economic expansion, also known as the golden age of capitalism and the post-war economic boom or simply the long boom, was a period of strong economic growth beginning after World War II and ending with the 1973–75 recession. The Golden Age of Capitalism has been characterized by uneven growth of international trade, formulation of multiple growth strategies, deep study of the market and formulation of new terms to eliminate the adverse effects of the second world war. The period also saw the creation of a multilateral international payments system, known as the Bretton Woods monetary system, and a United States initiative to aid Europe, known as the Marshall Plan (officially called the European Recovery Program). The negotiators shared common views on the importance of full employment and a liberal multilateral payments system which led to the creation of IMF. A closer examination of such a period, however, often reveals hidden challenges. The Golden Age of Capitalism is no exception. For example, the period underwent business cycles, although they were

certainly milder than those the global economy would come to experience in later decades.

Let's discuss the key areas separately:-

### Trade

The volume of trade from the late 1940s grew faster despite the fact that the trade protecting barriers initially remained in place following the global depression and the war. In World Economic Survey 1955, it was noted “that trade ha[d] been held back much less than might have been expected by the various limitations and controls prevalent throughout most of the world” and postulated that the prevailing trade restrictions in the post-war era had affected the commodity composition and regional distribution of trade, rather than its total volume.

A major step towards a multilateral system of international payments came with the creation of the European Payments Union in 1950, which used United States funds under the Marshall Plan to settle intra-European balances. Trade liberalization was stimulated, as disbursement of the funds required not only the dismantling of intra-European trade restrictions, coupled with greater coordination of national recovery plans but also an agreement on the part of recipient countries regarding how to allocate payments.

Therefore, the golden age was the era of expansion and experiments done to figure out new schemes to run the economy. People were just discovering trade deeply and it did result in various mistakes, but nothing that can't be copied.

### International finance

In the 1930s, the world economy did not have in place a multilateral system of payments but, instead, there had existed countless bilateral agreements, protectionist policies, and import and foreign exchange controls. But soon enough things began to change for the positive when the international community initiated the creation of a multilateral monetary system during the Second World War. Delegates representing 44 countries gathered at the United Nations Monetary and Financial

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Conference, held in Bretton Woods, New Hampshire, on July 1944, where they drafted Articles of Agreement for a proposed International Monetary Fund. It was the common views shared by the negotiators on the importance of full employment and a liberal multilateral payments system that led to the creation of the Fund, which became a formal entity in 1945 with 29 member countries, and having as its initial goal the reconstruction of the international payments system. The intention was to mandate each country to adopt a monetary policy that sustained its fixed exchange rate to gold (with a  $\pm 1$  percent margin). The role of the IMF was to support temporary payment imbalances.

Although some difficulties were raised immediately after the Second World War the formation of European Payments Union in 1950 eased out things in the favor. This was the starting point for the rapid growth of trade which has been witnessed by the international community over the last 70 years.

### Development of the less developed countries

The golden age of capitalism evolved a new concept of underdeveloped or less developed countries. They are also known as developing countries, the countries that are on the road to overall development. Development economics provided countries with the theoretical framework and practical guidelines for planning and implementing catching-up strategies, including for agricultural development, industrialization, economic planning, and securing development finance from both domestic and external sources, among many other areas of activity. The successes and failures of the different national strategies implemented by less developed countries were the basis for thoughtful reflection within the domain of development economics, and analysis of those successes and failures contributed to the refinement of existing theories and guidelines and the generation of new ideas and practical guidance.

Looking back on the first decade after the Second World War, the 1955 Survey concluded that advances had been made in the underdeveloped economies in many different fields such as education, health, transport and communications, energy use, new industries, exports and, most

importantly, in the “evolution of a social climate favourable to economic development” in which Governments saw themselves and were seen as “engines for the promotion of economic and social welfare”

Developing countries needed to work on every aspect such as poverty, education, medical field, unemployment, gender equality, infrastructure, etc. Countries like Japan and China who were struggling for development immediately after the second world war showed exceptional improvement and emerged as the most quickly developed countries of all times. By 1990 these countries were way ahead and flourishing magnificently. Some other countries like Mexico, Africa, Mexico, Germany, India struggled a lot more and attained some achievements by the end of the twentieth century.

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## **12.6 HISTORY OF CAPITALISM**

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From the starting, there were no reasons or explanations given for the ‘Great Leap Forward’ in the economy of capitalism. As obvious the other countries are connecting with the model economy of the early twentieth-century of the industrial society. The country of U.S.A was more affected by great lapse than any other war, defeat or victory. Other countries came in contact with the U.S.A. which was a chance for this country to have its economic development because adopting technology was much easier than making a new one.

Then came, the first produced the ‘mixed economy’ that made easier for the countries to modernize and manage the development of their countries. The stories of the post-war economic success were of capitalist countries were planned and managed by governments. Sometimes, they were steered, supervised and backed by them. The government announced the full employment with the removal of economic disparities. These were eliminated for the luxury goods and services in the market for the consumers. Those luxurious goods were becoming a need and requirement for the consumers. The poorer person will spend

more money to buy food and will work more. The era of Golden Years had democratized the market. The productive part of the world economy was firstly the technology and secondly was labor-intensive, which was the far more elaborated and sophisticated international division of labor, called 'Developed Market Economies'. The Developed Market Economies was the second produced economy.

The major countries of Western Europe were expanding their trade relations so to get the foodstuff and raw materials at a cheaper rate. But, on the other hand, the industrial trade war continued between the major industrial countries. After twenty years of 1953, the manufacturing stuff in the world trade center was minimized. The sharers of the world trade center in the nineteenth century who had less than half of the shares were now demanding for 60% of shares. The Era of Golden years was remained to the major capitalist countries, absolutely in terms of quantity. In the year 1975, the three-quarters of private cars and large proportion telephones were occupied by seven large capitalist countries which were Japan, France, the U.S.A., Great Britain, Italy, and Federal Germany.

### **12.6.1 Central Capitalism and Industrialization**

The redesigning of capitalism and internationalization of the economy were the main point of attraction. There were many revolutions followed by the Golden Years and technological revolution was not the only one to occur during that period. The nineteenth-century faced the industrialization of iron, steel, and coal to the agrarian countries. In the twentieth century, the American industries sold the combustion engines to the European industries. Too much of industrialization was spread out due to the use of old technologies and converting them into new technologies and selling them to other countries for trade. The civilian industry was not effected until the Crises of industrialization in 1973. The research generated technology of genetic technology and information technology took their place. The pharmaceutical and chemicals innovations took place that brought big changes in the world, like the antibiotics made possible the sexual revolution in the 1960s and



1970s. The cultural effects of these antibiotics were very slow and it had an immediate impact on the world's demography. The usage of antibiotics had eliminated varieties of chronic problems of sexual promiscuity. The birth control pills made easy for the people to use to avoid the disease of AIDS or other communicable diseases.

## 12.6.2 Post-War Capitalism

Post-war capitalism was a system of the bounded link between social democracy and liberalization of the economy. The economic planning was executed with lending from the USSR country. The market observers were unsupportive regarding this bounded link which later on was not successful. Frederick Von Hayek was an Austrian economist who gave the argument on the term *laissez-faire* (no government intervention) had only worked in the terms of economic activities otherwise there were too many arguments regarding would be considered later. The formula of Free-market = Freedom of the Individual was quoted by Hayek in his book in 1944, *The Road to Serfdom*. The observers supported the policies of Golden Years that made the purity of the market, by which the Golden years made the world rich and more capitalist. Capitalism was created by those only who were in the situation of handling and creating it in the U.S.A. and Britain.

The period of great slump had a catastrophic effect on the individuals, which was unexpected by the people who had already dreamt of post-war principles. There were some things which were transparent to the observers was the catastrophic effect on the inter-war conditions that was unavoidable due to its breakdown of trading globally and system of finances that were fragmented into different parts of empires and secondly, the global economy was centralized on account of its currency matters. Thirdly, the period of the great slump was due to having *laissez-faire* which means the unrestricted market which was free from government intervention. The market should be supplemented by the economic planning for the public so that mass employment could not return during the political and social issues. There was fully rejection of

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Laissez-faire market due to which the Anglo-Saxon countries were not able to design the financial system and trading in the world.

After the war ended, the social and labor party movements were the most prominent inside Europe. These movements were reforming capitalism as they do not have their policies. The communists' parties who wanted to gain power followed the model of USSR. The private sectors were vacant by the Scandinavians and the government of the British did not do anything to reform capitalism as they were having no interests in economic planning. As a result, the social and labor parties continued to focus on improving the constitution and social reforms for the working conditions. There was no other solution left except for the capital abolition that no government knew to abolish or even tried to construct a strong and wealthy economy for financial status. In the effect of this, the reformed capital suited the labor and social-democratic situations.

There were many objectives laid on which the officials and politicians agreed to promote the system of Laissez-faire and initiate the free market in the economy. With the objectives of communism, modernization and full employment were having high importance and were focused as a priority for the formation of strong government. The political and economic regimes were eliminated as socialist, due to how they were running their economy. This was the main reason for the war between Britain and the U.S.A. country. Due to this war, the term of Mixed Economy came into being. There were some conditions when the old conditions were followed for the currency and pricing stability in the economy. Every economist wanted the growth of trading and high productivity for full employment, modernization, and industrialization. The Golden Years of capitalism was not ready to survive if there had not been private enterprises to save from surviving.

In 1945-46, the industries in France were set out on the course of economic planning for the industrial development of the French Industrial economy. This was aimed for the effect of the Capitalist mixed economy in France that was between 1950-79 increased the economic productivity with the assistance of U.S. A.

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## 12.7 GATT AGREEMENT TO FACILITATE TRADE

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The GATT agreement was signed between 23 nations in which there were twelve developed and eleven developing countries in Geneva. The agreement of GATT was born on October 30, 1947 in which there were a set of norms for the negotiations of multi-trade to prevent the system of trading from any type of restriction on trading measures. The economic and social council of the United Nations formed an International Trade Organisation in 1946 for the economic agencies of the post-war conditions. A committee was formed for the drafting of International Trade Charter. This agreement was the greatest achievement during the condition of World War II. GATT agreement liberalized the free trading system by removing the barriers of the trade. The basic structure and principle of GATT helped the countries to facilitate the trading system and forming good relations. According to my recent research, there are almost 30 negotiations regarding the trading agreement that were resulted in almost concessions on 45,000 tariffs and trading of 10 Billion of US\$ in world trade.

The people who were focusing on the international system of the multilateral free trading system for trade and payment were not in improved conditions from the war. In the experiments of the Golden Years, the free trade and movement of capital were initiated for the stability of currencies. It was happening due to the dominant effect of the USA for proper functioning that was bounded to the limited quantity of gold until the Bretton Woods system in the early 1970s. The U.S.A had most of 60% capital stock of the capitalist countries that were well developed producing 60% of output during the Golden Years.

The terror of the communism was the main objection of free trading but, on the other hand, the capitalists of the international economy did not safeguard or secure the interests of the foreign capitalists. The integration of the high traffic on the United States and with the large expansion of exports from America was essential for full employment condition. The cold war was being the main problem of trading. It had its long term effect on the diversification of resources by the nations which were

destroying the competitive grounds. The nation of the USA was forming a capitalist economy since the mid-Victorian era which increased the international movements for the factors of production. The Golden Years were blooming not only by labor-intensive but by the growth of internal movements too from country to cities and from poor to rich nations.

### **12.7.1 Industrialization Phase**

The industrialization phase of Eastern Europe was due to migration in mass who were international migrants too. These international migrants were having migration for refugee or they were removed from the outskirts of the city, but they were not migrating for the need of employment. The economic growth was diminishing and the lack of working labor was increasing. In the part of Western Europe, the government decided for free migration and when they saw that people from their own country were migrating, and then they put a pause on the migration of the labours. Countries like Portugal, Spain, Greece, and Italy were facing these situations. Around 7 ½ million people migrated to European countries by the year 1970s. The Golden Years formed into international trading for the free trade between the countries for them to expand. Since the 1960's the transitional economy began to emerge. By the year 1970's transitional was spread out throughout the world globally and pursued for much more expansion that was the phase of Crises decade after 1973.

### **12.7.2 Transitional Economy**

There were some facets of the transitional economy for firstly, the multinational companies, divisions of labor were raising off-shore and lastly, the form to develop the transitional economy for protecting the country from any kind of national control. The term "off-shore" was used to prevent the heavy tariffs imposed on business across the country. They avoid the heavy taxes by getting their companies registered off-shore for securing their business from their own country's taxes. The country of the U.S.A. was in the first position in profits by increasing the flood capital which was washed from country to country. Then, eventually, all the government lost its grasp on the money supply. But in 1990, the leading central banks improved the money supply. One particular firm having multiple branches all over the world mainly aims at expanding its

business. Extend to the multinational companies. The corporate companies of the United States had increased their foreign relations in 1950 from 7 ½ thousand to 23,000 in 1996 majorly in the western part of Europe. By the year of the early 1980s, the United States corporations were estimated to a total of three- quarters of their own country's exports. 80% of Britain's exports were the half part of the United States imports. The major work of these corporations was to promote them in the internal market and across international borders. This condition will make these corporate companies independent outside and inside of the territory. Those international enterprises could free themselves from their state. These kinds of the country were the major center for the growth of the Golden years which were the European and Northern America. By the year 1950's countries had sold 50% of their manufacturing products to facilitate trading across the countries.

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## **12.8 THE ERA OF THE GOLDEN YEARS**

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Most people work like historical specialists: they just perceive the nature of their involvement in retrospective viewpoints. Over the span of the 1950s numerous people, particularly in the undeniably prosperous and developed nations, became mindful that occasions were strikingly improved, particularly if their memories came back to the years prior to the Second World War. A British Conservative head battled and won a general political race in 1959 on the motto 'You've never had it so great', an explanation that was undoubtedly right. However it was not until the incredible blast was finished, in the disturbed seventies, hanging tight for the horrendous eighties, that spectators — mainly, in any case, financial experts — started to understand that the world, particularly the world of developed and free enterprise, had gone through an excellent period of its history; maybe an interesting one. They looked for names to portray it: the 'thirty glorious years' of the French (*Les Trente glorieuses*); the 25 years Golden Age of the Anglo-Americans (Marglin and Schor, 1990). The gold shined more splendidly against the dull or dim foundation of the consequent years of crisis.

### **12.8.1 Worldwide Phenomenon**

The Golden Years are the worldwide phenomenon's which were not in sight during its prosperity of the world's population of those countries whose poverty and backwardness conditions are due to the political issues. The part of the Asian and African faced growth in 1950 which was doubled in thirty-five years. Except for the country, China who faced the war and political conditions, there were no mass starvations during the Golden years. When the population escalated, life expectancy also increased more to seven years with more requirement of food production in developed and non-industrial countries. In the 1950s, per capita income rose by 1% in the developed countries and the country of Latin America was an exception which was ahead of the development. In the developed countries, from 1950-60's the food production was more than development in the regions.

### **12.8.2 Problems of Poor Countries**

The international figures are of no use if, there are too disparities or the differences between the countries. Every single year the country of Africa was facing the downfall of the population growth. On the other side, the Far East and Latin America had very fast growth in the 1980s. Out of the boundaries of South and East Asia, the crises of food production were too much. The countries like Bangladesh, Philippines, and Sri Lanka were having low production per head.

### **12.8.3 Disparities of Surplus Food**

In the 1980s, several developed countries were facing the issue of surplus food. Those were the countries that didn't have any idea about what to do with it. The European Communities decided to have low food production under low cost. It became easily accessible to purchase the Dutch cheese on Caribbean island rather purchasing in the Netherlands. In 1930, the great depression came when on one side there was the issue of surplus food and on other, the poor people were starving for food. This issue of food production was the major diversion between the rich and poor countries.

### **12.8.4 Expansion of Industrial Countries**

In the Capitalist and Socialist regions, the industrial expansion had a cast growth. There was the occurring of the Industrial Revolution in parts of Old East like Finland and Spain. The new industrial companies were developed after the Era of Golden years. The Era of Golden Years in these countries was primarily depending on the agriculture sector for the finance of imports from other countries.

### **12.8.5 Growth of Agricultural Output**

The world population was growing at a fast rate by 1960, which was not expectable. The total manufacturing output was four times doubles between the early 1950s to early 1970s. What is more fascinating and interesting about this output was that it initiated the trading of those products which were manufactured. In comparison to that, the agricultural output was too low to bring the land for cultivation. The Grain crop was producing more than per hectare between 1950-52 and 1980-82 which was twice in East Asia, North America and Western Europe. The marine production was in the hold before it had a downfall.

### **12.8.6 Effects on Human Behavior**

Slowly and gradually the condition of pollution and ecological disturbance was coming on face to face. During the Era of Golden Years, human and animal behavior caught little attention. The human was becoming dominant as he was responsible for the growth of nature. In the Socialist countries, the problem of Industrialization was more common and also it was spreading from the smoke. The construction of industries on the riverside or near the small areas caused lot pollution because the smoke coming from those factories deteriorated the condition of the people living nears those areas. General people were facing a lot of health issues. The industrialization for employment was the need of the duration. In that case, so many people waited for only one good person to set up his industry. There was an enormous effect on human activities on the environment. As well there were pros and cons their actions on the environment which were tremendously harmful and beneficial for the environment too. The excessive usage of fossil fuels had worried the observers.

**Check Your Progress -4**

Q.1.WHICH CROP WAS MORE PRODUCED BETWEEN THE YEAR 1980-82, ALSO IN WHICH COUNTRIES?

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Q.8. In which year did the Great Depression came and was the issue regarding it?

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**12.8.7 Emergence of Automobiles**

The country of U.S.A in pre-1945 was in globalization state that formed into a model of capitalist industrial society. From here, started the emergence of Automobiles in North America firstly, after the war it was also introduced in Europe. Slowly and gradually, the world was transforming into the social world from the modern world. The cheap fuel was used in running the automobiles like truck and buses that were used to travel large distances. These automobiles were the major means of transport for people traveling across the world. With this, western society rose when 1,50,000 private cars were used from Italy in the year 1938.

The Model of Henry Ford's company came when the production of the automobiles was flourishing and automobiles were being transported from through land and oceans too, to form new industries. In the U.S.A., the Fordist principle was followed as to the varieties of production carried on like the construction of the building, houses until the outreach to unhealthy and junk food. All the goods and services that were produced in minor quantity were increased to mass production with some innovating improvement in those products. Before, the coming of war around 1,50,000 North Americans had already traveled to Central America in the Caribbean. The travel between the two countries took place between the year of 1950 and 1970. The number of travelers gradually increased from 300,000 to 7 million. By the time, Spain had no



tourism traveling by foreigners in 1950'. Around 54 million of foreigners were visited by 1980s. This estimation of tourists was slightly more than Fifty-five million foreigners from Italy.

The luxurious goods and services were the basis of comfort to humans in rich countries. There were several goods like refrigerator, telephone and washing machine. The usage of telephones had escalated by the year 1971. All about 270 million telephones were spread out in North America and Western Europe. Even after 10 years the amount of telephone usage was doubled. It was simply that now every of two individual was able to connect and communicate within the privacy. The invention of telephones was a boon for wealthy persons who lived luxuriously.

### **12.8.8 Technological Revolution**

There is no doubt that the Second World War brought about some enormous changes and realizations. It was the end of an era which marked an initiative for a better and peaceful world. Since 1945 technology has changed a lot.

**Communication:** Constant flow of information and data has become such a mundane part of our lives that we barely even notice it. Prior to WWII, the main form of household communications devices most people had in their homes was the radio. Another medium to communicate with the outside world was television but it was either too expensive or programming options were very few. As the decades wore on, television technology became better and better as color televisions largely replaced the original black-and-white sets in the 1970s. Cassettes and VCR were in trend. Screens got larger and television ultimately became a normal and regular object.

**The telephone:** From its invention by Alexander Graham Bell in the late 19th century, the telephone has been converted into multiple forms. Telephones were there in the second world war but not in such high number and utility. The telephone grew increasingly popular and largely replaced the telegraph by WWII, with approximately 30 million phones in service by 1948. After that there was no stopping, use and scope of telephones began to increase day by day. The technology kept thriving

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and features were not only limited to making calls. There were approximately 100 million phones were in use by 1970. The next major advancement in telephone communication came in the 1990s with the introduction of the cellular phone. The proliferation of text messaging in the early 2000s turned the cellular phone into a multi-use tool and everybody is aware of the current scenario.

**Transportation:** The world of transportation faced some drastic changes as well but nothing as compared to changes in television and telephone. The twentieth century was all about growth in airplanes and trains. Transportation through ships and sea vehicles reduced comparatively. Indeed, our main modes of transportation - the automobile, airplane, train, or ship - are still the same, though they have all undergone serious transformations to improve safety and efficiency. Air travel has made more significant advances since WWII with the advent of the jet engine in the 1950s. The technology of cars and road transport vehicles emerged as the most improved sector. Gone were the days of coal and petrol and diesel were recognized as more benefiting factors.

The technological revolution was expanded in such a way that selling of old products was innovated into a new form which doubled the marketing of those products. The synthetic products like plastics went into commercial usage by the companies for profits. As like nylon that came in the year 1935 and after came polystyrene and polythene. With the advancement of technologies the television and recording on magnetic tape, both inventions were out experimental fields. During the war, the demand for technology rose to great heights. The scientific inventions like RADAR, jet engine and various other inventions were ready to make for the post-war of electronics and information technology. Then, the arrival of transistors in 1947 was the first digital computers to be used by humans emerged.

The emergence of Nuclear energy was used in war destruction that sustained out of the grasp of humans in the economy. About 5% was contributed by nuclear energy in the year 1975. The innovation of Inter-war and post-war science or inter techniques were commercialized or the Great War post in 1945. The integrated circuits were made in the year

1950; the lasers in 1960 came as a part of rocket science. The Golden Years were laid on the highly advanced technological researches which were practically experimented. The fields of agricultural and industrial technologies were moved beyond the nineteenth century.

### **12.8.9 Technological Strike Conditions**

There were three conditions of technological strikes by the observers:

- **Transformed Life**

The everyday normal life of the individuals was transformed into a rich and luxurious lifestyle. Even the worlds where the poor people reside were noticing the changes that their daily life was going through. We are blessed with the transistors, having a long-life battery. These transistors were outreached to the remote areas where the Green Revolution had changed the cultivation methods of rice and wheat with the plastic footwears for bare-footed people. Comparatively, the part of natural or man-made materials made in the year 1950s. These materials were metal, wood or trunks which were used in old traditional ways. The fillings or natural fibers even the ceramics used in our kitchen, personal clothing or household furnishings were facing downfall. The emergence of technology made humans dependable on it. The technological revolution had grasped the mind of the consumers to that limit even the people started using high chemically detergents and laptops for working.

With the continuous technology inventions, the endless list of the inventions came around the civilization like television, the washing machine, refrigerators, tape cassettes that came in the 1950s, the compact disks and the transistors. The small radios, then many other innumerable electronics emerged slowly like photos, videos and domestic electronics for use. The method of the probability of these products increased their sales in the market. However, in the technological revolutions, those products were innovated and transformed into the new form and sold in the market.

- **Simple To Complex Technology**

The technology was becoming more complex with more and more inventions and innovations in the products. This complex technology initiated the Research and development centre that became the centre for

the central growth and development of the market economies. The developed countries had numerous engineers and scientists in the 1970s for every million population. But there were only thirty in Kenya and Nigeria, Sixty in Pakistan, 130 in India and 250 in Brazil. The cost of production and developing products was so excessive which continuously kept on going with the innovations of the new products. The field where there was no objection regarding money, experiments were made on the products, in that case, to make to every part of the equipment which made it more valuable to use for the financial benefits of the concerned corporation. In the more mass value of market the pharmaceuticals chemicals, drugs were given a patent right as when secured from the competitors to make fortunes. When the product entered the market the price dropped to the ground.

- Capital And Labor-Intensive Techniques

The new technologies were capital and labor-intensive techniques. The major feature of Golden years are a major part of the investment for the production of the product and more importantly the purchasing of that product by the consumers. The particular generation was not obvious about technology growth. On the contrary, the growth of the economy was rapid even in industrial countries too. Those industrial countries had increased their contribution to the population. The advanced countries had filled labour intensive during the pre-war depressions and post-war depression period when demobilization was drained. At that moment, the new supplies of labour were trapped from the native countryside and foreign immigration. The married women were kept out of the labor-intensive but when entered in large numbers. Nevertheless, the idea that inspired the Golden Years was the production of goods or even services. The humans were dominant who were holding to grasp the control of such an economy only concerning goods and services. Since here we got a new issue and in Golden Years that seemed imaginary and remoted like the death of the universe in the future by the pre assumptions about which the scientists had already alarmed the human race.

### **12.8.10 Division of Labour**

With this, the third war began with the division of labour to specialize in the old method. The industries of the third world were spread not only in

the local market but in the international market too. This phase was the innovation phase of the Golden years which did not arrive much soon. This would not have been possible without transport and convenience. The introduction of the informational technology which was based on the research had come in totally modern form. The producers began to globalize their technological products from 1960's mid-year. The production was not in a single area but was spread out all over. Some companies had stopped due to off-shore policy while others had recruited the cheap labour of women for defending from the control of the nation. The products manufactured were textiles, paper, digital watches, toys and goods for the firms of Dutch, U.S. and Japanese. All this changed the structure of the world globally.

### **12.8.11 Keynesian Economic Growth**

The model of Keynesian economic growth was the combination of economic growth in the economy with the labour in full employment conditions. It was obvious that the cost of labour was cheaply available in the local areas. The areas having a high rate of labour cost were stagnant of no growth and facing the struggles of employment. The labour forces of non-white people were half skilled and educated too based on which they migrated to rich countries for better opportunities. This was mostly in the countries of the western part. There were also too many conflicts between the employers and labour organization to intact the labour within the limit of asking for wages that would not diminish the profits. The huge investments were made without the expansion of labour productivity during the Golden Years. The employers expecting high wages in the boom phase. The labours were increasing regularly for earning benefits to give welfare to the state. Till 1960's the Golden Years were affected by the conflicts of strongly formed politics. After treatment of the reformation, the boom phase of the 1950s was dominating almost on every government.

The Golden Years had achieved human relations and the rapid changes in the most propounding way in the record of history.

The Golden Age of Capitalism was from 1945 to 1970 when the Bretton Woods system had a downfall. Further speaking, the research in the

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period of capitalism for the concept of development was for the scope of expansion. The expansion of development took place with its characteristics. The integrated policy approach makers were handling the social, economic and institutional facets of development. The integrated approach for the formation of policy had risen during the Golden Years of Capitalism. Capitalism had a crucial role to play in elaborating the plans of the United Nations Development program years. Still, during the Golden years of Capitalism, a lot of countries were facing a high rate of prices for the commodities. Regarding this, a transparent need for international stabilization mechanisms has been designed to manage the volatility. It is an issue which had remained important in the context of achievement and implementation in the Goals for Sustainable Development. The Bretton Woods monetary system had a vast contributor to growth and stability in international trading. The flexible demonstration of IMF enabled the member countries to remove the foreign exchange restrictions over a longer time. The economic prosperity was achieved economy, particularly by the economy of the developed countries during the year 1950 and 1960s. The developed countries had provided the international environment which was needed for supporting the high aspirations in the objectives for the development of the country. The International Monetary Fund provides a highly valued policy which is relevant in today's time. During the Golden Age of Capitalism, the industrialization had facilitated the economic development of the least developed countries. The importance of long term economic planning was also recognized. It was clearly noted that the evolution of the 2030 Agenda for the Sustainable Development covers the horizon of 15 years to develop the countries which are low developed. This agenda has guided the recognition for the deep-seated needs and requirements of the long term outlook. Also, the importance of policy coordination was spread across the line of the various ministries. Hence, the Golden Years of Capitalism was succeeded in maintaining personal relations across the world.

So 1968 was neither an end nor a start, however just a sign. Dissimilar to the wage blast, the breakdown of the Bretton Woods international financial framework in 1971, the commodities boom of 1972-3 and the

OPEC oil crisis of 1973, it doesn't appear much in the clarification of economic students of history about the end of the Golden Age. Its end was not quite sudden. The development of the economy in the mid-1970s, accelerated by a quickly rising inflation, by huge ascents on the world's money supplies and the huge American deficiency, wound up chaotic. In the economists' language, the framework moved toward becoming 'overheated'. In a year from July 1972, the genuine GDP in the OECD nations ascended by 7.5 per cent, and genuine mechanical generation by 10 percent. Historians who had not overlooked the manner in which the incredible mid-Victorian blast finished, may well have pondered whether the framework was not leading to a fall. They would have been correct, however it isn't necessary to think anybody anticipated the fall of 1974, Nor, maybe, paid attention to it as it ended up being the GNP of the progressed and advanced nations really dropped significantly —a wonder like that had not occurred since the war — individuals still think of economic emergencies as far as 1929, and there was no indication of silence. Of course, the prompt response of stunned counterparts, was to look for extraordinary explanations behind the breakdown of the old blast, 'a bizarre bundling of tragic disturbances unlikely to be recurring at similar scale, the effect of which was aggravated by some avoidable blunders', to cite the OECD (McCracken, 1977, p. 14). They put it all down to the covetousness of the OPEC oil sheiks. Any historian who puts major changes in the design of the world economy down to terrible luck and avoidable mishaps should reconsider. Furthermore, this was a noteworthy change. The world economy didn't recoup its old hierarchy after the incident. And so, the era was at an end. The decades since 1973 were to be again a period of crisis.

The Golden Age lost its shimmer. All things considered, it had started, to be sure it had to a great extent accomplished the most emotional, quick and significant revolution in human undertakings of which history has the record. To this we should now turn.

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## **12.9 END OF THE TWENTIETH CENTURY**

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Till the end of the twentieth century, the World Bank was having around seventy-one economy in it. The population of those economies was less than two-fifths of the political region which could be estimated as two and a half million of the total population. Until the coming of World War II, these countries were considered as imaginary states and were having the ability to secure them from the international world. Well, in the Golden age they could expand and grow in a much better way than the vast economy that are providing services directly to the economy throughout the world. As a result, the new countries were come into being like Singapore which flourished through-out the middle age century.

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## **12.10 LET US SUM UP**

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- The Golden Age of Capitalism was from 1945 to 1970 when the Bretton Woods system had a downfall.
- The flexible demonstration of IMF enabled the member countries to remove the foreign exchange restrictions
- The industrialization facilitated the economic development of the least developed countries.
- GATT agreement liberalized the free trading system during World War II.
- Facets of the transitional economy were labour divisions, taxes, profits, and foreign relations.
- The technological revolution had transformed lives and intensive techniques.

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## **12.11 KEYWORDS**

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- Special Drawing Rights - Supplementary foreign currency created by the IMF.
- Per Capita Income - Average income of per individual



- Full Employment - Economic situation where people work in the prevailing salary amount.
- Capitalism - Private owners command over political and the economic system.
- Golden Years- Era of economic expansion that saw the World War II

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## 12.12 QUESTIONS FOR REVIEW

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- What were the special agencies under the Bretton Woods System?
- Who are the five institutions of the World Bank providing funds to developed countries?
- In the era of Golden years, what were the two major problems write in brief?
- How the emergence of technologies brought changes in the lives of common people?
- Write in brief about Keynesian Economic growth.

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## 12.13 SUGGESTED READINGS AND REFERENCES

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- The Golden Age Of Capitalism (Author – Marglin Stephen A, Edition 1992, 340 PAGES)
- Reinventing Capitalism in the Age of Big Data ( Author- Mayer Schonberger Viktor, Publisher- John Murray Press, Pages- 208)
- The New Age of Capitalism- The Coming Revolution against political corruption and Economic Chaos ( Author- Ravi Batra, Publisher- Parragon Publishing, Edition- 2007)
- The Social Problem Solved With or Without either Socialism or Capitalism (Publisher- Wentworth press on 28 August 2018, Pages- 134)

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## 12.14 ANSWERS TO CHECK YOUR PROGRESS

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1. The Special Drawing Rights.....(Check your progress- I –Q1 )
2. The institution of United Nations Industrial.....(Check your progress –I Q2)
3. The conditions of World War II .....(Check your progress- II Q1)
4. The countries of France and Germany .....(Check your progress –II Q2)
5. During the condition of World War II.....(Check your progress –III-Q1)
6. In the United Nations report of 1972..... (Check your progress –III-Q2)
7. The production of Grain crop .....(Check your progress IV Q1)
8. The Great Depression arrived in the 1930s.....(Check your progress –IV Q2)

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# UNIT- 13: THE CRISIS DECADE

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## STRUCTURE

13.0 Objective

13.1 Introduction

13.2 Why Was the Golden Age Not Sustainable

13.3 Beginning of the End

13.4 Recession

13.5 The Collapse of the Breton Wood System

13.6 The Twin Oil Shocks

13.7 The Steel Crisis

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13.9 Growing Imbalances and Increasing Protectionism

13.10 The Emergence of Debt Crisis and Reverse Capital Flows

13.11 Stock Market Crash

13.12 Washington Consensus and the IMF

13.13 Let's Sum Up

13.14 Keywords

13.16 Suggested Readings and References

13.17 Answers to Check your Progress

13.15 Questions for Review

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## 13.0 OBJECTIVE

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After going through this unit, you should be able to

- Understand the Golden Age

## Notes

- Understand the reasons for the failure of Capitalism
- Learn about economic issues post Second World War around the globe
- Learn about the Bretton Woods system and its collapse
- Understand International Trade
- Learn about twin oil shocks
- Understand the emergence of debt crises and reverse capital flows
- Learn about global imbalances and protectionism
- Learn about Washington Consensus, IMF, and the stock market crash

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### 13.1 INTRODUCTION

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The history of the twenty years after 1973 is that of a world that lost its bearings and slid into instability and crisis. And yet, until the 1980s it was not clear how irretrievably the foundations of the Golden Age had crumbled. Until after one part of the world - the USSR and the Eastern Europe of real socialism' - had collapsed entirely, the global nature of the crisis was not recognized, let alone admitted in the developed non-communist regions. Even so, for many years economic troubles were still 'recessions'. The half-century's taboo on the use of the terms 'depression' or 'slump', that reminder of the Age of Catastrophe, was not completely broken. Simply to use the word might conjure up the thing, even if the 'recessions' of the 1980s were 'the most serious for fifty years' - a phrase which carefully avoided specifying the actual period, the 1930s. The civilization that had elevated the word- magic of the advertisers into a basic principle of the economy, was caught in its own mechanism of delusion. Not until the early 1990s do we find admissions - as, for instance, in Finland - that the economic troubles of the present were actually worse than those of the 1930s.

All the destruction caused by the world war was slowly turning into social changes and revolution. The world after the disastrous war saw some great moments as well. The post-World War II economic expansion, also known as the golden age of capitalism and the postwar

economic boom or simply the long boom, was a period of strong economic growth beginning after World War II and ending with the 1973–75 recession. It is also known as the long boom, but this term is generic and can refer to other periods. The golden age of capitalism is a common name for this period in both academic and economics books. In the Golden Age between the end of the Second World War and 1973, people in what was then known as the ‘industrialized world’ – Western Europe, North America, and Japan – saw their living standards improve year after year.

The historical backdrop of the twenty years after 1973 is that of a world which lost its orientation and slid into insecurity and emergency. But, until the 1980s it was not clear how hopelessly the establishments of the Golden Age had disintegrated. Until after one piece of the world — the USSR and the Eastern Europe of 'genuine communism' — had crumbled completely, the worldwide idea of the crisis was not perceived, conceded in the developed non- communist areas. Though, for a long time, monetary issues were still under 'downturns'. The 50 years' forbidden on the utilization of the terms 'depression' or 'slump', that token of the Age of Catastrophe, was not totally broken. Just to utilize the word may evoke the thing, regardless of whether the 'downturns' of the 1980s were 'the most genuine for fifty years' - an expression which painstakingly abstained from indicating the actual period, the 1930s. The human advancement that had raised the word-magic of the advertisers into a fundamental rule of the economy, was caught in its own instrument of daydream. Not until the mid-1990s do we discover affirmations - as, for example, in Finland - that the economic issues of the present were, in reality, more terrible than those of the 1930s.

The Crisis Decade was characterized by unquestionably rising inequality in the developed market economies and they were at their peak owing to the real incomes brimming up almost as if it was automatically done among the working class which they had gotten accustomed to. This had now ceased to happen anymore. The two extremes of wealthiness and poverty kept rising, increasing regional disparity and deepening the gap between the two. From 1967 to 1990, those American Negroes that earned either less than \$5000 or more than \$50000 had risen drastically

at the cost of intermediate earnings. Social unrest was at bay and at a far less extent owing to the rich capitalistic nations that were way richer than they ever were earlier. Their masses were now cocooned in better welfare measures and social security systems in the Golden Age. Government funds felt plundered by shelling themselves for these elaborate welfare schemes and measures. Despite taking necessary measures to keep these expenditures in check, even rich and non-hostile governments failed to do so.

No one had anticipated this to take place in 1970. The early 1900s was marked by a wave of insecurity and resentment even in the wealthiest of nations. As a result, traditional political systems began breaking down rapidly. Numerous attempts were made to not accept that even the developed capitalist countries were facing depression. No one claimed to admit to having a solution for this economic issue apart from hoping for it to subside shortly. However, the crux of the Crisis Decade was not the failure of capitalism to work as efficiently as it did during the Golden Age but the uncontrollability of its operations. No party knew how to control the vagaries of the globe's economies or had weapons to deal with this problem. The crucial instruments that may have worked in the Golden age, like national and international coordination, or policy no longer proved to be effective. The crisis decade was officially the age where all economic powers were lost by the national state.

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### **13.2 WHY WAS THE GOLDEN AGE OF CAPITALISM NOT SUSTAINABLE?**

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The problems which had dominated the critique of capitalism before the war, and which the Golden Age had largely eliminated for a generation - 'poverty, mass unemployment, squalor, instability' reappeared after 1973. Growth was, once again, interrupted by severe slumps, as distinct from 'minor recessions', in 1974—75, 1980—82 and at the end of the 1980s. Unemployment in Western Europe rose from an average of 1.5 percent in the 1960s to 4.2 percent in the 1970s. At the peak of the boom in the late 1980s, it averaged 9.2 percent in the European Community, in 1993, 11 percent. Half of the unemployed (1986-87) had been out of work for more than a year, one third for more than two years (Human

Development, 1991, p. 184). Since the potential working population was no longer being swelled, as in the Golden Age, by the flood of growing post-war babies, and since young people, in good times and bad, tended to have much higher unemployment rates than older workers, one would have expected permanent unemployment to shrink, if anything. The world economy saw far higher growth in the period 1950-73 than it did either before or after, with a recorded annual global growth rate of 2.9%. For the period from 1973-2008 that average fell to 1.8% - even with the success of China, India and the Great Doubling. Growth during this 'pre-crash' period, increasingly informed by the logic of the 'Chicago school', was only 62% of what it was for the period immediately preceding, which was broadly 'Keynesian' in design. There was more than one reason for this epic mass downfall. High levels of debt, New technologies, Urbanization, oil shocks, steel crisis, and multiple others brought the downfall upon the world. No good thing can last forever and thus, the supposed golden age crumpled like a castle of cards.

**Check Your progress 1**

1. What nations were considered a part of the 'industrialized world' in the Golden Age?

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2. What are the major movements associated with the Golden Age?

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**13.3 BEGINNING OF THE END**

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“For many developing countries, the 1980s have been viewed as a decade lost for development. Living conditions in Africa and Latin America and

the Caribbean, and in parts of Asia, have deteriorated, and economic and

social infrastructure has eroded.”

-World Economic Survey 1990

The decade of the 1970s began with unexpected problems that keep on increasing after a long stretch of economic stability and consistent growth in the earlier post-war period. It also witnessed the breakdown of the post-Second World War consensus on the global economic governance architecture, as embodied in the Bretton Woods system of fixed exchange rates and gold convertibility of the United States dollar. There was high inflation and unemployment (internal imbalance) in developed countries and large deficits in the current account of the balance of payments (external imbalance) in both developed and developing countries. Lower demand in developed countries led to a decline in commodity prices and a deterioration of the terms of trade for many developing countries dependent on commodity exports.

What made the economic problems of the Crisis Decades unusually troubling, and socially subversive, was that conjunctural fluctuations coincided with structural upheavals. The world economy facing the problems of the 1970s and 1980s was no longer that of the Golden Age, although it was, as we have seen, the predictable product of that era. Its system of production had been transformed by the technological revolution and it had been globalized or ‘trans-nationalized’ to an extraordinary extent, and with dramatic consequences. Moreover, by the 1970s it became impossible to overlook the revolutionary social and cultural consequences of the Golden Age, discussed in earlier chapters, as well as its potential ecological consequences.

It is the act of historians — including this one — to treat the development of expressions of the human experience, anyway evident and significant their underlying foundations in society, as somehow detachable from their contemporary setting, as a branch or sort of human movement subject to its very own principles, and equipped for being judged in like manner. However, in the time of the most progressive transformations of human life so far recorded, even this antiquated and convenient guideline of organizing a verifiable review moves toward becoming increasingly stunning.



The general tendency of industrialization has been to replace human skill by the skill of machines, human labor by mechanical forces, thus throwing people out of work. It was assumed, correctly, that the vast growth of the economy made possible by this constant industrial revolution would automatically create more than enough new jobs to replace the lost old ones, although opinions differed about how large a body of unemployed workers was necessary for the efficient operation of such an economy. The Golden Age had apparently confirmed this optimism. As we have seen, the growth of the industry was so great that the number and proportion of industrial workers even in the most industrialized countries did not seriously drop. Yet the Crisis Decades began to shed labor at a spectacular rate, even in plainly expanding industries. Between 1950 and 1970 the number of long-distance telephone operators in the USA dropped by 12 percent, as the number of calls grew five-fold; but between 1970 and 1980 it fell by 40 percent while calls tripled (Technology, 1986, p. 328). The number of workers diminished, relatively, absolutely and, in any case, rapidly. The rising unemployment of these decades was not merely cyclical but structural. The jobs lost in bad times would not come back when times improved: they would never come back.

Given the difficult economic situation, many countries in Latin America and Africa experienced an increase in debt levels. The debt crisis of the 1980s is generally considered to have begun when, in August 1982, Mexico declared that it would no longer be able to service its debt. This started a succession of negative events in regards to the economy around the world, with one country after another declaring a similar inability to repay.

Economic growth slowed down in all parts of the world during the second half of the 1970s and the first half of the 1980s. Before the oil price shock and steel crisis of 1973, the annual growth of world gross product (WGP) had been at 5.3 percent, while during the rest of the 1970s, annual world growth reached only 2.8 percent. IMF and the World Bank, in particular, were influential in countries experiencing debt distress and, this being the case, countries in Africa and Latin America were pressured to adopt Washington Consensus-type policies. They,

therefore, had to undertake drastic measures for fiscal consolidation, which contributed to the recession and a lost decade of development in those regions. Meanwhile, most countries in Asia, which were not under the same kind of pressure, enjoyed a larger national policy space. Contrary to what the Washington Consensus dictated, East Asia, and to a lesser extent South Asia, chose to follow a development strategy where an important role was played by the State.

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### 13.4 RECESSION

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Since the Second World War, the U.S. economy has had nine recessions, defined as two consecutive quarters of declining output. The normal pattern has involved an increase in the rate of unemployment and also "disinflation" -- a decrease in the rate of inflation. The most severe of these recessions was that of 1981-1982 when unemployment exceeded 10 percent for the first time since the 1930s. The situation was almost out of control. The most recent recession, which began in 1990, appears to be qualitatively different from past recessions in that the continuous recovery has been much milder, and the process of disinflation has continued throughout the recovery period. Thus, rather than picking up, inflation has continued to fall during the recovery, and we now have close to zero inflation. This means that were the U.S. economy to enter a new recession, it would be likely to experience deflation: prices and wages would actually fall.

The recession of 1981-1982 showed that rates of unemployment in excess of 10 percent are again possible, whereas the most recent recession has raised the specter of deflation.

With respect to destitution and messiness, during the 1980s even huge numbers of the most extravagant and most developed nations got themselves, and again, becoming acclimated to the ordinary sight of poor people in the city, and significantly the more stunning scene of the destitute shielding in entryways in cardboard boxes, to the extent that they were not expelled from perceivability by the police. On any night of 1993 in New York 23,000 people dozed in the city or in open safe houses, some of the 3 percent of the number of inhabitants in the city

which had, at once or another in the five years before at that point, no roof over their heads (New York Times, 16/11/93). In the United Kingdom (1989) 400,000 individuals were formally classed as 'homeless' (UN Human Development, 1992, p. 31). Who, during the 1950s, or even the mid-1970s, would have anticipated this?

### Check Your progress 1

1. How many inflations had America faced since the Second World War? Which year saw the worst recession? What is disinflation?

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2. What economic problems arose post Second World War for the developed and developing countries?

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## 13.5 THE COLLAPSE OF THE BRETTON WOODS SYSTEM

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The early 1970s were marked by a series of economic crises that destabilized the global economy. The first cause of these crises that took everyone by surprise was the collapse of the Bretton Woods system in August 1971, when the United States suspended the convertibility of the dollar into gold and other currencies and imposed a 10 percent temporary surcharge on dutiable imports.

This move came as the result of widespread speculative movements of capital from the United States as monetary easing reduced interest rates relative to those of its major competitors, in particular, France and the United Kingdom of Great Britain and Northern Ireland. However, the main factor underlying the collapse was the increasing reliance of the international monetary system on growing trade and fiscal deficits in the United States, in part driven by the large expenditures associated with the Vietnam War, and the consequent expansion of United States international liabilities against an invalid value of gold reserves. The

inevitable devaluation of the dollar, which had been long in the making, reached 12 percent against major currencies in 1971.

After the collapse of the fixed exchange rate regime under the Bretton Woods system, there was a struggle to establish a new foreign exchange system among developed and developing countries. Various approaches to exchange rate management were tried, such as establishing more flexibility around a fixed peg, often using the special drawing rights base and varying degrees of float. By 1973, floating has become widespread as more and more countries abandoned the fixed-rate regime. In late 1973, not too long after the collapse of the Bretton Woods system, oil prices more than doubled owing to the actions of the Organization of Arab Petroleum Exporting Countries (OAPEC) and in January 1974, they doubled again. In parallel, food prices also doubled in 1973 owing to increasing global demand and production problems in many countries.

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### **13.6 THE TWIN OIL SHOCKS**

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There were a series of energy crises between 1967 and 1979 caused by problems in the Middle East but the most significant started in 1973 when Arab oil producers imposed an embargo. The headline event of 1973 was the oil crisis. On 6 October, Egyptian and Syrian armies attacked Israeli positions, starting the conflict that became known as the Yom Kippur War. By agreeing to slash production and raise the price of oil, Saudi Arabia, Iraq, Iran, and other Middle Eastern oil exporters quickly backed the two Arab countries. Shipments to countries that supported Israel, including the US and the Netherlands, were cut off altogether. The second oil shock occurred in 1979 due to the Iranian Revolution. Oil production was once again cut, causing an increase in the price of oil. This had a severe impact on the developed economies, especially the USA. Firms in oil-dependent industries, like car manufacturers, were undermined by this development. Furthermore, consumers had difficulty coping with the increase in the price of fuel for domestic usage.

Oil-importing countries responded in dramatic fashion. Western European countries lowered speed limits and rationed diesel supplies.

From Italy to Norway, driving was banned on four consecutive Sundays in order to save fuel. The Japanese government shut down factories and told citizens to turn out the pilot lights on their water heaters. US truck drivers blocked highways to protest high fuel prices, and motorists queued for hours to top off their gasoline tanks. In a televised address, US President Richard Nixon warned Americans: ‘We are heading toward the most acute shortages of energy since the Second World War.’

Faced with higher petroleum prices, economic growth in 1974 collapsed. Around the world, inflation soared. When oil prices receded, the world economy failed to bounce back. Double-digit inflation dramatically undermined workers’ wage gains. From 1973 to 1979, the average income per worker grew only half as fast as it had before 1973. Help-wanted signs vanished as unemployment rose.

The underlying problem, it turned out, was not expensive petroleum but slow productivity growth. Through the 1960s and early ’70s, across the wealthy world, productivity had risen a strong 5 percent a year. After 1973, the trend shifted clearly downward. Through the rest of the 20th century, productivity growth in the wealthy economies averaged less than 2 percent a year. Diminished productivity growth translated directly into sluggish economic growth. The days when people could feel their living standards rising from one year to the next were over. As the good times failed to return, voters turned their fury on political leaders. In fact, there was little any Western politician could do to put their economies back on their previous tracks.

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## 13.7 THE STEEL CRISIS

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The steel crisis was a recession in the global steel market during the 1973–75 recession and early 1980s recession following the post–World War II economic expansion and the 1973 oil crisis, further compounded by the 1979 oil crisis, and lasted well into the 1980s.

Steel prices dropped significantly as the market became saturated with steel from previous demand, and many steel mills in the Western world were driven out of business. Some areas affected by the steel crisis were the Rustbelt in North America, the English Midlands in the United

Kingdom, the Ruhr area in West Germany and Bergslagen in Sweden. Steel production in the United States peaked at 111.4 million tons in 1973 and declined slightly to 97.9 million tons in 1978. By 1984, steel production collapsed to just 70 million tons. The next peak was not reached until 2000, when 100 million tons were produced, before falling to just 86 million tons in 2014.

In Britain, the steel crisis was also a result of controversial political decisions to a degree, unlike the United States. British steel employment numbered 197,000 jobs in 1974, falling to 179,000 in 1977, further still to 112,000 in 1980, and then a severe decline to less than 62,000 jobs in 1984. Steel formed a huge part in the overall trade of the entire world business and thus, affected the economy immensely.

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## 13.8 INTERNATIONAL TRADE

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International trade is the exchange of capital, goods, and services across international borders or territories.

In most countries, such trade represents a significant share of the gross domestic product (GDP). While international trade has existed throughout history (for example Uttarapatha, Silk Road, Amber Road, scramble for Africa, Atlantic slave trade, salt roads), its economic, social, and political importance has been on the rise in recent centuries.

Carrying out the trade at an international level is a complex process when compared to domestic trade. When trade takes place between two or more nations factors like currency, government policies, the economy, the judicial system, laws, and markets influence trade.

The mix of depression and a highly rebuilt economy designed to expel human work made a gloomy pressure that entered the legislative issues of the Crisis Decades. An age had got familiar with full business or the certainty that the kind of work an individual needed was sure to be accessible someplace soon. While the Slump of the early 1980s had just brought instability over into the lives of laborers in manufacturing ventures, it was not until the Slump of the mid 1990s that enormous segments of the cubicle and expert classes in nations like Great Britain

felt that neither their employments nor their prospects were sheltered: almost half surprisingly in the most prosperous pieces of the nation thought they may lose theirs. These were times when individuals, their old ways of life previously undermined and disintegrating regardless, were probably going to lose their course. Was it a mishap that 'of the ten biggest mass killings in American history . . . eight have happened since 1980', normally the demonstrations of moderately aged white men in their thirties and forties, 'after a drawn-out time of being forlorn, baffled and full of wrath', and regularly accelerated by a disaster in their lives, for example, losing their activity or divorce? Was even 'the developing society of loathing in the United States', which may have energized them, a mishap (Butter-ifeld, 1991)? This abhor surely wound up perceptible in the verses of prominent music during the 1980s and obvious in the growingly plain brutality of film and TV programs.

This feeling of bewilderment and frailty created huge structural cracks and moves in the legislative issues of the created nations, even before the end of the Cold War decimated the universal equalization on which the stability of a few Western parliamentary majority rule governments had rested. In times of monetary issues voters are famously disposed to fault whatever gathering or system is in power, however the oddity of the Crisis Decades was that the response against governments didn't really benefit the built up powers of restriction.

To smoothen and justify the process of trade between countries of different economic standing, some international economic organizations were formed, such as the World Trade Organization. These organizations work towards the facilitation and growth of international trade. Statistical services of intergovernmental and supranational organizations and national statistical agencies publish official statistics on international trade.

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## **13.9 GROWING GLOBAL IMBALANCES AND INCREASING PROTECTIONISM**

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At the same time that growth rates were falling and unemployment and inflation were rising, record trade imbalances arose in both developed

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and developing countries. In the 1970s, several developed countries, including the United States and the United Kingdom, were prone to balance-of-payments crises. In the 1980s, the debate focused mainly on growing trade deficits in the United States and corresponding surpluses in Japan and several European countries.

In the second half of the 1970s, the balance-of-payments deficits of developing countries (except for major oil producers) more than doubled, from \$46 billion in 1975 to \$108 billion by 1981. It was the ability to finance such deficits through access to overseas finance that permitted imports to rise and the economy to, therefore, grow at the rate it did, despite rising import prices and deteriorating terms of trade. The availability of financing came as a result of the ongoing liberalization of international capital markets, which led to more cross-border lending and bond issuances. As a consequence of the ongoing liberalization, more developing countries could finance current account deficits by tapping into international capital markets.

However even the pre-industrial and the new early modern nations, were administered by the iron logic of automation, which at some point or another made even the least expensive person more costly than a machine capable of their work, and by the similar iron logic of certified world-wide free-exchanging rivalry. Modest as work was in Brazil, compared to Detroit and Wolfsburg, the Sao Paulo automobile industry faced similar issues of expanding work repetition through mechanization as in Michigan and Lower Saxony; or so the creator was told by its worker's organization chiefs in 1992. The presentation and efficiency of machinery could be continually, and for down to earth purposes, interminably raised by innovative advancement, and its expense could be drastically reduced. Not all that that of individuals, as an examination of the improvements in the speed of air transport and the 100-meter world record demonstrates. Regardless the expense of human work can't, for any length of time, be diminished underneath the expense of keeping people alive at the minimum level viewed as worthy in their general public, or without a doubt at any level. People are not effectively intended for an industrialist arrangement of production. The higher the



innovation, the more costly the human component of generation contrasted with the mechanical.

The notable disaster of the Crisis Decades was that creation presently visibly shed individuals quicker than the market economy produced new jobs for them. In addition, this procedure was quickened by worldwide competition, by the money related crush on governments, which — straightforwardly or indirectly — were the biggest single businesses, and, not least, after 1980, by the then overarching free-showcase philosophy which squeezed for the exchange of work to benefit amplifying types of big business, particularly to private firms which, by definition, thought about no premium yet their own.

Economic instability posed a lot of other serious issues as well as “internal imbalances”. A long debate was conducted on this topic in developed economies. The debate gave rise to multiple other subjective concepts like oil exporters, the responsibility of current account surplus countries, etc. The global imbalances also led to increased protectionism. While negotiations continued on the progressive reduction of tariffs within the Tokyo Round of Multilateral Trade Negotiations, held under the auspices of the General Agreement on Tariffs and Trade (GATT), the United States and Europe complained bitterly about Japan’s export juggernaut. The United States in formal terms and Europe more informally pressured Japan to agree to a set of voluntary export restraints for exports of autos, steel, and other products. The pace of anti-dumping suits also picked up and protectionism was employed against developing countries as well.

**Check Your progress 2**

1.What was the steel crisis?

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3.Define international trade. What factors influence it?

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## **13.10 THE EMERGENCE OF DEBT CRISES AND REVERSE CAPITAL FLOWS**

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By 1980, developed countries had begun to adopt restrictive monetary policies aimed at reducing inflation, which led to high nominal and real interest rates, especially in the United States. Moving from negative values in the 1970s, real rates in the United States reached 3.9 percent in 1980-1982 and 6.7 percent in 1983-1987 (World Economic Survey 1988, p. 132). For developing countries, this meant higher costs of borrowing, reduced demand for their exports and limited growth of foreign concessional assistance. The high-interest rates were especially damaging to those countries that had borrowed heavily at floating interest rates in the 1970s. Typically, loans were contracted at the London Interbank Offered Rate (LIBOR) plus a spread based on the borrower's creditworthiness. The nominal LIBOR on six-month dollar deposits reached 18.5 percent in late 1981 and did not fall below 9 percent until 1985 (p. 131). As a result of the pegging of the interest rate to the interbank market, the risk associated with variations in those rates was borne mainly by the borrowers (Ocampo, 2013). Partially as a result of tendencies in the world economy, including slower growth, higher interest rates, declining terms of trade for commodity exporters and protectionism, many developing countries found themselves experiencing balance-of-payments difficulties in the early 1980s. These external problems were exacerbated by ill-conceived domestic policies which gave rise to large fiscal deficits, high inflation rates and overreliance on borrowing from international banks in an attempt to maintain growth after the oil shocks. This contributed to high levels of debt accumulated in the public sector and set the stage for the sovereign debt crises of the 1980s. What triggered the sovereign debt crisis was the decision taken by the Federal Reserve Board of the United States in October 1979 to raise interest rates steeply. That decision came to be known as the "Volcker shock," bearing the name of the then Chairman of the Federal Reserve, Paul Volcker. It had a direct impact on debt service since much of the external debt in developing countries had been contracted at floating interest rates. The difficulties were compounded by a sharp drop in non-oil commodity prices.

While circumstances vary from place to place and nation to nation in general, large current account deficits made it impossible to continue debt service. The developing country sovereign debt crisis is considered to have begun with the announcement by Mexico in August 1982 that it would not be able to continue debt service as scheduled unless it received help through new loans or rescheduling. That announcement marked the beginning of a decade-long process that involved most of the Latin American countries, many African countries, and some countries in Asia.

### **Check Your progress 3**

1. What led to the stock market crash from 1973-74?

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2. What measures did developed countries adopt to curb inflation in 1980?

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## **13.11 STOCK MARKET CRASH**

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The 1973–74 stock market crash caused a bear market between January 1973 and December 1974. Affecting all the major stock markets in the world, particularly the United Kingdom, it was one of the worst stock market crashes in modern history. The crash came after the collapse of the Bretton Woods system over the previous two years, with the associated 'Nixon Shock' and United States dollar devaluation under the Smithsonian Agreement. It was compounded by the outbreak of the 1973 oil crisis in October of that year. It was a major event of the 1970s recession. All the main stock indexes of the future G7 bottomed out between September and December 1974, having lost at least 34% of their value in nominal terms and 43% in real terms. In all cases, the recovery was a slow process. Although West Germany's market was the fastest to recover, returning to the original nominal level within eighteen months, it did not return to the same real level until June 1985. The United

Kingdom didn't return to the same market level until May 1987 (only a few months before the Black Monday crash), whilst the United States didn't see the same level in real terms until August 1993, over twenty years after the 1973–74 crash began.

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### **13.12 WASHINGTON CONSENSUS AND IMF**

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The Crisis Decade affected various regions in distinct ways. It is difficult to draw a parallel between a country like South Korea where the number of television set ownership had risen by 92.7 percent within a span of fifteen years and Peru where about fifty percent of the population was below the poverty line or Sub-Saharan Africa which was pretty much ravaged. The issues in a developing subcontinent like India were pertaining to societal transformations and growth in the economy. Areas of Angola, Liberia, and Somalia belonged to those regions that had bleak prospects of a bright future. The only generalization that was safe to be stated was that almost every other country was in debt since 1970. The year 1990 was marked by three major debts of Mexico, Brazil, and Argentina. On one hand were these three deeply indebted countries around \$60-110 billion deep, while on the other hand were countries that owe over \$10 billion or even lower to a couple of billions. The World Bank merely counted seven nations from the ninety-seven middle and low-income nations and economies of the world that it was monitoring and was indebted for an amount less than a billion dollars. Chad and Lesotho were two such counties that met this mark. By the year 1970, merely twelve countries had a debt over them that exceeded the one billion dollar mark while none exceeded ten billion dollars. To compare, by 1980, six countries had debt that was worth as much as their Gross National Product, or higher. By 1990, the numbers exceeded to a whopping twenty-four countries that owed more than they produced with the most heavily indebted nations being those in Africa. The reasons for this indebtedness ranged from disruptions from war to the collapse of their export prices. This debt was practically never about to be paid but the banks enjoyed the interest they gained from it, which was averagely 99.6 percent at the time.

On one hand, the debts began piling up, but on the other, the potential assets of the poor nations did not accumulate. The capitalist economies of the world, which adjudicated on the basis of profits and potential profits wrote off a massive chunk of the Third World countries in the Crisis Decades. Nineteen economies from the forty-two low-income ones had no foreign investments. FDI investors failed to vest their interests in twenty-six of these countries in 1990. Merely fourteen out of the hundred middle and low-income economies witnessed investments with substance in them, of over \$500 million.

The important consequence of the Crisis Decades was therefore to increase the gap between the poor and the rich nations. The Gross Domestic Product of sub-Saharan African areas dropped from fourteen percent to eight percent between 1960 to 1987. The least developed countries among these faced a GDP drop of four percent.

While in earlier decades, the role of IMF and the World Bank had not been an active one with respect to devising policies for dealing with the economic problems of developing countries, in the 1980s, they emerged as the leaders in that regard. Indeed, it was argued by the United Nations development economist Richard Jolly (1991, p. 1809) that the influence of IMF and the World Bank on the policies adopted by the countries in sub-Saharan Africa and Latin America at that time “can hardly be exaggerated”.

One of the functions of the IMF is to intervene when a country experiences economic difficulties. In exchange for financial support, that country must agree to implement a package of policy reforms, which became known as IMF conditionality. In the 1980s, those packages began to include a range of structural conditionalities in policy areas such as privatization of State-owned enterprises, trade and financial liberalization and economic deregulation. These policy reforms came to be referred to collectively as the “Washington Consensus”—the term for a concept first elaborated by John Williamson (1990)—because they reflected the influence of three Washington, D.C.-based institutions, the United States Treasury, IMF, and the World Bank. Initially, it was stabilization, liberalization and privatization reforms that were promoted

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under the Washington Consensus. Later, however, the Washington Consensus came to embrace a broader set of policies underpinned by a strong belief in unfettered markets and a reduced role for government. Indeed, the term Washington Consensus has come to be used as a synonym for market fundamentalism or neoliberalism.

Unfortunately, Washington consensus had a much narrow scope, it was not suitable in every situation. It posed multiple restrictions and did not serve the purpose. Since financial support from IMF and the World Bank was conditional on the implementation of the above-mentioned policy recommendations, often as part of structural adjustment programs, the Washington Consensus exerted its influence in particular on countries in debt distress in Latin America and Africa. That influence, however, was less prevalent in most parts of Asia where countries (especially in East Asia) benefited from a more flexible national policy space.

As the impact of the Washington Consensus and the structural adjustment programs became visible, there were debates on the nature and degree of the policy demands to be made upon recipient Governments in return for greater access to balance-of-payments support. It became apparent that the terms and conditions imposed by the IMF in developing countries were often counterproductive. The debates also concerned the main reasons for the developing countries' fiscal deficit, in particular, whether they were caused mainly by international problems or by inefficient domestic economic policies.

The historic tragedy of Crises Decades was that production dropped humans at a quicker pace than the market economy created new sources of employment for them. Secondly, this process was catalyzed by competition and rat races on a global level by the financial juicing of the government, which were explicitly or indirectly one the most wide-scale employers until the 1990s. This meant that the government was no longer the last resort employer for a job seeker, Trade unions weakened in nature by the economic depression and the hostile treatment from the neo-liberal government since securing employment was one of their primary and boasted functions. Yet, there were efficient international authorities at every event for the purpose of imposing policies made by

the rich on the poorer nations. Towards the closing of the century, the consequences and after-effects of these policies on the world's development were awaited to be witnessed which was to be tested by two vast regions of the world.

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### 13.13 LET US SUM UP

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The period that ensued came to be called stagflation because it combined high unemployment and high inflation. If the golden age was an unusual time during which everything went right at once, stagflation was the unusual time when everything went wrong. These twenty-five years have witnessed a persistent weakening of structural conditions within the world economy. This weakening has been predicated on changes in labor markets which have undermined the position of workers, polarizing income distribution and increasing job insecurity. All in all the crisis decade starting from 1973 to the mid-1990s was an eye-opener for the entire world.

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### 13.14 KEYWORDS

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- 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.
- Recession: a period of temporary economic decline during which trade and industrial activity are reduced, generally identified by a fall in GDP in two successive quarters.
- Stock Market: the aggregation of buyers and sellers of stocks, which represent ownership claims on businesses and may include securities listed on a public stock exchange, as well as stock that is only traded privately
- International Trade: the exchange of capital, goods, and services across international borders or territories. In most countries, such trade represents a significant share of gross domestic product.
- Protectionism: the theory or practice of shielding a country's domestic industries from foreign competition by taxing imports

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## **13.15 QUESTIONS FOR REVIEW**

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Explain the reason for the non-sustainability of the Golden Age of Capitalism.

Explain the term Recession

What led to the collapse of the Bretton Wood System?

What was the Twin Oil Shock?

What was the Steel Crisis?

What do you mean by International Trade?

What led to Growing Imbalances and Increasing Protectionism?

What led to the emergence of the Debt Crisis and Reverse Capital Flow?

What was the Stock Market Crash?

What led to the rise of the Washington Consensus and the IMF?

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## **13.16 SUGGESTED READINGS AND REFERENCES**

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The EU's Crisis Decade: Reflecting on EU Capitalism and Governance  
by Chih-Mei Luo

The First Decade of Living with the Global Crisis: Economic and Social  
Developments in the Balkans and Eastern Europe

Crashed: How a Decade of Financial Crises Changed the World by  
Adam Tooze

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## **13.17 ANSWERS TO CHECK YOUR PROGRESS**

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1.1. In the Golden Age between the end of the Second World War and 1973, Europe, North America, and Japan were known as the 'industrialized world'.



1.2.. Movements and phenomena associated with this period include the height of the Cold War, postmodernism, decolonization, a marked increase in consumerism, the welfare state, the space race, the Non-Aligned Movement, import-substitution, the counterculture of the 1960s, opposition to the Vietnam War, the Civil Rights Movement, the sexual revolution, the beginning of second-wave feminism, and a nuclear arms race.

2.1. The steel crisis was a recession in the global steel market during the 1973–75 recession and early 1980s recession following the post–World War II economic expansion and the 1973 oil crisis, further compounded by the 1979 oil crisis, and lasted well into the 1980s. Steel prices dropped significantly as the market became saturated with steel from previous demand, and many steel mills in the Western world were driven out of business. Some areas affected by the steel crisis were the Rustbelt in North America, the English Midlands in the United Kingdom, the Ruhr area in West Germany and Bergslagen in Sweden.

2.2. International trade is the exchange of capital, goods, and services across international borders or territories. When trade takes place between two or more nations factors like currency, government policies, the economy, the judicial system, laws, and markets influence trade.

3.1. By 1980, developed countries had begun to adopt restrictive monetary policies aimed at reducing inflation, which led to high nominal and real interest rates, especially in the United States. For developing countries, this meant higher costs of borrowing, reduced demand for their exports and limited growth of foreign concessional assistance.

3.2. The crash happened after the collapse of the Bretton Woods system over the previous two years, with the associated 'Nixon Shock' and United States dollar devaluation under the Smithsonian Agreement. It was compounded by the outbreak of the 1973 oil crisis in October of that year.

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# **UNIT-14: AVANT-GARDE-DIES - THE ARTS AFTER 1950**

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## **STRUCTURE**

- 14.0 Objective
- 14.1 Introduction
- 14.2 The technological revolution of arts
- 14.3 Emergence of television
- 14.4 Europe: Home of high arts
- 14.5 Dependence of arts in public
- 14.6 Communist China and western Europe
- 14.7 Artists and Intellectuals
- 14.8 Arts Market
- 14.9 Expansion of higher education
- 14.10 Classical Music
- 14.11 Factors of high culture
- 14.12 Let Us Sum Up
- 14.13 Keywords
- 14.14 Questions for Review
- 14.15 Suggested Reading and Reference.
- 14.16 Answers to Check your Progress

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## 14.0 OBJECTIVE

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After going through this unit you should be able to understand:

- The effect of the technological revolution on arts.
- The emergence of television and radio
- Development of arts
- The dependency of arts in public
- Conditions of communist china in the late 1970s
- Failure of Avant-Garde revolution

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## 14.1 INTRODUCTION

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The historians are always in habit of considering the development of arts as the root of the society. In the same way, according to the contemporary subject as a branch or any type of human activity is subjected to be judged. The activities of human beings have their own rules regarding the type of branch it is subjected. In the era of the most revolutionary human life, the transformations are recorded. The way of structuring a historical survey for the ancient and convenient principles was progressively mocking. This was happened not because of the borderline between what is and what is not classifiable as a creation of art. Maybe the deception that became progressively opaque or even it has vanished in one go. Might be it was more complicated and irrelevant for the influential School of Literary Critics to think that which was the better or worse art between the Macbeth' and 'Batman'. This condition was due to the impacts of determining the situation that had happened inside the arts. With the arrival of the technological revolution, it was expected that the arts were mainly technological.

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## 14.2 THE TECHNOLOGICAL REVOLUTION OF ARTS

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The arts were made omnipresent because the technology was revolutionizing it. The emergence of Radio brought the sounds in various forms of music and words. In the developed world, every particular household was having Radio. On the other side, it was slowly and gradually sneaking into the world of regression. The Radio was spreading globally due to the portable and small transistors that were having a long duration battery. The transistors made themselves self-sufficient of the certified network of the electric power. Technically, the record player was innovated because it was already an old technology that had still remained burdensome comparatively to the improvements made in it.

In the year 1948, the long-playing record that had automatically created itself in 1950. It was beneficial for those people who were fond of classical music. These people were really trying to limit within 78 rpm disc. This disc was limited to the duration of three to five minutes of music. The forming of tape-cassette had made the disc transported to everywhere. This had happened because of that tape-cassette that was portable and mini seized with battery-powered recorder players which were widespread in the world in the 1970s. They were easily copied to other tape-cassettes too. With the arrival of the 1980s, every place was filled with music when the pocket-sized devices which were earphones were introduced by the Japanese company so that each and every person could listen and enjoy the music privately without playing it in front of others. The music was also presented publicly with the help of 'Ghetto Blasters'.

However innovation made human expressions omnipresent, yet changed their discernment. It is barely feasible for somebody who has been brought up in the age when electronic and precisely created music is the standard sound heard on live and recorded popular music, when any youngster can stop edges, and rehash a sound or visual entry as once just textual sections could be re-perused, when deception has got nothing to what innovation can do in TV ads, including telling a dramatic story in

thirty seconds, to recover straightforward linearity or sequentiality of recognition in the prior days before upgraded technology made it possible to move within seconds through the full scope of accessible television stations.

It is troublesome to acknowledge the innovations of radio culture, since so much that it pioneered has become a part of the article of furniture of the standard of living - the sports comment, the news broadcast, the celebrity guest shows, the soap opera, or so the serial program any kind. The most profound modification it brought was at the same time to denationalize and to structure life in step with a rigorous timetable, that henceforward dominated not solely the sphere of labor however that of leisure. nonetheless curiously this medium - and, till the increase of video and VCR its successor, tv - though primarily targeted on individual and family, created its own public sphere. For the primary time in history individual's unknown to every different who met knew what every had altogether likelihood detected (or, later, seen) the night before: the massive game, the favorite comedy show, Winston Churchill's speech, the contents of the news broadcast.

**Check Your Progress I :**

1. The emergence of earphones in the year 1980?

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2. Explain the cultural and political outcome of this device?

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### **14.3 EMERGENCE OF TELEVISION**

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The television was also a technology of entertaining the mass media. But, it was not portable everywhere, into every household. It was a technology that could not be ported to other places but it was virtual as

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the people watching televisions were able to virtually view the music; its image and the artists in it. The part of the public that was listening to music privately on the earphones or publicly by the Ghetto blasters earlier was now enjoying the new mode of entertaining themselves. For some time, the television was an expensive and complicated device that was not easily accessible to anyone but slowly everyone learned to use it. Also, the poor people in the underdeveloped countries had access to the usage of televisions. By the year of the 1980s, almost 80% of the population of country Brazil had access to the televisions.

There were extremely solely two avant-garde arts that all flag-carriers of artistic novelty all told relevant countries may be absolute to admire. and each came out of the new world instead of the old: films and jazz. The cinema was co-opted by the avant-garde it slows throughout the primary World War, having antecedently been unaccountably neglected by it (see Age of Empire). It did not just become essential to admire this art, and notably its greatest temperament, Chaplin (to whom few self-respecting electronic equipment poets didn't address a composition), however avant-garde artists themselves launched themselves into film-making, most notably in Weimar Deutschland and Soviet Russia, wherever they really dominated production. The canon of 'art-films' that the highbrow film-buffs were expected to admire in tiny specialized movie-temples throughout the age of cataclysms, from one facet of the world to the opposite, consisted basically of such avant-garde creations: Sergei Eisenstein's (1898-1948) warship Potemkin of 1925 as typically considered the incomparable masterpiece. The Odessa Steps sequence of this work, that nobody WHO ever saw it - as I did in an exceedingly Charing Cross avant-garde cinema within the 1930s - can ever forget, has been delineating as 'the classic sequence of silent cinema and possibly the foremost important six minutes in cinema history' (Manvell, 1944). From the mid-1930s, intellectuals favored the advocator French cinema of Rene Clair; Jean Renoir (not uncharacteristically the painter's son);

Marcel Camé; Prevert, the ex-surrealist; and noble metal, the ex-member of the avant-garde musical trust 'Les Six'. These, as non-intellectual critics liked to show, were less pleasant, although little question artistically a lot of high-class than the nice bulk of what the many millions (including the intellectuals) watched weekly in progressively large and luxurious picture-palaces, particularly the assembly of Hollywood. On the opposite hand the hard-headed showmen of Hollywood were nearly as fast as Diaghilev to acknowledge the avant-garde contribution to profit. 'Uncle' Carl Laemmle, the boss of Universal Studios, maybe the smallest amount intellectually bold of the Hollywood majors, took care to produce himself with the latest men and ideas on his annual visits to his native Deutschland, with the result that the characteristic product of his studios, the horror picture show (Frankenstein, Dracula, etc.) was typically a reasonably shut copy of German expressionist models. The flow of central-European administrators, like Lang, Lubitsch, and Wilder, across the Atlantic - and much all of them will be considered highbrows in their native grounds - was to possess a substantial impact on Hollywood itself, to not mention that of technicians like Karl Freund (1890-1969) or Eugen Schufftan (1893-1977). However, the course of the cinema and also the common arts are thought of below.

The more astounding thing was that in the countries of the USA the radios and televisions were formed as a source of entertainment for them. Like that, Britain was flourishing with the radios was televisions in the 1960s. The two technologies were in great demand which was overwhelming. In the advanced developed countries, the cassette player emerged that was still costlier than the whole image which was showed on the small screen. The VCR provided the benefit of viewing the things of unlimited choices of what to see and what not to see. The computers were connecting humans to the outside world.

The technology was changing the thinking of the people with forming the arts omnipresent and dominant. The world of arts was transformed by

the use of technology because of the famous arts and entertainment that were much more absolute than 'high arts' and traditional art.

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### **14.4 EUROPE: HOME OF HIGH ARTS**

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We might get startled to think that what happened to the development of high arts? The most impressive thing about the high arts of development is it's moving away from Western Europe during the Age of catastrophe. The high arts were moved away geographically and Europe which was called as Western Europe by the people between the years of 1947-89 was now not the native of the high arts. The reason was, that New York was so proud and encouraged by itself of having Paris as a major center of visual arts by which it was clear that the artists who were making the arts were highly costed.

A large range of names who would get on most people's list of eminent 'modernists' were all mature and productive or maybe far-famed in 1914.\* Even T.S. Eliot, whose poetry wasn't revealed till 1917 and after, was by then clearly a region of the London avant-garde scene [as a contributor (with Pound) to Wyndham Lewis's Blast].

These kids of, at the newest, the 1880s, remained icons of contemporaneity forty years later. That variety of men and girls WHO solely began to emerge when the war would conjointly build most high-culture shortlists of eminent 'modernists' is less shocking than the domination of the older generation. (Thus even Schonberg's successors - composer and Anton Webern - belong to the generation of the 1880s.)

The move away from Europe was much progressively evident in the most visually resolute craftsmanship, to be specific design. As we have just observed, the modern development in engineering had really assembled next to no between the wars. After the war, when it made its mark, the 'global style' accomplished the two its biggest and most various landmarks in the USA, which created it further and in the end, chiefly by means of the American-possessed systems of lodgings which chose the world from the The 1970s on like spiderwebs, sent out an impossible to miss type of dream-royal residence for traveling business administrators



and prosperous sightseers. In their most characteristic variants they were effectively conspicuous by a kind of focal nave or mammoth center, by and large with indoor trees, plants and fountains; straightforward lifts unmistakably coasting up the inner parts or exterior of dividers; glass all over the place and dramatic lighting. They were to be for late twentieth-century middle-class society what the standard show house had been for its nineteenth-century forerunner. In any case, the cutting edge development created similarly unmistakable landmarks somewhere else: Le Corbusier (1887-1965) built a whole capital city in India (Chandigarh); Oscar Niemeyer (1907—) a lot of another in Brazil (Brasilia); while maybe the most wonderful of the incredible results of the advanced development likewise fabricated by open commission instead of private support or benefit — is to be found in Mexico City, the National Museum of Anthropology (1964).

It appeared to be similarly obvious that the old European focuses of expressions of the human experience were giving indications of fight exhaustion, with the conceivable special case of Italy, where the state of mind of hostile to extremist self-freedom, to a great extent under socialist leadership, roused 10 years or so of social renaissance which had its main worldwide effect through the Italian 'two-pragmatist' films. The French visual expressions didn't keep up the notoriety of the between war school of Paris, which was in itself minimal in excess of a luminosity of the period before 1914. The real notoriety of French fiction essayists were scholarly rather than abstract: as creators of contrivances (like the 'nouveau roman' of the 1950s and 1960s) or as true to life authors (like J.- P. Sartre), rather than for their imaginative work. Had any post-1945 'genuine' French writer established any global notoriety all things considered by the 1970s? Likely not. The British creative scene had been significantly livelier, not least since London after 1950 changed itself into one of the world's major habitats for melodic and dramatic execution, and furthermore delivered a bunch of vanguard planners whose daring undertakings picked up them more distinction abroad - in Paris or Stuttgart - than at home. Never the-less, if post-Second World War Britain involved a less minimal spot in the West European expressions than between the wars, its record in

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the field where the nation had consistently been solid, writing, was not especially impressive. In verse, the post-war journalists of little Ireland could more than stand their ground against the UK. Concerning Federal Germany, the contrast between that nation's assets and accomplishments, and in reality between its great Weimar past and its Bonn present, was striking. It was not so much clarified by the sad impacts and eventual outcomes of the twelve Hitler years. It is noteworthy that in the fifty post-war years several of the best gifts dynamic in West German writing were not natives however settlers from further east (Celan, Grass and different incomers from the GDR).

In fact, the sole formal innovations when 1914 within the world of the 'established' avantgarde appear to own been two: art movement, that shaded over into or anticipated art movement within western half Europe, and the Soviet-born art movement within the East. art movement, an associate excursion into skeletal three-dimensional and ideally moving constructions that have their nearest real-life analog in some piece of land structures (giant wheels, massive dippers, etc.), was presently absorbed into the most stream of architecture and industrial style, mostly through the style of architecture (of that more below). Its most formidable comes, like Tatlin's far-famed rotating Leaning Tower of Pisa in honor of the Communist International, never got built, as an alternative lived impermanent lives because the interior decoration of early Soviet public ritual. Novel because it was, art movement did very little quite extend the repertoire of beaux-arts modernism. Dadaism took form among a mixed cluster of exiles in Zurich (where another cluster of exiles underneath Vladimir Ilyich Lenin anticipated the revolution) in 1916, an anguished however ironic nihilist protest against warfare and also the society that had incubated it, together with its art. Since it rejected all art, it had no formal characteristics, though it borrowed a couple of tricks from the pre- 1914 cubist and futurist avant-gardes, together with notably collage, or sticking along bits and items, together with components of images. Basically anything which may cause stroke among standard bourgeois

art-lovers were acceptable Dada. The scandal was its principle of cohesion.

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## 14.5 DEPENDENCE OF ARTS IN PUBLIC

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The modern movement of the architecture was built as a bridge between the war of Europe and New York. It was obvious that Europe had to lose the so-called highly creative artists in the war who had moved to Paris. After the war, when Europe had started using the international style of art then it had received the largest achievement and numerous monuments in the USA. They had reformed their reputation with the help of American connections by owing palaces for the travellers, tourists, and business executives. They were highly recognized by the construction of beautiful fountains, indoor trees, and plant, the transparent elevators moving upside and downside of the walls. Also, the decorative lightning in their most unique way.

Art was absolutely dependent on the public due to which the preferences of the artists were reduced. The Central government and patronage were responsibly minimizing the interests of the artists. On one hand, there were chances of open spaces that were lined with Ne-Victorian writers that the ere the feature of the 1950s. On the other hand, it should be confessed that the communist governments were not reluctant to inform the artists about the actual thing that they should do. It was undoubtedly not a coincidence that the west had imported the extraordinary producer of the Avant-garde opera of the 1980s from East Berlin. The USSR had continued to remain capable of practicing the art privately.

It was the only one where the traditions of the Russians continued to remain even after 1917- Akhmatova from 1889 to 1966, Tsvetayeva from 1892 to 1960, Mayakovsky from 1893 to 1930, Pasternak from 1890 to 1960, Brodsky in 1940 and Akhmadulina in 1947. The orthodoxy was responsible for suffering of Arts from the institutional, ideological and aesthetic isolation from the rest of the world. During the period of the Brezhnev, the active cultural nationalism emerged in the parts of USSR.

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## **14.6 COMMUNIST CHINA AND WESTERN EUROPE**

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The condition of communist China was overpowered by the ruthless backwardness which was marked by the rare momentary relaxation that had served to victims who were purified. Mao-TseTung gave up when he was probably reaching to his end in the Cultural Revolution of 1966-76. This revolution was held against the education and culture of China. Due to this revolution, the universities were closed for the duration of ten years. The culture of classical music which was the part of the western European culture was paused for a while by removing the instruments of music. They had also stopped the performing on the stage and filming which were continuously on repeat. With this experience and the traditions of the Chinese tradition of orthodoxy was modified in the Post-Mao era that had outshined the arts in communist China.

On the other hand, creative art had widespread under the communist regimes of Eastern Europe. The tradition of orthodoxy was minimized. The filming industry of Hungary, Czechoslovakia, and Poland were not much reputed, not even locally. Suddenly, they were boosted from the late fifties and for some time they were the most major parts for the sources of the interesting movies somewhere. The initial starting of the East German was stopped in the early 1950s by the political supremacy. The most astonishing thing is that the art was absolutely dependent on the big investment under the communist regimes on them. But, the creative literature should have also flourished under the communist regime which in turn did not.

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## **14.7 ARTISTS AND INTELLECTUALS**

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The artists and intellectuals had gained much popularity and reputation in the parts of the Second and Third World. The artists were enjoying so many benefits and were flourished throughout. The Second World and the Third World were the socialists' world. Inside the socialists' world, they might be from the rich people who were getting benefits of enjoying in the prison houses, to read the foreign literature and to travel broadly. In socialism, there was the nil effect of the politics but in the Third

world, the artists were considered as an asset or property of the public. The leading writers of Latin America were intellectual too.

For most of the artistic skills of the non-European world WHO were neither confined inside their traditions nor easy Westemizers, the major task appeared to be to find, to carry the veil from, and to gift the up to date reality of their peoples. Realism was their movement. In a way, this wants to unite the humanities of East and West. For the 20th century, it absolutely was more and clearer, was the century of the people and dominated by the humanities made by and for them. And 2 coupled instruments created the planet of the mortal visible as never before and capable of documentation: reporting and also the camera. Neither was new. However, each entered a self-conscious golden age in 1914. Writers, particularly within the USA not solely saw themselves as recorders or reporters, however, wrote for newspapers and so were or had been newspapermen: Ernest Hemingway (1899-1961), author (1871-1945), Lewis (1885-1951). 'Reportage' - the term initial seems in French dictionaries in 1929 and in English ones in 1931 - became Associate in Nursing accepted genre of socially-critical literature and visual presentation within the Nineteen Twenties, mostly beneath the influence of the Russian revolutionary avant-garde who extolled truth against the pop recreation that the ECU Left had continually condemned because of the people's controlled substance.

Both the European and African countries were initiating the importance of those citizens who had connections from abroad. Those people were having connections from the pianists who performed in the concerts in the year 1986 in Poland. The French poets in Senegal and in Guinea the dancers were connected. But, yet the dramatists, novelists, musicians, and poets were not politically connected to the people in the western countries. The sources of the private and public were absolutely contributed to the subject of the art.

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## 14.8 ART MARKET

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Since the 1950s the art market was flourished in half of the century. The depression in the century was increasing. The cost of the art of the French impressionists and Parisian modernists was reaching to the top of the sky. Until the late 1970s, the international market was shifted to London and then to New York. The prices of these French artists were multiplied to twenty-three times between the year 1975 and 1989. The painting of these artists was sold at the high prices in the auction. This was the method of raising more and more money in the market of art.

There is an unclear boundary between the arts and the money. In the second half, the century the arts was absolutely flourishing and was getting so many achievements. On the contrary, the foundation of academic life with the arts was an extraordinary expansion. The economic development was taking place as art was flourishing in the field of education also. This was the place where the creativity of the children or every level or age of person could draw the art of their creativity. It was a good chance for people to have their part to play in the art field. Their contribution of common students made the art more sophisticated and complicated in some way but in another way, it was expanding between people and artists. This was an entertaining form for the people who do not have any kind of interests in reading as well. The art was extended to museums and art galleries where people were coming to encourage the artists. The critics were taking so seriously the sports and theatre, prose and poetry.

Commonly the twentieth-century culture of the urbanized country was based on the industry of radio, cinema, television and pop music in the elite classes who contributed to the rock music. Beyond this ritual was increasing for this rock music to the public in the industry. The middle class was not finding any kind of interests in the of Shakespeare. Only if, any did take that kind of interests then he/she would find difficulty in passing their examinations. In the extreme conditions, Britain was only a remarkable example where the newspapers were particularly published for providing knowledge and virtually putting the information into the minds of the people.

**Check Your Progress**

1. Explain the growth of the art market in the earlier years?

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2. How did art flourish in the twentieth century?

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## **14.9 EXPANSION OF HIGHER EDUCATION**

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The expansion of the higher education provided high education to the people including men and women. The poets were teaching and being residents in the college only. There were some countries where the novelist and professor had overlapped their occupation to the limit that a new genre was emerging slowly. The potential readers were known to the widespread of the campus novel apart from the subject matters of fiction, university group and the relation of the sexes was most prominent in the colleges. Creative writing was flourishing. The poets were writing for the other poets and having discussions regarding their remunerations. This was unexpectedly outcoming in these events. Flaubert was the critic who argued that these works were only used for academic purposes. The critics were commenting and giving interpretations that were not absolutely comprehensible. This was the trend that continued to the genre of the films where the sophisticated directors were making the elite mass advertise by the cinematic features.

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## **14.10 CLASSICAL MUSIC**

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The classical music was only responsible for the decline of old genres that were hidden by the enormous performance in the form of dead classics. After the 1950s, many new opera houses were opened nationally and internationally. In Britain and Germany, there were so fewer operas due to the lack of composers. The musical talent was in plentiful and had

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left the old forms of expression. The classical music was not declining due to the shortage of talent but due to the rapid changes in expressing and doing something particularly. The old ways of talent were left out because the new ways that emerged were more popular due to their attractiveness and new ways of expression. There were many changes in the fashion of art. The serial novel was a dying breed between the wars. This gave a new way in the age of the television to the screen of t.v. serials. \the Hollywood films were forming a great platform of scope for the individuals who had the potential of performing. The emergence of television made people sit back at their homes and enjoy the source of entertainment. Firstly, the televisions and then the videos their places were taken by novel and drama.

How most this was due to the heritage of the arts-and-crafts and art nouveau movements, throughout that vanguard art, had committed itself to daily use; but most to the Russian constructivists, variety of whom deliberately set out to revolutionize production design, but most to the important suitability of modernist purism for equipment domestic technology (e.g. kitchen design) we've got a bent to ought to leave to arts to return to a call. the particular truth remains that an impermanent establishment, that began very much like a political and creative avant-garde center came to line the tone of every style and the applied arts of two generations. This was the style of architecture, or art and design faculty of the metropolis and later Dessau in Central European country (1919-33), whose existence coincided with the republic - it had been dissolved by the National Socialists shortly once fascist took power. The list of names associated with the style of architecture in an exceeding technique or another reads style of a Who's United Nations agency of the advanced arts between the Rhine and conjointly the Urals: Gropius and Mies van der Rohe; Lyonel Feininger, Klee and Wassily Kandinsky; Kazimir Severinovich painter, El Lissitzky, Moholy-Nagy, etc. It is influence spirited not exclusively on these skills but - from 1921 - on a deliberate turn away from the recent arts-and-crafts and (avant-garde) fine arts tradition to designs for the wise use and industrial production: automotive bodies (by Gropius), craft



seats, advertising graphics (a passion of Russian constructivist El Lissitzky), not forgetting the design of the one and a couple of million Mark banknotes throughout the good German hyperinflation of 1923.

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## 14.11 FACTORS OF HIGH CULTURE

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There were majorly the two factors that were undermining the high culture. The universal success of mass consumption of society was the first factor. Since the 1960s, the images of the human being in the western world and increasingly in the Third World from the embodying consumption or birth to death or mass entertainment. The sounds which were accompanied to urban life were commercial pop music. Comparatively, the high arts was the technology-based success of the sound and image put hard pressure on the major medium for the experience of the high culture. Excluding light entertainment and love stories for the women and the thrillers for various kinds of men. In the era of liberalization the pornography or educational purposes, professionals had expanded their absolute numbers for easing the reading that was declined in the countries where the print newspapers were the part to communicate to the world.

After the 1950s, the children of the educated classes had not taken the reading very seriously in the rich western world in comparison to their parents. The worlds which were dominating the western society were no longer indulged in the holy books. The secular writers were having the names of gods printed on their t-shirts or magical charms by the means of acquiring the spiritual merit of the life-style. The images of gods had become the image or idol of such societies for mass entertainment. In the 1950s the leading painters of the school were applying an old form of art. It was a triumph to the lifestyle of the people for having the entertainment. This satisfied the material needs of the masses. There were advertisements for selling soaps and other essential products to promote their products in the market. The end of the nineteenth-century market is the period of post-modernism. There was a criterion of judgment in the arts and then the architecture found its achievement in

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the modern movement. Since, 1945, the industries, airports, building, and museums were started to build that led to the global restructuring of the city till the 1960s. Many new technological innovations came and gave boons to the people who were using it.

How so much this was because of the heritage of the arts-and-crafts and art nouveau movements, during which vanguard art had committed itself to daily use; however so much to the Russian constructivists, a number of whom deliberately set out to revolutionize production design; however so much to the real suitability of modernist purism for electronic equipment domestic technology (e.g. kitchen design) we have a tendency to should leave to humanistic discipline to come to a decision. The actual fact remains that institution that began much as a political and creative avant-garde center came to line the tone of each design and the applied arts of 2 generations. This was the Bauhaus, or art and Design College of the metropolis and later Dessau in Central Germany (1919-33), whose existence coincided with the republic - it had been dissolved by the National Socialists shortly when German Nazi took power. The list of names related to the Bauhaus in a technique or another reads sort of a Who's UN agency of the advanced arts between the Rhine and also the Urals: Gropius and Mies van der Rohe; Lyonel Feininger, Klee, and Wassily Kandinsky; Kazimir Severinovich Malevich, El Lissitzky, Moholy-Nagy, etc. It's influence lively not solely on these abilities, however - from 1921 - on a deliberate turn away from the recent arts-and-crafts and (avant-garde) fine arts tradition to styles for sensible use and industrial production: automotive bodies (by Gropius), craft seats, advertising graphics (a passion of Russian constructivist El Lissitzky), not forgetting the planning of the one and 2 million Mark banknotes throughout the nice German hyperinflation of 1923.

The smell of Avant-Garde death rose and the future was not any longer in their destiny. The money-making and innovations was a way of triumph the technology. The Post-Modernism attacked exhausted and highly confidential styles. The role of the arts was so much crucial and important for the entertainment of people.

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## 14.12 LET US SUM UP

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- arts was affected by the technological revolution
- television emerged as a source of entertainment for people
- shifting of the arts from Europe to Paris
- arts was absolutely dependable on the public for expansion
- the classical music of art was declined

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## 14.13 KEYWORDS

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- AVANT-GARDE - experiments in art and music
- Classical Music - long-established serious music
- Artists - one who performs art in art
- Intellectual - relating to the mentality of the person

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## 14.14 QUESTIONS FOR REVIEW

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1. How did television and radio emerge?
2. Why Europe was eliminated from the home of the arts?
3. How has Art expanded the higher educations?
4. Why did classical music decline?
5. What was the outcome of Radio in the developed and underdeveloped world?
6. What was the political outcome of the Radio?
7. Name the Russian writers.
8. What was the reason for the suffering of the arts?

9. What was the year of the Cultural Revolution?
10. Who were the countries that gained sudden boosts in the filming industry?
11. Who had gained popularity in the Socialist world?
12. Who were the countries having in connectivity with the abroad performers? Who were these performers?
13. What was the first factor of high culture?
14. What was printed on T-shirts?

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### 14.15 SUGGESTED READINGS AND REFERENCES

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- “The Avant-Garde in Babel. Two or Three Notes on Four or Five Words”, *Action-Yes* vol. 1, issue 8 Autumn 2008 by Robert Archambeau.
- *Centre-Periphery. The Avant-Garde and the Other*, Nordlit. By Bäckström, Per (ed.),
- *The Avant-garde in Painting*. New York: Simon and Schuster by Bazin, Germain, 1969.
- *The Theory-Death of the Avant-Garde* by Mann, Paul.

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### 14.16 ANSWERS TO CHECK YOUR PROGRESS

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14.2.1. The earphones emerged in the year 1980's.

14.2.2. It's not just that headphones carve privacy out of public spaces. It is also that music causes us to relax and reflect and pause. The outcome of relaxation, reflection, and pausing won't be captured in minute-to-minute productivity metrics. In moments of extreme focus, our attention beams outward, toward the problem, rather than inward, toward the insights. "When our minds are at ease -- when those alpha waves are rippling through the brain -- we're more likely to direct the spotlight of

attention inward," Jonah Lehrer wrote in *Imagine*. "The answers have been there all along. We just weren't listening."

In a crowded world, real estate is the ultimate scarce resource, and a headphone is a small invisible fence around our minds -- making space, creating separation, helping us listen to ourselves.

14.8.1. The great art boom of the 1920s came to an end with the 1929 stock market crash, though one of the greatest American art deals of the 20th century took place against the background of the Great Depression. This occurred in 1931, when a consortium of dealers including Colnaghi of London, Knoedler's in New York, and Matthieson in Berlin—but not, significantly, Duveen—sold a group of masterpieces to Andrew Mellon to form the foundation collection of the National Gallery of Art in Washington, D.C. The 1930s and '40s also saw an explosion of American museums, and the first American courses in museum studies were offered by Paul Sachs and Edward Waldo Forbes of Harvard University. In the period following World War II, American museums (and above all the Getty Museum) largely surpassed private collectors as patrons of the art market.

The 1920s saw the development of the Left Bank of the Seine as a centre for smaller, more adventurous galleries. One pioneer was the dealer Paul Guillaume. An important promoter of African sculpture, he organized the *Art Nègre* exhibition in 1919 at the *Galerie Devambez*. He also helped to form the Barnes collection of Impressionist pictures originally located in Merion, Pennsylvania, outside Philadelphia.

In the early 20th century the art market was largely dealer-led. The balance of power began to shift toward auction houses, most notably Sotheby's and Christie's, just before the First World War. Until that time Sotheby's had largely confined itself to book auctioneering; there was an unwritten agreement that if a literary property came on the market it went to Sotheby's, while pictures and sculpture went to Christie's.

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14.8.2. Twentieth-century art flourished with modernism in the late nineteenth century. Nineteenth-century movements of Post-Impressionism (Les Nabis), Art Nouveau and Symbolism led to the first twentieth-century art movements of Fauvism in France and Die Brücke ("The Bridge") in Germany.

Cubism movement revolutionized European painting and sculpture and inspired related movements in music, literature, and architecture. Cubism has been considered the most influential art movement of the 20th century.