Unthinking Social Science

The Limits of Nineteenth-Century Paradigms

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Development: Lodestar or Illusion?

There is perhaps no social objective that can find as nearly unanimous acceptance today as that of economic development. I doubt that there has been a single government anywhere in the last 30 years that has not asserted it was pursuing this objective, at least for its own country. Everywhere in the world today, what divides left and right, however defined, is not whether or not to develop, but which policies are presumed to offer most hope that this objective will be achieved. We are told that socialism is the road to development. We are told that \textit{laissez-faire} is the road to development. We are told that a break with tradition is the road to development. We are told that a revitalized tradition is the road to development. We are told that industrialization is the road to development. We are told that increased agricultural productivity is the road to development. We are told that delinking is the road to development. We are told that an increased opening to the world market (export-oriented growth) is the road to development. Above all, we are told that development is possible, if only we do the right thing.

But what is this right thing? There is of course no shortage of people who will respond to this query, and respond vigorously, even passionately. If there are protracted revolutionary movements in the world, the underlying drive is to end an oppressive situation. But the other drive that sustains the revolutionaries is the expectation that their victory at the state level will open the door at last to the real development of their country.
At the same time, there has been considerable disillusionment of late with the fruits of past development policies. In China they talk about the ways in which the Cultural Revolution is said to have blocked for a decade, and so set back, development. In the Soviet Union, they talk about the ways in which bureaucratic rigidities and political errors have damaged the economy, and they call for a perestroika. In Africa, they debate what explains the serious worsening of their economic situation since independence and following a "decade," in fact several decades, of efforts to develop. In the United States and Western Europe, they talk about how too large or too inappropriate government involvement in the economic process has hampered initiative and therefore has created a less desirable economic situation that these countries presumably enjoyed previously, or would presumably otherwise enjoy. In all of this grumbling, virtually no one in China or the Soviet Union or Africa or the US or Western Europe has challenged either the desirability or the viability of development as an objective. The critics or reformers or whatever they call themselves have merely argued that new and different policies must be adopted to replace those which they assert have failed.

We think of economic development as a post-1945 concept. And it is certainly true that most of our current language, as used by politicians and intellectuals, is a product of the geopolitics of the post-1945 era in the world-system. And it is certainly also true that since 1945 the concept as doctrine has been applied more widely and with greater social legitimation than ever before. But of course the basic idea has much older roots. It seems in fact that its history is concurrent with the history of the capitalist world-economy itself. Full-fledged intellectual debates about how countries might be developed were occurring at least as early as the seventeenth century. What else, after all, was at issue in the proposed policies we group together today under the heading of mercantilism?

I should like therefore to review what we know of the history of this capitalist world-economy in order to address five questions:

1. Development is the development of what?
2. Who or what has in fact developed?
3. What is the demand behind the demand for development?
4. How can such development occur?
5. What are the political implications of the answers to the first four questions?
Then, and only then, will I come to the question in my title: is development a lodestar or an illusion?

I

Development is a word that has two different connotations. One is the reference to the processes of a biological organism. From little acorns do giant oaks grow. All organic phenomena have lives or natural histories. Somehow they begin; then they grow or develop; eventually they die. But, since they also reproduce, the death of a single organism is never the death of the species.

The presumed socio-economic analogy is clear. Nations or states or societies somehow (and somewhere) begin; then they grow or develop. The rest of the analogy, however, is rarely pursued. There are few discussions of the likelihood that these entities will eventually die, or that the species will survive via a process of reproduction. We might wonder why the analogy is not pursued to its fullest, and why all our attention is concentrated on what are taken to be the normalities or abnormalities of the middle segment of the sequence, the presumed growth process.

One reason may be that development has a second connotation, more arithmetic than biological. Development often means simply “more.” In this case, we are making an analogy not to an organic cycle but to a linear, or at least monotonic, projection. And of course linear projections go to infinity. Now, infinity is far away. But it is there, and it is always possible to imagine more of something. This is clearly very encouraging as a social possibility. Whatever we now have some of, we might have more of tomorrow.

Of course, infinity is also quite terrifying. Infinity is in a very real sense a void. Endlessness is not everyone’s cup of tea. There is an entire literature of clinical psychology about the ways in which human beings need to bound their universes, to create an environment of manageable scale, one which therefore offers a reasonable possibility that it is somewhat controllable. Durkheim’s discussion of anomie is another version of the same argument.

Here, however, we come immediately upon a social relativity. In a set of groups who are located on a scale in terms of quantity of possessions, and who are all seeking more, those groups at the top end of the scale have only the void before them, whereas groups
who are at the bottom are bounded by groups above them. So while some may face the uncharted prospects of seeming endlessness, others are clearly facing primarily the more manageable project of “catching up” to those who already have more.

There is a further element in the picture, as we all know. There are good times and there are bad times, periods of boom and periods of bust or at least of stagnation. The social interpretation of good and bad times tends to be quite straightforwardly relational. Good times are those moments in which we think we have more than previously. Bad times are those in which we think or fear we have less. If then we distinguish between groups at the high end of the scale of possessions and those at the low end, economic expansion and contraction present different pictures. Those at the high end to be sure have the comfort of being at the high end. They may, however, in times of expansion fear the void and in times of contraction fear that they will no longer be at the high end. Those at the low end start from the base knowledge of their relatively low level of material reward. Expansion then may open up the optimistic hope of immediate absolute improvement and relative middle-term catching up. Contraction offers on the other hand the gloom of decline from an already low level.

It seems to me therefore not hard to understand why people feel so passionately about development and oscillate so rapidly among alternative schemata for realizing development. Development as the achievement of “more” is the Promethean myth. It is the realization of all our libidinal desires. It is pleasure and power combined, or rather fused. The desire lies within all of us. What the capitalist world-economy as a historical system has done is to make these desires for the first time socially legitimate “Accumulate, accumulate!” is the leitmotif of capitalism. And in fact, the scientific-technological output of this capitalist system has created some widely visible spectacles of significant accumulation, and an impressive consumption level for about 10–20 percent of the world's population. In short, the realization of the dream of endless accumulation has come to be not merely legitimate but to seem in some sense plausible.

At the same time, as living beings, we are all too conscious of the problem of death and suffering. We are all aware that if some consume much, most do not. We are all equally aware that consumption is a present-oriented activity, and that in the future we shall not be there to consume. Those who consume well tend to
draw the organismic implication that not only they as individuals but the groups of which they are a part will one day “decline.” In short, they are faced with “civilization and its discontents.”

II

However, although the controversies concerning development have deep resonances in the collective social psychologies (or mentalities) bred by historical capitalism, the basic issue is not psychological but social. The fact is that historical capitalism has been up to now a system of very differential rewards, in both class and geographic terms. As an empirical fact, this seems to me uncontestable, whether or not we think it theoretically inevitable or historically enduring.

Yet it is also the case that if we look at the various geographical-juridical zones that are today sovereign or potentially sovereign states, some are uncontestably better off than they were at previous moments in the history of the capitalist world-economy, whether the comparison is made between a given state today and that same state (more or less) 50 or 100 or 300 years ago, or the comparison is made between a given state’s ordinal ranking in GNP per capita and the ordinal interstate rank level of the same state 50 or 100 or 300 years ago. This is usually what we mean when we mean when we say that a given state, say the US or Sweden, has “developed.” It is “better off” materially, and (many would argue) politically (expansion of civil rights, etc.).

Who then has really developed in this sense? At one level the answer is easy. What we mean by the locutions, “developed” and “underdeveloped” countries, as they have come to be used in the last 30 years, is precisely the list of those who have “developed” (or not) in either or both senses I spelled out above over the past 50–300 years. Generally speaking, we think of the countries of Western Europe plus Japan as the members of the list of “developed” countries. We think of the so-called Third World as constituting the list of underdeveloped countries. The socialist countries present the most controversial category in terms of either comparison: where they are today in relation to where they were; are where they stand in an ordinal ranking today compared to formerly. Analysts do not agree on what the basic economic measurements show and/or on whether these measurements are valid indicators for the socialist countries.

What then do we know of the pattern of “national development”
within the frame-work of the capitalist world-economy prior to 1945? I believe there are a number of things we can say today with some clarity.

One, a capitalist world-economy began to form centered on the European continent in the sixteenth century. From the beginning, this involved the establishment of integrated production processes we may call commodity chains. These commodity chains almost all tended to traverse the existing political boundaries. The total surplus extracted in these commodity chains was at no point in time distributed evenly in terms of the geographical location of the creation of the surplus, but was always concentrated to a disproportionate degree in some zones rather than in others. We mean by "peripheries" those zones that lost out in the distribution of surplus to "core" zones. Whereas, at the beginning of the historical process, there seemed little difference in the economic wealth of the different geographical areas, a mere one century's flow of surplus was enough to create a visible distinction between core and periphery in terms of three criteria: the accumulation of capital, the social organization of local production processes, the political organization of the state structures in creation.

Thus, by 1600 we could already say three things about the emergent peripheral zones (such as east-central Europe and Hispanic America) compared with the emergent core zones in northwest Europe. The per capita consumption was lower. The local production processes used labor that was more coerced and received less real income. (This was of course a major reason why per capita consumption was lower.) The state structures were less centralized internally and weaker externally. It is crucial to note that while all three statements were true by 1600, none had been true as of 1450. The three empirical truths were the consequence of the operation of the capitalist world-economy.

Two, the mode of obtaining a larger proportion of the surplus was the relative monopolization of some segment of the commodity chain. The monopolization could occur because of some technological or organizational advantage which some segment of the producers had or because of some politically enforced restriction of the market. Whatever the source of monopolistic advantage was, it was inherently vulnerable. Others could over time try to "copy" in one way or another the technological or organizational advantage or try to undermine the politically enforced restrictions of the market. This of course was the constant desire of producers who received less than others of the overall created surplus.

The vulnerability of historically temporary monopolizations was
real. The advantages were constantly under attack – within states and between states. The eighteenth century concern with the "wealth of nations" was simply one ideological expression of the interest that producers had in maintaining or creating their own monopolistic advantages and undermining those of others. What we call mercantilism was simply one organized method of this struggle, in which producers whose abilities to corner surplus were somewhere in the middle rank sought to use the state structures in which they were influential to undermine economically stronger rivals, located in other state structures.

The recurring problem of "overproduction" relative to any existing market, which regularly led to stagnations in the world economy, was similarly the result of new producers jumping on a bandwagon of highly profitable goods and undermining monopolistic advantage by the expansion of total production. Whereas mercantilist policies sought to overturn existing advantage through political mechanisms, entry into production undermined advantage via the market. The net result could be the same, and neither method excluded the other.

When one kind of monopoly in the commodity chains was undermined, producers sought to create other new kinds of monopolistic advantages, since this was the only viable mechanism of cornering a large (as well as disproportionate) share of the capital accumulated through market-oriented production. What we call technological advances simply reflect this search for new monopolistic advantages. Often entirely new commodity chains were established. Certainly old ones were constantly reorganized.

Since locational rent is a relatively rare (and in the long run economically minor) phenomenon, the only reason why some geographic areas have been better off than others in terms of capital accumulation, the only reason, that is, why some are more central and others more peripheral at any given time, is their immediate past history within the operation of the world-economy. That a given geographical zone occupies a given role is far from immutable. Indeed, every time a major monopoly has been undermined, the pattern of geographical locations of advantage has been subject to reorganization. In our discussion, we tend to ignore the relationships involved and instead summarize such phenomena in terms of juridical units we call states. Hence we observe interstate "mobility." Some states "rise." Of course, this means, this must mean, that other states "decline." It must mean this, as long as surplus is accumulated unevenly and we therefore can rank geographical-juridical zones ordinarily.
Three, the frontiers of this capitalist world-economy which was originally located in Europe were expanded over the subsequent three centuries. The explanation of why these frontiers expanded lies in processes internal to its changing structure. The fundamental process may be described as a sequence. The exhaustion of “leading” monopolies led to periodic economic stagnations in the world-economy (so-called Kondratieff B-phases). Each economic stagnation led to a whole series of changes designed to restore the overall rate of profit in the world-economy as a whole and to ensure its continued uneven distribution: reduction of costs of production by reduction of wage costs (both by the further mechanization of production and by site relocation); creation of new monopolized leading products via innovation; expansion of effective demand by further proletarianization of segments of the work force.

The last change, however, entailed on balance a rise in real income for those segments, and hence was in partial contradiction with the objective of increasing the global rate of profit. It is at this point that expansion of the boundaries of the world-economy comes into play, as a mode of incorporating new low-cost labor which would in effect compensate for the increases in real wages elsewhere and thereby keep down the global average. Of course, global averages were of no concern to individual capitalists. The uneven distribution of profit remained crucial. But the path to this objective lay in part through expansion of the reach of the capitalist world-economy.

The fact that the dominant forces in the capitalist world-economy sought at various moments to expand its boundaries did not mean necessarily that they could. Peoples everywhere offered resistances, of varying efficacy, to the process of incorporation into the world-economy, especially given the fact that incorporation was so unattractive a proposition in terms both of immediate material interests and the cultural values of those being incorporated. Here, however, the capitalist world-economy benefited from the advantages of its internal mechanisms. The constant reward for innovation had the effect among other things, of technological advances in armaments and therefore a steadily growing disparity in the control of military force between the core states of the capitalist world-economy and those political structures outside the world-economy. Conquest, even the conquest of bureaucratically organized world-empires or at least their piecemeal dismemberment, became more and more possible.

It is quite clear now what the process of incorporation involved when it occurred. On the one hand, it meant the transformation of
a certain number of production processes in these areas such that they were integrated into the commodity chains of the world-economy. Initially the incorporated zones fit in at one of three points in the chain: production of a raw material – a cash-crop (including food-crops) or mineral product – involved in some manufacturing process in core areas; production of additional food crops to feed the work force in peripheral zones producing the raw materials; use of local surplus to sustain a work force that would migrate for specified periods to work in the production of raw materials or of the food-crops needed to sustain the producers of raw materials.

The second transformation that occurred in the incorporation process was the reconstruction of existing political structures into states operating within the interstate system of the capitalist world-economy. This involved sometimes the fusion of several, and sometimes the remoulding of existing political structures, sometimes their dismemberment, sometimes the creation of entirely new and quite arbitrarily delimited structures. Whatever the case, the crucial element was that the resulting “states” (sometimes they were those non-sovereign “states” called “colonies”) had to operate within the rules of the interstate system. They had to maintain a certain degree of effective internal control which would permit the flows necessary to the operation of the commodity chains. But they could not be so strong vis-à-vis the states in the core zone of the world-economy that they could effectively threaten the interests of the major existing monopolizers.

The multiple expansions of the capitalist world-economy occurred sporadically but continually from the seventeenth through the nineteenth centuries. By the late nineteenth century, there were no areas left on the globe outside the operations of its interstate system. If there were still geographical zones not involved in any of the commodity chains that made up the functioning of the capitalist world-economy, they were not many, and by and large the remaining few non-involved loci came to be involved by the time of the Second World War.

The fourth observation has to do with overall growth in the forces of production and levels of wealth. Though it is logically irrefutable that, in an ordinal ranking, if some rise others must fall, it might still be possible that either or both of the following could be also and simultaneously true: (a) all or most states have “risen” on some absolute measurement of “development;” (b) the dispersion of the absolute measures has diminished. Indeed, the main
argument of liberal developmentalists has been that this could be true, and many of them would argue further that it has been in fact historically true.

I think it is unquestionable that for 10–20 percent of the world’s population at the top in terms of income, the absolute level of consumable wealth has risen over the past 400 years, and risen considerably. Furthermore, since this 10–20 percent of whom I speak are unevenly distributed across the globe, it is certain that for a majority of the population of the core zones the statement is true. If therefore we utilize state-level measures like GNP per capita we will find such an increase, even when we control for price inflation.

The question is not whether the extraordinary expansion in accumulated physical plant and real wealth due to the transformation of the forces of production has occurred or not. Of course it has. Nor is it whether this expansion has not benefited the world’s so-called middle strata, or cadres. Of course it has. The question is primarily whether it has meant any rise in real well-being for the large majority of the world’s population. Certainly, up to 1945, when this majority was still largely rural, it is quite dubious that it did. If anything, in terms of absolute income, these populations were probably worse off than their ancestors had been. The gap between their incomes and those of the top tenth or top seventh of world’s population had certainly grown enormously over the previous four centuries.

We thus come to the point in time with which we began the discussion – 1945. The transformation of the capitalist world-economy since 1945 has been remarkable in two regards. The absolute expansion of the world-economy – in population, in value produced, in accumulated wealth – has probably been as great as in the entire period of 1500–1945. The political strength of antisystemic forces has been incredibly greater than before 1945. These two facts, taken together, provide the explanation of why “development” has become so central an ideological theme and field of combat since then. When the United Nations proclaimed the 1970s the “Decade of Development,” the combination of material growth and growth in antisystemic forces was thought by many to herald a fundamental transformation of the pre-1945 structure of the world-economy. The heralded transformation did not occur. And today, less than 20 years later, the debate largely centers around why it has not occurred.

What then did occur since 1945 so far as the structure of the capitalist world-economy is concerned? Two things, mainly. The
absolute development of the forces of production has meant a massive reduction of the percentage of the world population engaged in producing primary goods, including food goods. The absolute growth of the manufacturing sectors and the absolute and relative growth of the tertiary sectors have led to a runaway "urbanization" of the world which is still going on at a reckless pace. In the process we have gone a considerable distance towards exhausting the pools of low-cost labor which have hitherto existed. The boundary limits are being reached. Virtually all households are at least semi-proletarianized. And economic stagnations continue to have the consequence of transforming segments of these semi-proletarianized households into proletarianized ones. Both leading and lagging profit margins must as a consequence now decline.

Of course, efforts may be made by firms and state agencies to try to fight back by constantly attempting to "marginalize" some formerly proletarianized households. And there is much evidence that this occurs. Indeed, a good deal of the neo-liberal governmental policies undertaken in many countries during the 1980s represented attempts to do just this. For example, the frequent proposals in the US and Western Europe to allow individuals to opt out of collective social insurance schemes would, if adopted, have this effect. The resistance has been great. And I think the evidence of the next 30 years will show conclusively that it is politically more difficult for capital to "marginalize" proletarianized populations than it is for segments of the working class to "proletarianize" themselves. Thus, the net movement will in all likelihood remain in the direction of full proletarianization of households, which means higher-cost wage-labor. If this is true, then capital is faced with an increasing squeeze.

The second main transformation of the post-1945 period has been the remarkable series of triumphs of all the branches of the worldwide family of antisystemic movements. One manifestation has been the creation of a series of countries we call "socialist countries," meaning that they claim the heritage in one way or another to the Third International. To be sure, some of these triumphs were due primarily to the military prowess of the USSR, but a significant number were the result of internal revolutionary forces – notably China, Korea, Vietnam, Yugoslavia, Albania, and (with a somewhat special history) Cuba.

A second manifestation of this was the triumph of national liberation movements in a number of countries of the Third World. In many cases this too was the outcome of a significant popular struggle. The process of course varied considerably from country to
country, but a minimal list of countries where a significant popular struggle took place might include India and Indonesia, Ghana and Algeria, Angola and Mozambique, Nicaragua and Zimbabwe.

A third manifestation of this has been the coming to power after 1945 of labor and/or social democratic parties in the Western world and the institutionalization of a “welfare state” in most of these countries.

I am not arguing that the coming to power of Marxist-Leninist parties in the socialist bloc, of national liberation movements in the Third World, and of social democratic parties in the OECD countries were the same thing. But there were nonetheless three elements they shared in common. First, each was the result of the upsurge of popular forces in their countries, forces which saw their victories as in some sense being antisystemic. (You and I may or may not agree with this conceptualization; I merely at this point suggest that it was a widespread self-image.) Secondly, each involved parties or movements that had been in political opposition (and frequently illegality) assuming governmental office. Thirdly, and most relevant to our present discussion, in each case the groups in power set themselves the double policy objective of economic growth and greater internal equality.

I said they shared three things in common. In fact, of late, there is a fourth. Each type of movement in power has come under internal criticism from within their countries, and often even from within the movements in power, for their failures to achieve, or to achieve to a sufficient degree, these goals – economic growth and greater internal equality. This is the source of the disillusionment to which I referred at the outset.

III

This then brings us to the third question that I said I would address: what is the demand for development about? The twin goals indicate the double answer. On the one hand, development was supposed to mean greater internal equality, that is, fundamental social (or socialist) transformation. On the other hand, development was supposed to mean economic growth which involved “catching up” with the leader. For everyone this meant catching up, somewhere down the line, with the United States. This was the objective even for the USSR, as was made notorious in prediction that the USSR would “overtake” the US by the year 2000.

But social transformation and catching up are seriously different
objectives. They are not necessarily correlative with each other. They may even be in contradiction with each other. This latter, it seems to me, is the heart of what Mao Zedong was arguing in the 1960s. In any case, it should be clear by now that we have to analyze these objectives separately and cannot continue blithely to assume their pairing, which developmentalists, both liberal and Marxist, as well as many of their conservative opponents, have for the most part done for the past 150 years.

I say that both liberals and Marxists have blithely assumed that growth leading to catching up and an increase in egalitarian distribution are parallel vectors, if not opposite sides of the same coin, over the long run. What I really mean is that the ideological statements of both groups have asserted this. The question remains, however, as to which of the two objectives, derived from the two different connotations of the concept of development, has been the driving force of the political thrust towards development. To put it bluntly, which of the two objectives did people, do people really care about? To which did they give priority?

The answer has to be that the states have always given their priority to catching up and that the movements have been split on this issue. Indeed the split goes back to the very beginning of their individual and collective histories. The movements brought together under one organizational roof those who wished to have more, to catch up to (and implicitly to surpass) some others, and those who have searched for equality. The ideological belief that the two objectives were correlative served initially as organizational cement. This cement often took the form of the assertion that it was through economic growth (the end of scarcity) that equality would be made possible. However, the coming to power to the movements has forced them to operationalize their priorities, which has unglued, at least partially, the ideological coating. Hence the disillusionment, or at least the confusion and discontent.

This was scarcely a problem before 1945, for two reasons. One, the capitalist world-economy was still in secular expansion. As long as that was true, the prospects of a growing pie were there to ensure that everyone could hope for more. Those who could hope for more in a near future usually supported the system outright. Those whose hopes for more seemed more distant usually formed the social base of the antisystemic movements, one of whose principal attractions was that they seemed to offer a political route to speeding up the realization of the hope for more.

Secondly, as long as the capitalist world-economy was in secular
expansion, the antisystemic movements remained politically weak. Though the movements claimed to represent the popular classes and hence the overwhelming majority of the population, their support was always being eroded at both ends of their sociological spectrum. On the one hand, at the top end, for those popular strata that were relatively better off, the lure of individual mobility, perfectly rational in a system in secular expansion, undid their sense of collective solidarity in the struggle. And at the low end, those strata that were worst off (the semi-proletarianized households) were often defeated, hard to organize, or simply scrambling for subsistence. Some too were rendered docile by the prospect of full-time employment, which constituted significant upward mobility, not of course into the bourgeoisie but into the proletariat. This was plausible only for a few, but it was never certain which few this was. And hence it seemed a plausible prospect of many. This double "defection" is of course the explanation of why the traditional nineteenth-century scenario of a workers’ revolution has never really occurred thus far.

Paradoxically, the political weakness of the antisystemic movements prior to 1945 was their strength. Because they could never be in power, they could maintain untouched their unifying if contradictory ideology and hence they could survive, and survive quite well, as movements. It was the weakening of the political carapace of capitalism which, by allowing the antisystemic movements to arrive at state power in large numbers, exposed the deep internal cleavage of these movements, the rift between those who sought upward mobility and those who sought equality.

So the answer to the question, what is the demand for development about? is that there is no single coherent answer to that question to be gained through historical analysis. The slogan has masked a contradiction that is deep and enduring. What has happened since 1945, and especially since the 1970s, is that this contradiction is now a glaring one, and we are collectively being required to make political choices that are quite difficult and quite large.

IV

Before, however, we can deal with the political choices, we must clear up one more historical question, how in fact "national development" did occur, where it occurred, or at least where it is claimed that it has occurred—more or less in the OECD countries.
The usual picture that has been painted is that, between say 1750 and 1950, a number of countries have successively "developed" or "industrialized," the latter term usually taken as a synonym or indicator of development. The tale is usually told this way. First, England developed, then perhaps some other Western countries, finally the whole list (plus Japan). This version of historical events takes us down to, say, 1950. At that juncture, the more conservative and more radical versions differ. The more conservative scenario is that the process is still continuing since 1950, with some countries like the Republic of Korea demonstrating this fact. The more radical version is that while such development did occur in the nineteenth century, the conditions are now entirely different and the obstacles to national "capitalist" development far greater. Hence today the only alternative is said to be a radically new path of total rupture with the system.

But before examining the export-oriented model vs. the delinking model, let us first ask whether this scenario in fact reflects accurately what occurred? There is another way of reading world history for the period 1750–1950. Instead of seeing it as the story of a succession of successful national development efforts, we could see it as the story of the secular expansion of the world-economy as a whole. I remind you of two aspects of this structure we discussed: the polarization of zones which has been accentuated over time, and the constant expansion of the outer boundaries of the system. What has been happening seems to me quite simple. The increase of the geographical scope of operations led to an increase in the populations included in the world-economy. They were added in order to create low-cost, surplus-creating but not surplus-retaining segments of the worldwide commodity chains. As such segments grew absolutely, it had to mean that there was parallel growth of other segments of these commodity chains. And if the first segments were low on the retention of surplus, that of course meant that the others were higher. If core zones had not grown in size (and therefore in geography) at the same time as peripheral zones, the system would no longer have been a capitalist one.

The fact that, in 1950, many more geographical loci seemed to be "developed" than in 1750 was not the consequence of the fact that a dozen or two dozen states had "developed" their "national" economies. It was that a dozen or two came to enclose the principal fruits of the expansion and development of the capitalist world-economy as a whole. The OECD states did not "achieve" their "national development," they had it "thrust upon them." What
developed was the capitalist world-economy. It was as though there were an expanding inkspill of accumulated surplus which spread to the near parts of the blotter. That it was registered in the national accounts of one country rather than another was not necessarily or primarily the result of the policies of that country.

The situation has indeed changed today. The geography of the whole system can no longer expand. Ergo the geographic reach of the core can no longer expand. It there is to be any significant change in which geographical areas are core-like, this is more than ever a zero-sum game. If a new area comes in, an old area must go out. This was always partially true, but only partially, because of the overall expansion of the system. Now it is entirely true. If in the next 30 years China or India or Brazil were in a true sense to “catch up,” a significant segment of the world’s population elsewhere in this world-system would have to decline as a locus of capital accumulation. This will be true whether China or India or Brazil “catches up” via delinking or via export-orientation or by any other method. This will be true as long as states, separate states, are each searching for ways to develop themselves. Catching up implies competition, and competition means that one country’s development will be at someone else’s expense ultimately.

V

We therefore arrive at the issue everyone really cares about: what shall be done? What political implications shall we draw from this analysis? The first one I draw is the most radical. National development may well be a pernicious policy objective. This is for two reasons. For most states, it is unrealizable, whatever the method adopted. And for those few states which may still realize it, that is, transmute radically the location of world-scale production and thereby their location on the interstate ordinal scale, their benefits will perforce be at the expense of some other zone. This has always been true up to a point. It is more true than ever today.

I hear the shouts of all those who are suffering by the current unequal allocation of the world's created surplus. What then shall we do? Surely you do not expect us to do nothing. And my answer is: surely not.

At this point I must make an assumption. The assumption is that the objective is truly an egalitarian, democratic world, and not
simply a reversal of fortunes inside our present inegalitarian, undemocratic world-system. If this is the objective, what is the route? In the late nineteenth and early twentieth centuries the dominant view was that the route was via nationally organized working class movements. In the period since 1945 this view has evolved de facto into a somewhat different one: that the route is via popularly organized national movements.

But will popularly organized national movements in fact achieve greater equality and democracy? I have become increasingly skeptical of this, as have many others. I think popularly organized national movements have found themselves in a dilemma for which there is no easy solution and which has contributed strongly to the sense of impasse and frustration that has been growing of late.

The great argument in favor of state-organized attempts to retain surplus created within the frontiers is that the state is the only agency potentially capable of going against the strong currents of unequal exchange flows structurally central to the functioning of the capitalist world-economy. This is a very strong argument and has secured wide support. The great negative, however, of that argument is that the state as an agency requires decision-making actors, those who occupy the key political and bureaucratic posts. And these persons have a direct interest as a subgroup in the choice of priority between an emphasis on growth/catching up and equality. It is clear that economic self-interest pushes them towards the growth and "catching-up" goal, and the consequences for the popular strata tend to be in the middle run usually at best no change for the better, sometimes even a worsening of their condition. As long as solutions are framed and sought at the national level, the dilemma will remain, and states governed by erstwhile antisytemtic movements will remain repressive of their own popular strata and at best only partial winners of the catching-up game, to the primary benefit of the cadres.

Is not another strategy available for the movements? I am not referring to a world-level strategy, if by that one means a strategy that requires implementation by a world-level movement. Such an alternative is unrealistic, at least at present. World revolution or even coordinated worldwide political struggle remains a rhetorical flourish for the most part. I am thinking rather of attacking the flows of surplus at another point, at the point of their production. Suppose that antisytemic movements concentrated their energies everywhere – in the OECD countries, in the Third World countries, and yes, in the socialist countries as well, on efforts aimed at
retaining most of the surplus created. One obvious way would be to
seek to increase the price of labor or the price of sale by the direct
producers. These prices, like most prices, are controlled by market
considerations, but market considerations within parameters estab-
lished by political struggle. These parameters are subject to change,
and change constantly. This is exactly what capitalists know. They
spend a considerable amount of their worldwide political energy on
the politics of pricing.

The OPEC oil price rise of the 1970s was a marvelous instance of
this. It was clearly a consciously political struggle, and the OPEC
countries initially did very well for themselves. No doubt you may
retort, look at what happened in the 1980s. Without going into the
details of the anti-OPEC counteroffensive which did over a decade
force OPEC to retreat, the retreat illuminates all the pitfalls of
national-level development strategies. When the OPEC countries
retained after 1973 a larger percentage of the flow of surplus, it was
the states who retained this. It was then up to the states to redistrib-
ute this – to the cadres, to the creation of infrastructure, to the
workers, etc. The pressures were obvious and so were the vulner-
abilities.

If the start of the process had been a rise in the price of labor on
OPEC oil fields, the impact might have been less dramatic, but it
might also have been considerably more difficult to reverse. If the
struggle had been a workers’ struggle within the OPEC states and
not an OPEC state struggle against the world powers-that-be, the
politics would have been quite different. A steady politically ind-
duced rise in surplus retention would be unlikely to lead to serious
losses in the world market. That is, if tomorrow, in all the NICs
(Newly Industrializing Countries), textile workers were paid 20
percent more, the choice facing the purchasers of such textiles
might only be to turn to other equally expensive zones. They might
do this in part. Or they might look for new NICs. The battle would
have its ups and downs. But, and this is the crucial point, in a
world-economy that is in the process of exhausting its reserve labor
forces, such a battle would have far more ups than downs.

In a sense what I am calling for is a return of the pendulum. The
first great strategy in the fight against inequality involved the so-
called class struggle. In the nineteenth century this struggle was
fought both in the workplace (via the construction of trade unions)
and in the political arena (via the construction of socialist parties).
Capitalists fought back in two main ways. They used the state to
repress such movements. And they recruited new workers from
the national and worldwide pool of reserve (semi-proletarianized) households.

Since the distribution of proletarian and semi-proletarian households was not random but stratified nationally, ethnically, racially, it was clear that a political strategy that focused on proletarian households missed a good half of the battle. Thus we got the swing, ever more sharply in the twentieth century, to what might be called an “anti-imperialist” focus. The struggle now emphasized national liberation and national development of the national economy, and within the OECD states the emphasis shifted to the anti-racist struggle, an equivalent shift in emphasis.

Meanwhile, however, the inexorable drive of capitalism for the accumulation of capital has been undermining its ability to command access to a de facto unlimited reserve labor force. This has now become quite limited. The strategy of capitalists has thus shifted. The OPEC-type battle in fact serves them quite well. None of the Seven Sisters (the major oil trans-national corporations) suffered from the OPEC price rise. Quite the contrary! As long as the focus is on national distribution of the accumulated surplus-value, capitalists can relocate the locus of their capital without necessarily losing long-run control over it.

On the other hand, capitalists are now vulnerable to the original strategy of a “class” struggle as they were not before because of the fact that the world-economy has reached its geographic limits. But this then requires a reorganization of the emphasis of the movements. The movements cannot afford their close links to the states, even to the regimes they have struggled to bring to power. Their concern must be how at each point on very long commodity chains a greater percentage of the surplus can be retained. Such a strategy would tend over time to “overload” the system, reducing global rates of profit significantly and evening out distribution. Such a strategy might also be able to mobilize the efforts of all the many varieties of new social movements, all of which are oriented in one way or another more to equality than to growth.

This is not a new Fabian strategy. We will not inch our way to world equality. Rather it is premised on the belief that global rates of profit are quite open to political attack at a local level. And, as the local victories cumulate, a significant cave-in of political support for the system will occur. For it will force the greedy to fall out among themselves, and to try to eat into the portion of the surplus they apportion to their agents and intermediaries. But that of course would be collectively suicidal, since an underfed “army”
tends to refuse to fight, and without an “army” to protect the capitalists (that is, an extensive political and ideological apparatus), the capitalist world-economy has no secure way to survive.

VI

Well, then – Development: lodestar or illusion? I hope by now my answer is obvious. National development is today an illusion, whatever the method advocated and used. If all our energies are turned in that direction, then capitalism may have the 200 extra years Schumpeter hoped it could create for itself. And with the 200 extra years, the privileged strata of the world may be able to manage a transition to a completely different but similarly inequalitarian world-system.

But development can be a lodestar. We can try to force the pace of the secular trends of the capitalist world-economy, exactly what capitalists fear most. The local and localized demands for greater participation and higher real income, that is, worldwide unruliness by producers in the loci of production (using this term in its broadest sense) is politically mobilizing and economically redistributive. It also disarms the tenants of the status quo of some of their best weapons: the political divisions between proletarian and semi-proletarian households (nationally and worldwide); and the appeal to sacrifice (of the surplus each produces) on behalf of the state.

This strategy is less obvious than one thinks. None of the traditional or erstwhile antisystemic movements – the Social-Democrats in the West, the Communist parties of the world, the national liberation movements – are preaching it, even secondarily, in any serious way. And almost none of the newer antisystemic movements that have arisen in the last 20–30 years are doing so either, or at least they are not doing so with the kind of conscious intent to overload the system I am advocating. The movements still have too much faith in equality via growth; what they need to seriously envisage is growth through equality. But it cannot be an egalitarianism that turns its back on individual realization and social variation. Equality is not in competition with liberty. They are intimately linked. When an attempt is made to keep these objectives separate – as happened in the Cultural Revolution – it fails to achieve either.
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The weakness of the capitalist world-economy is in its self-fulfillment. As it becomes more and more commodified, it under-mines its ability to maldistribute surplus and hence to concentrate its accumulation. But it is far from enough to say more commodification is the route to the undoing of the system. For, left to themselves, the dominant forces will seek to slow down the pace. The efforts of national development have been traditionally seen as something that has speeded up the pace. I suggest that they should be seen instead as substitutes for other policies that would have speeded up the pace far more and far faster.

An emphasis on surplus retention by the producers, that is, an emphasis on greater equality and democratic participation, far from being utopian, could be devastatingly effective. The great barrier to that today is less the large-scale capitalists than the antisystemic movements themselves. They must become aware of their historic ambivalence about the two meanings of development – more, and more equal. And they must opt for the latter. In such an option, the state is not irrelevant. There are many ways in which the state apparatuses can abet this program. But if the state apparatuses are the motor, then development will be an illusion and not a lodestar.