PART ONE

The Organizational Cycle

The Great Cycle stretching from 1900 to the year 2000 divides the period into two successive "twentieth centuries," two unequal subperiods with opposed but universally shared features.

The first goes from the turn of the century to the mid-1960s and is the continuation of the previous quarter century. It began with intense military and imperialist conflicts between the great powers. Then came the seemingly irresistible rise of authoritarian systems using mass indoctrination of individuals and the merge of recently created giant firms into trusts, konzerns, cartels or zaibatsus.

The second began symbolically in the late 1960s with the student protests in Europe and the U.S. which coincided with the war in Asia and announced the upcoming oil crisis of the 1970s. This "second twentieth century" was characterized by the return of markets and democracy, anti-authority individualism, while private and public hierarchies tended to fall apart.

All the economic, political and social systems were subverted as moral values and ideologies changed back to the dominant beliefs and structures of the nineteenth century. Indeed, up to around 1870, businesses were small organizations with only a few workers and apprentices under the direction of a self-employed craftsman. At that time,

the biggest organizations were public administrations. However, the state's role remained limited. Economic and political liberalism reigned supreme, fostering the values of free market, democracy and the right of peoples and individuals to self-determination.

Conversely, the first two-thirds of the twentieth century were the Iron Age, the era of heavy industry, steel, mass production and growing "authoritarian reaction." Even traditional autocracies had never exercised such a degree of despotism and bureaucratic control over the populations. It was the time of giant hierarchies involving hundreds of thousands of people, of command economy and political centralization, of war economy and mass production. Gigantism and mass bureaucracy were the key to competitive advantage, and this had deep social, cultural and political consequences.

This Great Cycle indeed affected all human organizations, bringing about imperialism and centralization during the first period, and states' fragmentation and widespread private and public decentralization during the second.

At first, nation-states relentlessly expanded their ever-stretching borders to form great powers and eventually empires. Initiated in the late nineteenth century, this trend towards the formation of heterogeneous political entities peaked in the early twentieth century with the exponential growth of the French, British, German, American, Belgian—and to a lesser extent Italian and Japanese—empires. The increasing concentration of nation-states around the world seemed irreversible. This trend peaked after World War II with the confrontation of the only two multi-state cartels that were left, under the direction respectively of the United States and the Soviet Union. To many observers, this prefigured the birth of a single world state sometime during the twenty-first century.

And yet, no later than in 1945 did this trend reverse as all the big empires successively broke up into a multitude of new independent and often small-sized states. Their number grew from 74 in 1946 to 192 in 1995 after the breakup of the Soviet Union, and 195 in 2000.

This trend continues in former Yugoslavia and the Balkans, in the Russian-controlled Caucasus, in Africa and Indonesia, while in Europe regionalism and separatism gain new ground. The perspective of a world state is gradually fading away, as the largest and most heterogeneous of them are dismantled and regional, ethnic and linguistic minorities secede. In the overall population of the nation-states, concentration was thus followed with atomization.

This phenomenon impacted not only the state but also all the most cohesive and centralized organizations. The early-century trend towards very big corporations, monopolies, konzerns, trade unions and mass political parties was followed by a phase of intense disintegration of the same large-scale hierarchies. While political entities declared secession and new independent states burgeoned, mammoth industrial and service conglomerates went into decay and break-up in the late '70s—and this continues today. Meanwhile, mass political parties and trade unions experienced a huge exodus of members, which left them notably weakened.

International trade saw the same trend reversal. After having been almost universally rejected during the first sub-period, the market mechanism was remarkably rehabilitated, there again from 1945 on, and gradually regained ground during the following decades. As trade liberalization developed and spread, and largely due to decreasing transportation and communication costs, the world economy entered a new phase of "globalization" in the 1990s.

Apparently, the century was back to where it began with the second globalization taking over from the first, even if still incomplete.

Above all, the late twentieth century was that of human rights and triumphant democracy. While during most of the period individuals had only been considered as part and parcel of vast social communities of class, race, group or nation in the Marxist, racist, corporatist and nationalist doctrines respectively, individualism eventually won out. In democratic individualism, the value of individual life is maximized. The best proof is the recent demand for a zero-risk life and

a no-dead war. It seems that nothing is worth a human individual sacrifice anymore.[1]

Undeniably, the past century was, on several counts, a multi-dimensional enigma. It includes as a first component a cycle of the states which affected both their external (or geographical) dimension and their internal dimension measured by the fraction of national income taken by tax or controlled through public property. Second, the enigma is that of the cycle of systems, of nation-states' internal political and economic processes which switched from democracy and market at the beginning of the period to totalitarianism and state control in the middle and back to democracy and market at the end.

Given this double reversal affected all the societies in the world at various degrees, it follows that there must probably be some common determining factors.

During both sub-periods, all societies followed the same evolution. For instance, totalitarianism—the interference of the central state in all the spheres of people's life—has affected at various degrees all the countries of the world and even, up to a point, the few democracies which resisted and fought Nazi Germany, as Hayek clearly underlined in *The Road to Serfdom* in 1944. Even the nations that remained democratic also embarked on a wave of bureaucratization which in its most extreme form resulted in totalitarian serfdom. However, they did not go that far, limiting themselves to a toned down version, that of interventionist, corporatist dirigisme and the growth of the public sector and the welfare state, which aimed nevertheless to control individuals from "from the cradle to the grave"—a laborite slogan that George Orwell's Big Brother would not renounce.

The universal reach of this evolution is more obvious since the dismantling of the Soviet Union, as it is now commonly agreed that nazism and communism were alike in many and essential respects. World War II and the cold war obscured the similarities between these

1. François Ewald, "Des masses à l'individu," *Enjeux*, January 1999.

enemy countries and societies as the belligerents accentuated the differences between them for the sake of the cause. But both sides' internal systems followed a similar path, while their external policies changed simultaneously from nationalism to imperialism, including the most durable imperialism, that of the Soviet Union, which resisted decay during several decades, surviving all others.

No global and coherent explanation has yet been given to the parallel revolutions and world wars that took place during the universal revolution of the Great Cycle. Still considered as the unexpected result of a combination of unusual circumstances and aberrant behaviors, they remain the biggest mystery of the twentieth century and a major intellectual challenge for contemporary social-science theorists.