

## INTRODUCTION

Even after its close, and despite the benefit of hindsight, the twentieth century is still wrapped in mystery. It is unique in human history in that it allowed tremendous scientific and technological advances while all economic and demographic curves rose exponentially. Already initiated by the Industrial Revolution a century before, the growth of a new civilization transformed developed societies more than all the changes seen since the invention of agriculture. According to the calculations of J. Bradford de Long and other economists, the average living standard saw little improvement from the first Middle East city-states, 8 to 10,000 years BC, to the late fifteenth century Europe. Then, from a reference level of 100 in the sixteenth century, the standard of living rose to 700 in 1900 and eventually to 6,500 in the year 2000. The world population rose from 425 million in 1500 to 1,625 million in 1900 before reaching almost 6 billion at the start of the third millennium, which almost no one deemed possible only a few decades ago. The average life expectancy kept on rising and infant mortality falling.

But this same century is also among the most contradictory and violent in human history. Worldwide military conflicts succeeded one another while ever more powerful, mind-boggling mass-destruction

weapons were invented and put to use. These upheavals were accompanied by political and social revolutions, and by the largest civilian slaughters ever, only matched in numbers by the exceptional rise in population.

These paroxysmal events left observers confused, distraught and often overly pessimistic. It is the *Age of Extremes*, as defined by British historian Eric Hobsbawm, who entitled some of his chapters “The Age of Total War,” “The World Revolution,” and “Into the Economic Abyss.”<sup>1</sup> For A. James Gregor, “humanity had divided according to ideological preferences. Considerable wealth and countless lives were sacrificed during the following conflicts, during the catastrophic wars and the socio-political revolutions of our era. Contrasting sharply with the optimism of the late nineteenth and early twentieth centuries, our era has proved incredibly tormented. . . . The twentieth century is probably the most tumultuous century in human history.”<sup>2</sup>

Admittedly, such comparisons can only be subjective and the scale of gravity relative but, similarly, other historians also characterize the past decades as “the century of excess.”<sup>3</sup> Undeniably, all observers agree on saying that it was both a time of turmoil, instability, uncertainty and bleakness and a time of spectacular innovations with thrilling prospects. However, it is also true that during the first part of the century political life became so fundamentalist and totalitarian that,

1. Michael Joseph, 1994. Hobsbawm’s book starts with quotations from artists and intellectuals expressing their feeling about the twentieth century. According to Isaiah Berlin, “This was the worst century in recorded history.” René Dumont sees it “only as a century of massacres and wars.” Nobel laureate William Golding is quoted in making the following comment, “I can’t help thinking that this has been the most violent century in human history.” Yehudi Menuhin said, “if I had to sum up the twentieth century, I would say that it raised the greatest hopes ever conceived by humanity, and destroyed all illusions and ideals.”

2. A. James Gregor, *The Ideology of Fascism*, The Free Press, 1969, p. 1.

3. Patrice Touchard, Christine Bermond-Bousquet, Patrick Cabanel and Maxime Lefebvre, *Le siècle des excès. Le xx<sup>e</sup> siècle de 1870 à nos jours*, Presses Universitaires de France, 1992.

as a matter of principle, nothing in human life was considered private anymore. Everything was deemed political.

It was also, on two counts, the century of revolutions. First, because it was marked by a sharp and often violent turnaround from previous trends. As the contemporary French historian François Caron underlined, the word “revolution” acquired this meaning in the 1880s when historians—and especially Arnold Toynbee Sr.—popularized the term “Industrial Revolution” to describe the unprecedented technological acceleration of the late eighteenth century.<sup>4</sup> But, in accordance with its ancient astronomical meaning, this revolution was also, at the end of the period, a loop back to an initial state—in other words, a cycle. And indeed, at the end of the century, the world was restored to its original characteristics of the nineteenth century: liberal capitalism, world markets, individualism and international peace.

At first sight, the contrasting conflicts and innovations, crises and prosperity, massacres and booming demography of the past century seem to defy rational interpretation. The same is true of the temporal incoherence of its history, characterized by the total contradiction in both the ideologies and economic and political systems between the first and second parts of the twentieth century. However, such a contradiction points to an underlying order in the evolution of social systems, rather than pure random chaos.

Indeed, with the benefit of hindsight, a universal cycle of social organization—both economic and political—emerges from the apparent chaos of war, revolutions, economic breakdowns and reconstruction. This great cycle first became discernible after the turning point of the defeat of the Axis powers in 1945, and quite clear since the second Russian revolution of 1989–1991. Thus, during most of its course, the twentieth century was basically a time of universal expan-

4. Les deux révolutions industrielles du xxe siècle, Albin Michel, 1997, p. 11. And Arnold Toynbee Sr., *Lectures on the Industrial Revolution*, 1884, although in fact the term “Industrial Revolution” was first used by the French economist Jérôme Adolphe Blanqui (1798–1854) in *Histoire de l'économie politique* (1837, p. 389).

sion for large organizations—both firms and states—and then, during its last third, a time of dismantling and fragmentation for the same giant organizations.

The aim of this book is to provide a rational economic explanation of the great cycle of organization that so profoundly affected and shaped the evolution of human societies during the twentieth century and still does today.