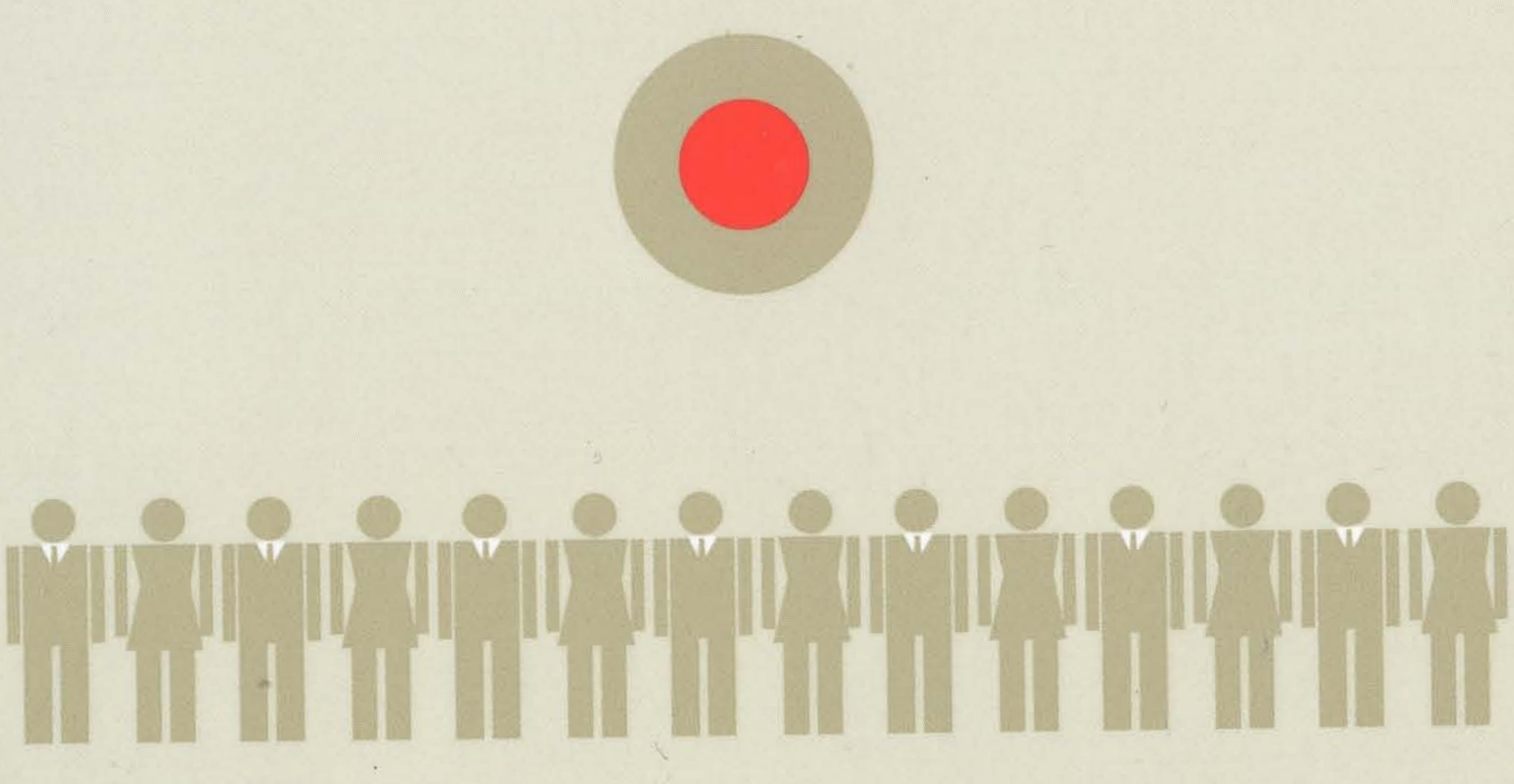
Immanuel

WALLERSTEIN

WORLD-SYSTEMS ANALYSIS

An Introduction



In World-Systems Analysis, Immanuel Wallerstein provides a concise and accessible introduction to the comprehensive approach that he pioneered thirty years ago to understanding the history and development of the modern world. Since Wallerstein first developed world-systems analysis, it has become a widely utilized methodology within the historical social sciences and a common point of reference in discussions of globalization. Now, for the first time in one volume, Wallerstein offers a succinct summary of world-systems analysis and a clear outline of the modern world-system, describing the structures of knowledge upon which it is based, its mechanisms, and its future. He explains the defining characteristics of world-systems analysis: its emphasis on world-systems rather than nation-states, on the need to consider historical processes as they unfold over long periods of time, and on combining within a single analytical framework bodies of knowledge usually viewed as distinct from one another—such as history, political science, economics, and sociology. Intended for general readers, students, and experienced practitioners alike, this book presents a complete overview of world-systems analysis by its original architect.

"At a time when globalization is at the center of international debate from Davos to Porto Alegre, an introduction to 'world-systems analysis,' an original approach to world development since the sixteenth century, is timely and relevant. This is a lucidly written and comprehensive treatment of its origins, controversies, and development by Immanuel Wallerstein, its undoubted pioneer and most eminent practitioner."—ERIC HOBSBAWM, author of *Interesting Times: A Twentieth-Century Life* and *The Age of Extremes: A History of the World, 1914–1991*

"Immanuel Wallerstein's mind can reach as far and encompass as much as anyone's in our time. The world, to him, is a vast, integrated system, and he makes the case for that vision with an elegant and almost relentless logic. But he also knows that to see as he does requires looking through a very different epistemological lens than the one most of us are in the habit of using. So his gift to us is not just a new understanding of how the world works but a new way of apprehending it. A brilliant work on both scores."—KAI ERIKSON, William R. Kenan Jr. Professor Emeritus of Sociology and American Studies, Yale University

IMMANUEL WALLERSTEIN is a Senior Research Scholar at Yale University and Director of the Fernand Braudel Center at Binghamton University. Among his many books are *The Modern World-System* (three volumes); *The End of the World as We Know It: Social Science for the Twenty-first Century*; *Utopistics: Or, Historical Choices of the Twenty-first Century*; and *Unthinking Social Science: The Limits of Nineteenth-Century Paradigms*.

A John Hope Franklin Center Book

Duke University Press
Box 90660
Durham, NC 27708-0660
www.dukeupress.edu

978-0-8223-3442-2
9 780822 334422

A John Hope Franklin Center Book

WORLD-SYSTEMS ANALYSIS *An Introduction*

Immanuel Wallerstein

DUKE UNIVERSITY PRESS *Durham and London 2004*

4th printing, 2006

Printed in the United States of America on acid-free paper ∞
Typeset in Minion by Keystone Typesetting, Inc.
Library of Congress Cataloging-in-Publication Data appear
on the last printed page of this book.

CONTENTS

ACKNOWLEDGMENTS

When I agreed to write this book, I fortuitously received an invitation from the Universidad Internacional Menéndez Pelayo in Santander, Spain, to give a weeklong summer course on "world-systems analysis." The course consisted of five lectures. The participants were largely graduate students and young faculty members from Spanish universities, who for the most part had relatively little previous exposure to world-systems analysis. There were some forty of them. I thus took advantage of the occasion to give an early version of the five chapters of this book. And I have profited from the feedback they offered me. I thank them.

When I had written a draft of this book, I asked four friends to read it and critique it. These friends were all persons whose judgment as readers and experience as teachers I respect. But they had various degrees of involvement in and attachment to world-systems analysis. I hoped therefore to get a range of reactions, and I did. As with any such exercise, I am grateful to them for saving me from follies and unclarities. They offered me some wise suggestions, which I incorporated. But of course I persisted in my sense of what kind of book I thought most useful to write, and my readers are given the usual exemption for my ignoring some of their advice. Still, the book is better because of the careful readings of Kai Erikson, Walter Goldfrank, Charles Lemert, and Peter Taylor.

TO START *Understanding the World In Which We Live*

THE MEDIA, AND INDEED the social scientists, constantly tell us that two things dominate the world we have been living in since the last decades of the twentieth century: globalization and terrorism. Both are presented to us as substantially new phenomena—the first filled with glorious hope and the second with terrible dangers. The U.S. government seems to be playing a central role in furthering the one and fighting the other. But of course these realities are not merely American but global. What underlies a great deal of the analysis is the slogan of Mrs. Thatcher, who was Great Britain's prime minister from 1979 to 1990: TINA (There Is No Alternative). We are told that there is no alternative to globalization, to whose exigencies all governments must submit. And we are told that there is no alternative, if we wish to survive, to stamping out terrorism ruthlessly in all its guises.

This is not an untrue picture but it is a very partial one. If we look at globalization and terrorism as phenomena that are defined in limited time and scope, we tend to arrive at conclusions that are as ephemeral as the newspapers. By and large, we are not then able to understand the meaning of these phenomena, their origins, their trajectory, and most importantly where they fit in the larger scheme of things. We tend to ignore their history. We are unable to put the pieces together, and we are constantly surprised that our short-term expectations are not met.

How many people expected in the 1980s that the Soviet Union would crumble as fast and as bloodlessly as it did? And how many people expected in 2001 that the leader of a movement few had ever heard of, al-Qaeda,

could attack so boldly the Twin Towers in New York and the Pentagon on September 11, and cause so much damage? And yet, seen from a longer perspective, both events form part of a larger scenario whose details we might not have known in advance but whose broad outlines were quite predictable.

Part of the problem is that we have studied these phenomena in separate boxes to which we have given special names—politics, economics, the social structure, culture—without seeing that these boxes are constructs more of our imagination than of reality. The phenomena dealt with in these separate boxes are so closely intermeshed that each presumes the other, each affects the other, each is incomprehensible without taking into account the other boxes. And part of the problem is that we tend to leave out of our analyses of what is and is not "new" the three important turning points of our modern world-system: (1) the long sixteenth century during which our modern world-system came into existence as a capitalist world-economy; (2) the French Revolution of 1789 as a world event which accounts for the subsequent dominance for two centuries of a geoculture for this world-system, one that was dominated by centrist liberalism; and (3) the world revolution of 1968, which presaged the long terminal phase of the modern world-system in which we find ourselves and which undermined the centrist liberal geoculture that was holding the world-system together.

The proponents of world-systems analysis, which this book is about, have been talking about globalization since long before the word was invented—not, however, as something new but as something that has been basic to the modern world-system ever since it began in the sixteenth century. We have been arguing that the separate boxes of analysis—what in the universities are called the disciplines—are an obstacle, not an aid, to understanding the world. We have been arguing that the social reality within which we live and which determines what our options are has not been the multiple national states of which we are citizens but something larger, which we call a world-system. We have been saying that this world-system has had many institutions—states and the interstate system, productive firms, households, classes, identity groups of all sorts—and that these institutions form a matrix which permits the system to operate but at the same time stimulates both the conflicts and the contradictions which permeate the system. We have been arguing that this system is a social creation, with a history, whose origins need to be explained, whose ongoing mechanisms need to be delineated, and whose inevitable terminal crisis needs to be discerned.

In arguing this way, we have not only gone against much of the official wisdom of those in power, but also against much of the conventional knowledge put forth by social scientists for two centuries now. For this reason, we

have said that it is important to look anew not only at how the world in which we live works but also at how we have come to think about this world. World-systems analysts see themselves therefore as engaging in a fundamental protest against the ways in which we have thought that we know the world. But we also believe that the emergence of this mode of analysis is a reflection of, an expression of, the real protest about the deep inequalities of the world-system that are so politically central to our current times.

I myself have been engaged in and writing about world-systems analysis for over thirty years. I have used it to describe the history and the mechanisms of the modern world-system. I have used it to delineate the structures of knowledge. I have discussed it as a method and a point of view. But I have never tried to set down in one place the totality of what I mean by world-systems analysis.

Over these thirty years, the kind of work that comes under this rubric has become more common and its practitioners more widespread geographically. Nonetheless, it still represents a minority view, and an oppositional view, within the world of the historical social sciences. I have seen it praised, attacked, and quite often misrepresented and misinterpreted—sometimes by hostile and not very well-informed critics, but sometimes by persons who consider themselves partisans or at least sympathizers. I decided that I would like to explain in one place what I consider its premises and principles, to give a holistic view of a perspective that claims to be a call for a holistic historical social science.

This book is intended for three audiences at once. It is written for the general reader who has no previous specialist knowledge. This person may be a beginning undergraduate in the university system or a member of the general public. Secondly, it is written for the graduate student in the historical social sciences who wants a serious introduction to the issues and perspectives that come under the rubric of world-systems analysis. And finally it is written for the experienced practitioner who wishes to grapple with my particular viewpoint in a young but growing community of scholars.

The book begins by tracing what many readers will think a circuitous path. The first chapter is a discussion of the structures of knowledge of the modern world-system. It is an attempt to explain the historical origins of this mode of analysis. It is only with chapters 2–4 that we discuss the actual mechanisms of the modern world-system. And it is only in chapter 5, the last, that we discuss the possible future we are facing and therefore our contemporary realities. Some readers will prefer to jump to chapter 5 immediately, to make chapter 5 into chapter 1. If I have structured the argument in the order that I have, it is because I believe very strongly that to understand the case for world-systems analysis, the reader (even the young and begin-

ning reader) needs to "unthink" much of what he or she has learned from elementary school on, which is reinforced daily in the mass media. It is only by confronting directly how we have come to think the way we do that we can begin to liberate ourselves to think in ways that I believe permit us to analyze more cogently and more usefully our contemporary dilemmas.

Books are read differently by different people, and I assume that each of the three groups of readers for whom this book is intended will read the book differently. I can only hope that each group, each individual reader, will find it useful. This is an *introduction* to world-systems analysis. It has no pretension of being a summa. The book seeks to cover the whole range of issues, but no doubt some readers will feel that some things are missing, other things overemphasized, and of course some of my arguments simply wrong. The book intends to be an introduction to a way of thinking and therefore is also an invitation to an open debate, in which I hope all three audiences will participate.

1 Historical Origins of World-Systems Analysis

From Social Science Disciplines to Historical Social Sciences

WORLD-SYSTEMS ANALYSIS originated in the early 1970s as a new perspective on social reality. Some of its concepts have been in use for a long time and some are new or at least newly named. Concepts can only be understood within the context of their times. This is even more true of whole perspectives, whose concepts have their meaning primarily in terms of each other, of how they make up a set. New perspectives are, in addition, generally best understood if one thinks of them as a protest against older perspectives. It is always the claim of a new perspective that the older, and currently more accepted, one is in some significant way inadequate, or misleading, or tendentious, that the older one therefore represents more a barrier to apprehending social reality than a tool for analyzing it.

Like any other perspective, world-systems analysis has built on earlier arguments and critiques. There is a sense in which almost no perspective can ever be entirely new. Someone has usually said something similar decades or centuries earlier. Therefore, when we speak of a perspective being new, it may only be that the world is ready for the first time to take seriously the ideas it embodies, and perhaps also that the ideas have been repackaged in a way that makes them more plausible and accessible to more people.

The story of the emergence of world-systems analysis is embedded in the history of the modern world-system and the structures of knowledge that grew up as part of that system. It is most useful to trace the beginning of this particular story not to the 1970s but to the mid-eighteenth century. The capitalist world-economy had then been in existence for some two centuries

already. The imperative of the endless accumulation of capital had generated a need for constant technological change, a constant expansion of frontiers—geographical, psychological, intellectual, scientific.

There arose in consequence a felt need to know how we know, and to debate how we may know. The millennial claim of religious authorities that they alone had a sure way to know truth had been under challenge in the modern world-system for some time already. Secular (that is, nonreligious) alternatives were increasingly well received. Philosophers lent themselves to this task, insisting that human beings could obtain knowledge by using their minds in some way, as opposed to receiving revealed truth through some religious authority or script. Such philosophers as Descartes and Spinoza—however different they were from each other—were both seeking to relegate theological knowledge to a private corner, separated from the main structures of knowledge.

While philosophers were now challenging the dictates of the theologians, asserting that human beings could discern truth directly by the use of their rational faculties, a growing group of scholars agreed about the role of theologians but argued that so-called philosophical insight was just as arbitrary a source of truth as divine revelation. These scholars insisted on giving priority to *empirical* analyses of reality. When Laplace in the beginning of the nineteenth century wrote a book on the origins of the solar system, Napoleon, to whom he presented the book, noted that Laplace had not mentioned God once in his very thick book. Laplace replied: "I have no need of that hypothesis, Sire." These scholars would now come to be called scientists. Still, we must remember that at least until the late eighteenth century, there was no sharp distinction between science and philosophy in the ways in which knowledge was defined. At that time, Immanuel Kant found it perfectly appropriate to lecture on astronomy and poetry as well as on metaphysics. He also wrote a book on interstate relations. Knowledge was still considered a unitary field.

About this time in the late eighteenth century, there occurred what some now call the "divorce" between philosophy and science. It was those defending empirical "science" who insisted upon this divorce. They said that the *only* route to "truth" was theorizing based on induction from empirical observations, and that these observations had to be done in such a way that others could subsequently replicate and thereby verify the observations. They insisted that metaphysical deduction was speculation and had no "truth"-value. They thus refused to think of themselves as "philosophers."

It was just about this time as well, and indeed in large part as a result of this so-called divorce, that the modern university was born. Built upon the framework of the medieval university, the modern university is really quite a

different structure. Unlike the medieval university, it has full-time, paid professors, who are almost never clerics, and who are grouped together not merely in "faculties" but in "departments" or "chairs" within these faculties, each department asserting that it is the locus of a particular "discipline." And the students pursue courses of study which lead to degrees that are defined by the department within which they have studied.

The medieval university had had four faculties: theology, medicine, law, and philosophy. What happened in the nineteenth century was that almost everywhere, the faculty of philosophy was divided into at least two separate faculties: one covering the "sciences"; and one covering other subjects, sometimes called the "humanities," sometimes the "arts" or "letters" (or both), and sometimes retaining the old name of "philosophy." The university was institutionalizing what C. P. Snow would later call the "two cultures." And these two cultures were at war with each other, each insisting that it was the only, or at least the best, way to obtain knowledge. The emphasis of the sciences was on empirical (even experimental) research and hypothesis testing. The emphasis of the humanities was on empathetic insight, what later was called hermeneutic understanding. The only legacy we have today of their erstwhile unity is that all the arts and sciences in the university offer as their highest degree the PhD, doctor of philosophy.

The sciences denied the humanities the ability to discern truth. In the earlier period of unified knowledge, the search for the true, the good, and the beautiful had been closely intertwined, if not identical. But now the scientists insisted that their work had nothing to do with a search for the good or the beautiful, merely the true. They bequeathed the search for the good and the beautiful to the philosophers. And many of the philosophers agreed to this division of labor. So, the division of knowledge into the two cultures came to mean as well creating a high barrier between the search for the true and the search for the good and the beautiful. This then justified the claim of the scientists that they were "value-neutral."

In the nineteenth century, the faculties of science divided themselves into multiple fields called disciplines: physics, chemistry, geology, astronomy, zoology, mathematics, and others. The faculties of humanities divided themselves into such fields as philosophy, classics (that is, Greek and Latin, the writings of Antiquity), art history, musicology, the national language and literature, and languages and literatures of other linguistic zones.

The hardest question was into which faculty one ought to place the study of social reality. The urgency of such a study was brought to the fore by the French Revolution of 1789 and the cultural upheaval it caused in the modern world-system. The French Revolution propagated two quite revolutionary ideas. One was that political change was not exceptional or bizarre but

normal and thus constant. The second was that "sovereignty"—the right of the state to make autonomous decisions within its realm—did not reside in (belong to) either a monarch or a legislature but in the "people" who, alone, could legitimate a regime.

Both of these ideas caught on and became widely adopted, despite the political reversals of the French Revolution itself. If political change was now to be considered normal and sovereignty was to reside in the people, it suddenly became imperative for everyone to understand what it was that explained the nature and pace of change, and how the "people" arrived at, could arrive at, the decisions they were said to be making. This is the social origin of what we later came to call the social sciences.

But what were the "social sciences" and how did they situate themselves in the new war between the "two cultures"? These are not easy questions to answer. Indeed, one might argue that these questions have never been satisfactorily answered. Initially what one saw is that the social sciences tended to place themselves in the middle between the "pure sciences" and the "humanities." In the middle, but not comfortably in the middle. For the social scientists did not evolve a separate, third way of knowing; rather they divided themselves between those who leaned toward a "scientific" or "scientistic" view of social science and those who leaned toward a "humanistic" view of social science. The social sciences seemed tied to two horses straining in opposite directions, and pulled apart by them.

The oldest of the social sciences is of course history, an activity and a label that go back thousands of years. In the nineteenth century there occurred a "revolution" in historiography associated with the name of Leopold Ranke, who coined the slogan that history should be written *wie es eigentlich gewesen ist* (as it really did happen). What he was protesting against was the practice of historians to engage in hagiography, telling tales that glorified monarchs or countries, including invented tales. What Ranke was proposing was a more scientific history, one that eschewed speculation and fable.

Ranke was also proposing a specific method by which such history might be written—by searching for documents describing events that were written at the time of the events. Eventually, such documents would come to be stored in what we call archives. It was the assumption of the new historians when they studied the documents in the archives that actors at the time had not been writing for future historians but were revealing what they really thought at the time or at least what they wanted others to believe. Of course, the historians acknowledged that such documents had to be handled carefully, to verify that there was no fraud, but once verified, these documents were considered largely exempt from the intrusive bias of the later historian. To minimize bias further, historians would insist that they could write history only of the "past" and not of the "present," since writing about the present inevitably bore the imprint of the passions of the moment. In any case, archives (which were controlled by the political authorities) were seldom "open" to the historian until a long period had passed (fifty to a hundred years), so they normally did not have access in any case to the important documents about the present. (In the late twentieth century, many governments came under pressure from opposition politicians to open their archives much more quickly. And while this openness has had some effect, it seems also true that governments have found as well new ways of guarding their secrets.)

Nonetheless, despite this more "scientific" bent, the new historians did not choose to be located in the faculty of science, but rather in the faculty of humanities. This might seem strange, since these historians were rejecting the philosophers because of their speculative assertions. In addition they were empiricists, and thus one might have thought they would feel sympathetic vibrations for the natural scientists. But they were empiricists who were by and large suspicious of large-scale generalizations. They were not interested in arriving at scientific laws or even formulating hypotheses, often insisting that each particular "event" had to be analyzed in terms of its own particular history. They argued that human social life was quite unlike the physical phenomena studied by the pure scientists, because of the factor of human will, and this emphasis on what we today call human agency led them to think of themselves as "humanists" rather than "scientists."

But which events were worthy of their regard? Historians had to make decisions about objects of study. That they were relying on written documents from the past already biased what they could possibly study, since the documents in archives were written largely by persons linked to political structures—diplomats, civil servants, political leaders. These documents revealed little about phenomena that were not marked by political or diplomatic occurrences. Furthermore, this approach presumed that the historians were studying a zone in which there existed written documents. In practice, historians in the nineteenth century tended therefore to study first of all their own country, and secondarily other countries which were considered "historical nations," which seemed to mean nations with a history that could be documented in archives.

But in which countries were such historians located? The overwhelming majority (probably 95 percent) were to be found in only five zones: France, Great Britain, the United States, and the various parts of what would later become Germany and Italy. So at first, the history that was written and taught was primarily the history of these five nations. There was in addition a further question to decide: What should be included in the history of a

country like France or Germany? What are its boundaries, geographic and temporal? Most historians decided to trace back the story as far as they could, using the territorial boundaries of the present, or even the boundaries as they were claimed at present. The history of France was thus the history of everything that had happened within the boundaries of France as defined in the nineteenth century. This was of course quite arbitrary, but it did serve one purpose—reinforcing contemporary nationalist sentiments—and it was therefore a practice encouraged by the states themselves.

Still, it followed from the historians' practice of restricting themselves to studying the past that they had little to say about the contemporary situations facing their countries. And political leaders felt in need of more information about the present. New disciplines therefore grew up for this purpose. There were mainly three: economics, political science, and sociology. Why, however, would there be *three* disciplines to study the present but only one to study the past? Because the dominant liberal ideology of the nineteenth century insisted that *modernity* was defined by the differentiation of three social spheres: the market, the state, and the civil society. The three spheres operated, it was asserted, according to different logics, and it was good to keep them separated from each other—in social life and therefore in intellectual life. They needed to be studied in different ways, appropriate to each sphere—the market by economists, the state by political scientists, and the civil society by sociologists.

Again the question arose: How can we arrive at "objective" knowledge about these three spheres? Here, the response was different from that given by the historians. In each discipline, the view that came to dominate was that these spheres of life—the market, the state, and the civil society—were governed by laws that could be discerned by empirical analysis and inductive generalization. This was exactly the same view as that which the pure scientists had about their objects of study. So we call these three disciplines nomothetic disciplines (that is, disciplines in search of scientific laws) as opposed to the idiographic discipline which history aspired to be—that is, a discipline that is predicated on the uniqueness of social phenomena.

Again, the question would be posed, where should one focus the study of contemporary phenomena? The nomothetic social scientists were located primarily in the same five countries as the historians, and in the same way studied primarily their own countries (or at most they made comparisons among the five countries). This was to be sure socially rewarded, but in addition the nomothetic social scientists put forward a methodological argument to justify this choice. They said that the best way to avoid bias was to use quantitative data, and that such data were most likely to be located in their own countries in the immediate present. Furthermore, they argued

that if we assume the existence of general laws governing social behavior, it would not matter where one studied these phenomena, since what was true in one place and at one time was true in all places at all times. Why not then study phenomena for which one had the most reliable data—that is, the most quantified and replicable data?

Social scientists did have one further problem. The four disciplines together (history, economics, sociology, and political science) studied in effect only a small portion of the world. But in the nineteenth century, the five countries were imposing colonial rule on many other parts of the world, and were engaged in commerce and sometimes in warfare with still other parts of the world. It seemed important to study the rest of the world as well. Still, the rest of the world seemed somehow different, and it seemed inappropriate to use four West-oriented disciplines to study parts of the world that were not considered "modern." As a result, two additional disciplines arose.

One of these disciplines was called anthropology. The early anthropologists studied peoples who were under actual or virtual colonial rule. They worked on the premise that the groups they were studying did not enjoy modern technology, did not have writing systems of their own, and did not have religions that extended beyond their own group. They were generically called "tribes": relatively small groups (in terms of population and the area they inhabited), with a common set of customs, a common language, and in some cases a common political structure. In nineteenth-century language, they were considered "primitive" peoples.

One of the essential conditions for studying these peoples was that they fell under the political jurisdiction of a modern state, which guaranteed order and the safe access of the anthropologist. Since these peoples were culturally so different from those who studied them, the principal mode of investigation was what was called "participant observation," in which the investigator lives among the people for some time, seeking to learn the language and discern the whole range of their customary ways. He or she often made use of local intermediaries as interpreters (both linguistically and culturally). This exercise was called writing an ethnography, and it was based on "fieldwork" (as opposed to library work or archival work).

It was assumed that the peoples had no "history," except one following the imposition of rule by modern outsiders which had resulted in "culture contact" and therefore some cultural change. This change meant that the ethnographer normally tried to reconstruct the customs as they existed before the culture contact (which usually was relatively recent), and these customs were then assumed to have existed from time immemorial up to the imposition of colonial rule. Ethnographers served in many ways as the primary interpreters of their peoples to the modern outsiders who governed

them. They recast in language understandable to these outsiders the rationale behind the customary ways. They were thus useful to the colonial rulers by offering information that could make the governors more cognizant of what they could and could not do (or should not do) in their administration.

The world was however made up of more than just the "modern" states and these so-called primitive peoples. There were large regions outside the pan-European zone which had what was called in the nineteenth century a "high civilization"—for example, China, India, Persia, the Arab world. All these zones had certain common characteristics: writing; a dominant language which was used in the writing; and a single dominant "world" religion which however was not Christianity. The reason for these common features was of course very simple. All these zones had been in the past, and sometimes continued to be even in the present, the location of bureaucratic "world-empires" that had embraced large areas, and therefore developed a common language, a common religion, and many common customs. This is what was meant when they were called "high civilizations."

These regions all shared another feature in the nineteenth century. They were no longer as strong militarily or technologically as the pan-European world. So the pan-European world considered that they were not "modern." Still, their inhabitants clearly did not meet the description of "primitive" peoples, even by pan-European standards. The question then was how they might be studied and what had to be studied about them. Since they were culturally so different from Europeans, and since they had texts written in languages that were so different from those of their European investigators, and since their religions were so different from Christianity, it seemed that those who were to study them required long, patient training in esoteric skills if they were to understand very much about them. Philological skills were particularly useful in deciphering ancient religious texts. The people who acquired such skills began to call themselves Orientalists, a name derived from the classic West-East distinction which had existed for a long time within European intellectual traditions.

And what did the Orientalists study? In one sense, it might be said that they also did ethnographies; that is, they sought to describe the range of customs they discovered. But these were not for the most part ethnographies based on fieldwork, but rather derived from reading the texts. The persistent question that was in the back of their minds was how to explain that these "high civilizations" were not "modern" like the pan-European world. The answer the Orientalists seemed to put forth was that there was something in the composite culture of these civilizations which had "frozen" their history, and had made it impossible for them to move forward, as had the Western

Christian world, to "modernity." It followed that these countries thus required assistance from the pan-European world if they were to move forward to modernity.

The anthropologists-ethnographers studying primitive peoples and the Orientalists studying high civilizations had one epistemological commonality. They were both emphasizing the particularity of the group they were studying as opposed to analyzing generic human characteristics. Therefore they tended to feel more comfortable on the idiographic rather than the nomothetic side of the controversy. For the most part, they thought of themselves as being in the humanistic, hermeneutic camp of the two-culture split rather than the science camp.

The nineteenth century saw the spread and replication, more or less, of the departmental structures and emphases outlined here—in university after university, country after country. The structures of knowledge were taking form and the universities offered them a home. In addition, the scholars in each discipline began to create extra-university organizational structures to consolidate their turf. They created journals for their discipline. They founded national and international associations for their discipline. They even created library categories to group together the books presumably belonging to their discipline. By 1914 the labels had become rather standard. They continued to spread and largely prevail until at least 1945, in many ways right into the 1960s.

In 1945, however, the world changed in very important ways, and as a result this configuration of the social science disciplines came under significant challenge. Three things occurred at that time. First, the United States became the unquestioned hegemonic power of the world-system, and thus its university system became the most influential one. Secondly, the countries of what was now being called the Third World were the locus of political turbulence and geopolitical self-assertion. Thirdly, the combination of an economically expanding world-economy and a strong increase in democratizing tendencies led to an incredible expansion of the world university system (in terms of faculty, students, and number of universities). These three changes in tandem wreaked havoc on the neat structures of knowledge that had evolved and been consolidated in the previous 100 to 150 years.

Consider first of all the impact of U.S. hegemony and Third World self-assertion. Their joint occurrence meant that the division of labor within the social sciences—history, economics, sociology, political science to study the West; anthropology and Orientalism to study the rest—was worse than useless to policymakers in the United States. The United States needed scholars who could analyze the rise of the Chinese Communist Party more than it needed scholars who could decipher Taoist scriptures, scholars who could

interpret the force of African nationalist movements or the growth of an urban labor force more than scholars who could elaborate the kinship patterns of Bantu peoples. And neither Orientalists nor ethnographers could help very much in this regard.

There was a solution: train historians, economists, sociologists, and political scientists to study what was going on in these other parts of the world. This was the origin of a U.S. invention—"area studies"—which had an enormous impact on the university system in the United States (and then the world). But how could one reconcile what seemed to be relatively "idiographic" in nature—the study of a geographic or cultural "area"—and the "nomothetic" pretensions of economists, sociologists, political scientists, and by now even some historians? There emerged an ingenious intellectual solution to this dilemma: the concept of "development."

Development, as the term came to be used after 1945, was based on a familiar explanatory mechanism, a theory of stages. Those who used this concept were assuming that the separate units—"national societies"—all developed in the same fundamental way (thus satisfying the nomothetic demand) but at distinct paces (thus acknowledging how different the states seemed to be at the present time). Presto! One would then be able to introduce specific concepts to study the "others" at the present time while arguing that eventually, all states would turn out more or less the same. This sleight of hand had a practical side as well. It meant that the "most developed" state could offer itself as a model for the "less developed" states, urging the latter to engage in a sort of mimicry, and promising a higher standard of living and a more liberal governmental structure ("political development") at the end of the rainbow.

This obviously was a useful intellectual tool for the United States, and its government and foundations did all they could to encourage the expansion of area studies in the major (and even the minor) universities. Of course, at that time there was a cold war between the United States and the Soviet Union. The Soviet Union knew a good thing when it saw one. It too adopted the concept of stages of development. To be sure, Soviet scholars changed the terminology for rhetorical purposes, but the basic model was the same. They did however make one significant change: the Soviet Union, not the United States, was used as the model state in the Soviet version.

Now let us see what happens when we put together the impact of area studies with the expansion of the university system. Expansion meant more persons seeking the PhD degree. This seemed a good thing, but remember the requirement that a doctoral dissertation be an "original" contribution to knowledge. Every additional person doing research meant a more and more difficult search for originality. This difficulty encouraged academic poach-

ing, since originality was defined as being located within the disciplines. Persons in each discipline began to carve out subspecialties in subjects that previously had belonged to other disciplines. This led to considerable overlapping and erosion of the firm boundaries between disciplines. There were now *political* sociologists and *social* historians and every other combination of which one could think.

The changes in the real world affected the self-definition of the scholars. The disciplines that formerly specialized in the non-Western world found themselves looked upon with political suspicion in the countries they had traditionally studied. As a result, the term "Orientalism" gradually disappeared, its former practitioners often becoming historians. Anthropology was forced to redefine its focus rather radically, since both the concept of the "primitive" and the reality it was supposed to reflect were disappearing. In some ways, anthropologists "came home," beginning to study as well the countries from which the majority of them originated. As for the four other disciplines, they now for the first time had faculty members specializing in parts of the world with which their curricula had not previously been concerned. The whole distinction between modern and non-modern zones was disintegrating.

All this on the one hand led to increasing uncertainty about traditional truths (what was sometimes called the "confusion" within disciplines) and on the other hand opened the way for the heretical calling into question of some of these truths, especially by the growing number of scholars who came from the non-Western world or who were part of the cadre of newly trained Western scholars bred by area studies. In the social sciences, four debates in the period 1945–70 set the scene for the emergence of world-systems analysis: the concept of core-periphery developed by the United Nations Economic Commission for Latin America (ECLA) and the subsequent elaboration of "dependency theory"; the utility of Marx's concept of the "Asiatic mode of production," a debate that took place among communist scholars; the discussion among historians of western Europe about the "transition from feudalism to capitalism"; the debate about "total history" and the triumph of the *Annales* school of historiography in France and then in many other parts of the world. None of these debates were entirely new, but each became salient in this period, and the result was a major challenge to the social sciences as they had developed up to 1945.

Core-periphery was an essential contribution of Third World scholars. True, there had been some German geographers in the 1920s who had suggested something similar, as had Romanian sociologists in the 1930s (but then Romania had a social structure similar to that of the Third World). But it was only when Raúl Prebisch and his Latin American "young Turks" at the

ECLA got to work in the 1950s that the theme became a significant focus of social science scholarship. The basic idea was very simple. International trade was not, they said, a trade between equals. Some countries were stronger economically than others (the core) and were therefore able to trade on terms that allowed surplus-value to flow from the weaker countries (the periphery) to the core. Some would later label this process "unequal exchange." This analysis implied a remedy for the inequality: actions by the states in the periphery to institute mechanisms that would equalize the exchange over the middle run.

Of course, this simple idea left out an immense amount of detail. And it therefore led to vigorous debates. There were debates between its advocates and those who held to a more traditional view of international trade notably propounded by David Ricardo in the nineteenth century: that if all follow their "comparative advantage," all will receive maximal benefits. But there were also debates among the advocates of a core-periphery model themselves. How did it work? Who really benefited from the unequal exchange? What measures would be effective to counteract it? And to what degree did these measures require political action more than economic regulation?

It was on this latter theme that "dependency" theorists developed their amended versions of core-periphery analysis. Many insisted that political revolution would be a prerequisite for any real equalizing action. Dependency theory, as it developed in Latin America, seemed on the surface to be primarily a critique of the economic policies practiced and preached by the Western powers (especially the United States). Andre Gunder Frank coined the phrase "the development of underdevelopment" to describe the results of the policies of large corporations, major states in the core zones, and interstate agencies which promoted "free trade" in the world-economy. Underdevelopment was seen not as an original state, the responsibility for which lay with the countries that were underdeveloped, but as the consequence of historical capitalism.

But the dependency theories were making as well, even perhaps to a greater extent, a critique of Latin American communist parties. These parties had espoused a theory of stages of development, arguing that Latin American countries were still feudal or "semi-feudal" and therefore had not yet undergone a "bourgeois revolution," which they said had to precede a "proletarian revolution." They deduced that Latin American radicals needed to cooperate with so-called progressive bourgeois to bring about the bourgeois revolution, in order that subsequently the country might proceed to socialism. The *dependistas*, inspired as many were by the Cuban revolution, said that the official communist line was a mere variant of the official U.S. government line (build liberal bourgeois states and a middle class first). The

dependistas countered this line of the communist parties *theoretically*, by arguing that Latin American states were already part and parcel of the capitalist system and that therefore what was needed was socialist revolutions now.

Meanwhile, in the Soviet Union, in the east European communist states, and within the French and Italian communist parties, a debate was commencing about the "Asiatic mode of production." When Marx had, quite briefly, outlined the set of stages of economic structures through which humanity had evolved, he added a category which he found difficult to place in the linear progression he was describing. He called it the "Asiatic mode of production," using this term to describe the large, bureaucratic, and autocratic empires that had grown up historically in China and India at least. These were exactly the "high civilizations" of the Orientalists, whose writings Marx had been reading.

In the 1930s Stalin decided that he did not like this concept. He apparently thought it could be used as a description both of Russia historically and of the regime over which he then presided. He undertook to revise Marx by simply eliminating the concept from legitimate discussion. This omission created a lot of difficulties for Soviet (and other communist) scholars. They had to stretch arguments to make various moments of Russian and various Asian histories fit the categories of "slavery" and "feudalism," which remained legitimate. But one didn't argue with Joseph Stalin.

When Stalin died in 1953, many scholars seized the occasion to reopen the question and to suggest that maybe there was something in Marx's original idea. But doing that reopened the question of inevitable stages of development and therefore of developmentalism as an analytic framework and policy directive. It forced these scholars to reengage with non-Marxist social science in the rest of the world. Basically, this debate was the scholarly equivalent of the speech in 1956 by Khrushchev, then general secretary of the Communist Party of the Soviet Union (CPSU), at the XXth Party Congress in which he denounced the "personality cult" of Stalin and acknowledged "errors" in what had previously been unquestioned policy. Like Khrushchev's speech, the debate about the Asiatic mode of production led to doubts, and cracked the rigid conceptual inheritances of so-called orthodox Marxism. It made possible a fresh look at the analytic categories of the nineteenth century, eventually even those of Marx himself.

Simultaneously, a debate was going on among Western economic historians about the origins of modern capitalism. Most of the participants thought of themselves as Marxists, but they were not bound by party constraints. The debate had its origins in the publication in 1946 of Maurice Dobb's *Studies in the Development of Capitalism.* Dobb was an English

Marxist economic historian. Paul Sweezy, an American Marxist economist, wrote an article challenging Dobb's explanation of what both of them called "the transition from feudalism to capitalism." After that, many others entered the fray.

For those on Dobb's side of this debate, the issue was posed as endogenous versus exogenous explanations. Dobb found the roots of the transition from feudalism to capitalism in elements *internal* to the states, specifically in England. Sweezy was accused by Dobb and his supporters with crediting *external* factors, particularly trade flows, and ignoring the fundamental role of changes in the structure of production, and therefore of class relations. Sweezy and others responded by suggesting that England was in fact part of a large European-Mediterranean zone, whose transformations accounted for what was occurring in England. Sweezy used empirical data from the work of Henri Pirenne (non-Marxist Belgian historian and a forefather of the Annales school of historiography, who had famously argued that the rise of Islam led to a breakdown of trade routes with western Europe and to its economic stagnation). Those who supported Dobb said that Sweezy was overemphasizing the importance of trade (a so-called external variable) and neglecting the crucial role of the relations of production (a so-called internal variable).

The debate was important for several reasons. First of all, it seemed to have political implications (like the arguments of the dependistas). Conclusions about the mechanisms of the transition from feudalism to capitalism might have implications about a putative transition from capitalism to socialism (as indeed some of the participants explicitly pointed out). Secondly, the whole debate pushed many persons who were economists by training into looking more closely at historical data, which would open them up to some of the arguments that were being put forth by the Annales group in France. Thirdly, the debate was essentially about the unit of analysis, although this language was never used. The Sweezy side was raising questions about the meaningfulness of using a country, projected backward in time, as the unit within which social action should be analyzed, rather than some larger unit within which there was a division of labor (such as the European-Mediterranean zone). Fourthly, just like the debate about the Asiatic mode of production, this debate had the consequence of breaking the crust of a version of Marxism (analyzing relations of production only, and only within a state's borders) that had become more an ideology than a scholarly argument open to debate.

Those involved in this debate were almost all Anglophone scholars. The Annales group, by contrast, originated in France and for a long time had resonance only in those areas of the scholarly world where French cultural

influence was great: Italy, Iberia, Latin America, Turkey, and certain parts of eastern Europe. The Annales group had emerged in the 1920s as a protest, led by Lucien Febvre and Marc Bloch, against the highly idiographic, highly empiricist bent of dominant French historiography, which was furthermore almost exclusively devoted to political history. The Annales group argued several counterdoctrines: Historiography should be "total"—that is, it should look at the integrated picture of historical development in all social arenas. Indeed, the economic and social underpinnings of this development were thought to be more important than the political surface, and furthermore it was possible to study them systematically, not always in the archives. And long-term generalizations about historical phenomena were in fact both possible and desirable.

In the interwar years, the influence of Annales was quite minimal. Suddenly, after 1945 it blossomed, and under the direction of the second-generation leader Fernand Braudel, it came to dominate the historiographical scene in France and then in many other parts of the world. It began for the first time to penetrate the Anglophone world. Institutionally, the Annales group presided over a new university institution in Paris, an institution built on the premise that historians had to learn from and integrate the findings of the other, traditionally more nomothetic social science disciplines, and that these in turn had to become more "historical" in their work. The Braudelian era represented both an intellectual and an institutional attack on the traditional isolation of the social science disciplines from each other.

Braudel put forward a language about social times that came to inflect further work. He criticized "event-dominated" or episodic history (*histoire événementielle*), by which he meant traditional idiographic, empiricist, political historiography, as "dust." It was dust in a double sense: that it spoke about ephemeral phenomena; and that it got into our eyes, preventing us from seeing the real underlying structures. But Braudel also criticized the search for timeless, eternal truths, considering the purely nomothetic work of many social scientists as mythical. In between these two extremes, he insisted on two other social times that the two cultures had neglected: structural time (or long-lasting, but not eternal, basic structures that underlay historical systems), and the cyclical processes within the structures (or medium-run trends, such as the expansions and contractions of the world-economy). Braudel also emphasized the issue of the unit of analysis. In his first major work, he insisted that the sixteenth-century Mediterranean, which he was studying, constituted a "world-economy" (*économie-monde*), and he made the history of this world-economy the object of his study.

All four of these debates occurred essentially in the 1950s and 1960s. They largely occurred separately, without reference one to the other, and often

unbeknown one to the other. Yet collectively, they represented a major critique of the existing structures of knowledge. This intellectual upheaval was followed by the cultural shock of the revolutions of 1968. And those events brought the pieces together. The world revolution of 1968 of course primarily concerned a series of major political issues: the hegemony of the United States and its world policies, which had led it into the Vietnam war; the relatively passive attitude of the Soviet Union, which the 1968 revolutionaries saw as "collusion" with the United States; the inefficacy of the traditional Old Left movements in opposing the status quo. We shall discuss these issues later.

In the process of the upheaval, however, the revolutionaries of 1968, who had their strongest base in the world's universities, also began to raise a number of issues about the structures of knowledge. At first, they raised questions about direct political involvement of university scholars in work that supported the world status quo—such as physical scientists who did war-related research and social scientists who provided material for counterinsurgency efforts. Then they raised questions about neglected areas of work. In the social sciences, this meant the neglected histories of many oppressed groups: women, "minority" groups, indigenous populations, groups with alternative sexual dispositions or practices. But eventually, they began to raise questions about underlying epistemologies of the structures of knowledge.

It is at this point, in the early 1970s, that people began to speak explicitly about world-systems analysis as a perspective. World-systems analysis was an attempt to combine coherently concern with the unit of analysis, concern with social temporalities, and concern with the barriers that had been erected between different social science disciplines.

World-systems analysis meant first of all the substitution of a unit of analysis called the "world-system" for the standard unit of analysis, which was the national state. On the whole, historians had been analyzing national histories, economists national economies, political scientists national political structures, and sociologists national societies. World-systems analysts raised a skeptical eyebrow, questioning whether any of these objects of study really existed, and in any case whether they were the most useful loci of analysis. Instead of national states as the object of study, they substituted "historical systems" which, it was argued, had existed up to now in only three variants: minisystems; and "world-systems" of two kinds—world-economies and world-empires.

Note the hyphen in world-system and its two subcategories, world-economies and world-empires. Putting in the hyphen was intended to underline that we are talking not about systems, economies, empires *of the* (whole) world, but about systems, economies, empires *that are* a world (but quite possibly, and indeed usually, not encompassing the entire globe). This is a key initial concept to grasp. It says that in "world-systems" we are dealing with a spatial/temporal zone which cuts across many political and cultural units, one that represents an integrated zone of activity and institutions which obey certain systemic rules.

Actually, of course, the concept was initially applied primarily to the "modern world-system" which, it is argued, takes the form of a "world-economy." This concept adapted Braudel's usage in his book on the Mediterranean, and combined it with the core-periphery analysis of ECLA. The case was made that the modern world-economy was a capitalist world-economy—not the first world-economy ever but the first world-economy to survive as such for a long period and thrive, and it did this precisely by becoming fully capitalist. If the zone that was capitalist was not thought to be a state but rather a world-economy, then Dobb's so-called internal explanation of the transition from feudalism to capitalism made little sense, since it implied that the transition occurred multiple times, state by state, within the same world-system.

There was in this way of formulating the unit of analysis a further link to older ideas. Karl Polanyi, the Hungarian (later British) economic historian, had insisted on the distinction between three forms of economic organization which he called reciprocal (a sort of direct give and take), redistributive (in which goods went from the bottom of the social ladder to the top to be then returned in part to the bottom), and market (in which exchange occurred in monetary forms in a public arena). The categories of types of historical systems—minisystems, world-empires, and world-economies—seemed to be another way of expressing Polanyi's three forms of economic organization. Mini-systems utilized reciprocity, world-empires redistribution, and world-economies market exchanges.

The Prebisch categories were incorporated as well. A capitalist world-economy was said to be marked by an axial division of labor between core-like production processes and peripheral production processes, which resulted in an unequal exchange favoring those involved in core-like production processes. Since such processes tended to group together in particular countries, one could use a shorthand language by talking of core and peripheral zones (or even core and peripheral states), as long as one remembered that it was the production processes and not the states that were core-like and peripheral. In world-systems analysis, core-periphery is a *relational* concept, not a pair of terms that are reified, that is, have separate essential meanings.

What then makes a production process core-like or peripheral? It came to

be seen that the answer lay in the degree to which particular processes were relatively monopolized or relatively free market. The processes that were relatively monopolized were far more profitable than those that were free market. This made the countries in which more core-like processes located wealthier. And given the unequal power of monopolized products vis-à-vis products with many producers in the market, the ultimate result of exchange between core and peripheral products was a flow of surplus-value (meaning here a large part of the real profits from multiple local productions) to those states that had a large number of core-like processes.

Braudel's influence was crucial in two regards. First, in his later work on capitalism and civilization, Braudel would insist on a sharp distinction between the sphere of the free market and the sphere of monopolies. He called only the latter capitalism and, far from being the same thing as the free market, he said that capitalism was the "anti-market." This concept marked a direct assault, both substantively and terminologically, on the conflation by classical economists (including Marx) of the market and capitalism. And secondly, Braudel's insistence on the multiplicity of social times and his emphasis on structural time—what he called the *longue durée*—became central to world-systems analysis. For world-systems analysts, the *longue durée* was the duration of a particular historical system. Generalizations about the functioning of such a system thus avoided the trap of seeming to assert timeless, eternal truths. If such systems were not eternal, then it followed that they had beginnings, lives during which they "developed," and terminal transitions.

On the one hand, this view strongly reinforced the insistence that social science had to be historical, looking at phenomena over long periods as well as over large spaces. But it also opened, or reopened, the whole question of "transitions." Dobb and Sweezy had put forward quite different explanations of the transition from feudalism to capitalism, but they shared the sense that whatever explained the transition, it was an inevitable occurrence. This conviction reflected the Enlightenment theory of progress, which had informed both classical liberal thought and classical Marxist thought. World-systems analysts began to be skeptical about the inevitability of progress. They saw progress as a possibility rather than a certainty. They wondered whether one could even describe the construction of a capitalist world-economy as progress. Their skeptical eye allowed them to incorporate within an account of human history the realities of those systems that had been grouped under the label "Asiatic mode of production." One didn't need to worry any longer whether these structures were located at some particular point on a linear historical curve. And one could now ask why the transition

from feudalism to capitalism occurred at all (as though the possibility that it might not have occurred were a real alternative), and not assume its inevitability and look merely at what were the immediate causes of the transition.

The third element in world-systems analysis was its lack of deference to the traditional boundaries of the social sciences. World-systems analysts analyzed total social systems over the *longue durée*. Thus they felt free to analyze materials that had once been considered the exclusive concern of historians or economists or political scientists or sociologists, and to analyze them within a single analytical frame. The resulting world-systems analysis was not multidisciplinary, since the analysts were not recognizing the intellectual legitimacy of these disciplines. They were being unidisciplinary.

Of course, the triple set of critiques—world-systems rather than states as units of analysis, insistence on the *longue durée*, and a unidisciplinary approach—represented an attack on many sacred cows. It was quite expectable that there would be a counterattack. It came, immediately and vigorously, from four camps: nomothetic positivists, orthodox Marxists, state autonomists, and cultural particularists. The main criticism of each has been that its basic premises have not been accepted by world-systems analysis. This is of course correct but hardly an intellectually devastating argument.

Nomothetic positivists have argued that world-systems analysis is essentially narrative, its theorizing based on hypotheses that have not been rigorously tested. Indeed, they have often argued that many of the propositions of world-systems analysis are not disprovable, and therefore inherently invalid. In part, this is a critique of insufficient (or nonexistent) quantification of the research. In part, this is a critique of insufficient (or nonexistent) reduction of complex situations to clearly defined and simple variables. In part, this is a suggestion of the intrusion of value-laden premises into the analytic work.

Of course, this is in effect the reverse of the critique by world-systems analysis of nomothetic positivism. World-systems analysts insist that rather than reduce complex situations to simpler variables, the effort should be to complexify and contextualize all so-called simpler variables in order to understand real social situations. World-systems analysts are not against quantification per se (they would quantify what can usefully be quantified), but (as the old joke about the drunk teaches us) they feel that one should not look for the lost key only under the street lamp just because the light is better (where there are more quantifiable data). One searches for the most appropriate data in function of the intellectual problem; one doesn't choose the problem because hard, quantitative data are available. This debate can be what the French call a dialogue of the deaf. In the end, the issue is not an abstract issue about correct methodology but is about whether world-systems

analysts or rather nomothetic positivists can offer more plausible explanations of historical reality and therefore throw more light on long-term, large-scale social change.

If nomothetic positivists sometimes give the impression of insisting on a cramped and humorless set of intellectual constraints, so-called orthodox Marxists can give them a run for their money. Orthodox Marxism is mired in the imagery of nineteenth-century social science, which it shares with classical liberalism: capitalism is inevitable progress over feudalism; the factory system is the quintessential capitalist production process; social processes are linear; the economic base controls the less fundamental political and cultural superstructure. The critique by Robert Brenner, an orthodox Marxist economic historian, of world-systems analysis is a good example of this point of view.

The Marxist criticism of world-systems analysis is therefore that in discussing a core-peripheral axis of the division of labor, it is being circulationist and neglecting the productionist base of surplus-value and the class struggle between the bourgeoisie and the proletariat as the central explanatory variable of social change. World-systems analysis is charged with failing to treat non-wage-labor as anachronistic and en route to extinction. Once again, the critics are inverting criticisms leveled at them. World-systems analysts have insisted that wage-labor is only one of the many forms of labor control within a capitalist system, and not at all the most profitable one from the point of view of capital. They have insisted that the class struggle and all other forms of social struggle can be understood and evaluated only within the world-system taken as a whole. And they have insisted that states in the capitalist world-economy do not have the autonomy or isolation which makes it possible to label them as having a particular mode of production.

The state-autonomist critique is a bit the obverse of the orthodox Marxist critique. Whereas the orthodox Marxists argue that world-systems analysis ignores the determining centrality of the mode of production, the state-autonomists argue that world-systems analysis makes the political sphere into a zone whose realities are derived from, determined by, the economic base. The critiques of the sociologist Theda Skocpol and the political scientist Aristide Zolberg argue this case, inspired by the earlier work of the German historian Otto Hintze. This group insists that one cannot explain what goes on at the state level or the interstate level simply by thinking of these arenas as part of a capitalist world-economy. The motivations that govern action in these arenas, they say, are autonomous and respond to pressures other than behavior in the market.

Finally, with the rise of the various "post"-concepts linked to cultural studies, world-systems analysis has been attacked with arguments analogous

to those used by the state-autonomists. World-systems analysis is said to derive the superstructure (in this case, the cultural sphere) from its economic base and to disregard the central and autonomous reality of the cultural sphere (see for example the critique of the cultural sociologist Stanley Aronowitz). World-systems analysts are accused of having the faults both of nomothetic positivism and of orthodox Marxism, although world-systems analysts see themselves as critics of both these schools of thought. World-systems analysis is charged with being just one more version of "grand narrative." Despite the claim that world-systems analysis is devoted to "total history," it is taxed with economism, that is, with giving priority to the economic sphere over other spheres of human activity. Despite its early and strong attack against Eurocentrism, it is accused of being Eurocentric by not accepting the irreducible autonomy of different cultural identities. In short, it neglects the centrality of "culture."

Of course, world-systems analysis is indeed a grand narrative. World-systems analysts argue that all forms of knowledge activity necessarily involve grand narratives, but that some grand narratives reflect reality more closely than others. In their insistence on total history and unidisciplinarity, world-systems analysts refuse to substitute a so-called cultural base for an economic base. Rather, as we have said, they seek to abolish the lines between economic, political, and sociocultural modes of analysis. Above all, world-systems analysts do not wish to throw the baby out with the bath. To be against scientism is not to be against science. To be against the concept of timeless structures does not mean that (time-bound) structures do not exist. To feel that the current organization of the disciplines is an obstacle to overcome does not mean that there does not exist collectively arrived-at knowledge (however provisional or heuristic). To be against particularism disguised as universalism does not mean that all views are equally valid and that the search for a pluralistic universalism is futile.

What these four critiques have in common is the sense that world-systems analysis lacks a central actor in its recounting of history. For nomothetic positivism, the actor is the individual, *homo rationalis*. For orthodox Marxism, the actor is the industrial proletariat. For the state-autonomists, it is political man. For cultural particularists, each of us (different from all the others) is an actor engaged in autonomous discourse with everyone else. For world-systems analysis, these actors, just like the long list of structures that one can enumerate, are the products of a process. They are not primordial atomic elements, but part of a systemic mix out of which they emerged and upon which they act. They act freely, but their freedom is constrained by their biographies and the social prisons of which they are a part. Analyzing their prisons liberates them to the maximum degree that they can be liber-

ated. To the extent that we each analyze our social prisons, we liberate ourselves from their constraints to the extent that we can be liberated.

Lastly, it must be emphasized that for world-systems analysts, time and space—or rather that linked compound TimeSpace—are not unchanging external realities which are somehow just there, and within whose frames social reality exists. TimeSpaces are constantly evolving constructed realities whose construction is part and parcel of the social reality we are analyzing. The historical systems within which we live are indeed systemic, but they are historical as well. They remain the same over time yet are never the same from one minute to the next. This is a paradox, but not a contradiction. The ability to deal with this paradox, which we cannot circumvent, is the principal task of the historical social sciences. This is not a conundrum, but a challenge.

2 The Modern World-System as a Capitalist World-Economy

Production, Surplus Value, and Polarization

THE WORLD IN WHICH we are now living, the modern world-system, had its origins in the sixteenth century. This world-system was then located in only a part of the globe, primarily in parts of Europe and the Americas. It expanded over time to cover the whole globe. It is and has always been a *world-economy*. It is and has always been a *capitalist* world-economy. We should begin by explaining what these two terms, world-economy and capitalism, denote. It will then be easier to appreciate the historical contours of the modern world-system—its origins, its geography, its temporal development, and its contemporary structural crisis.

What we mean by a world-economy (Braudel's *économie-monde*) is a large geographic zone within which there is a division of labor and hence significant internal exchange of basic or essential goods as well as flows of capital and labor. A defining feature of a world-economy is that it is *not* bounded by a unitary political structure. Rather, there are many political units inside the world-economy, loosely tied together in our modern world-system in an interstate system. And a world-economy contains many cultures and groups—practicing many religions, speaking many languages, differing in their everyday patterns. This does not mean that they do not evolve some common cultural patterns, what we shall be calling a geoculture. It does mean that neither political nor cultural homogeneity is to be expected or found in a world-economy. What unifies the structure most is the division of labor which is constituted within it.

Capitalism is not the mere existence of persons or firms producing for sale

on the market with the intention of obtaining a profit. Such persons or firms have existed for thousands of years all across the world. Nor is the existence of persons working for wages sufficient as a definition. Wage-labor has also been known for thousands of years. We are in a capitalist system only when the system gives priority to the *endless* accumulation of capital. Using such a definition, only the modern world-system has been a capitalist system. Endless accumulation is a quite simple concept: it means that people and firms are accumulating capital in order to accumulate still more capital, a process that is continual and endless. If we say that a system "gives priority" to such endless accumulation, it means that there exist structural mechanisms by which those who act with other motivations are penalized in some way, and are eventually eliminated from the social scene, whereas those who act with the appropriate motivations are rewarded and, if successful, enriched.

A world-economy and a capitalist system go together. Since world-economies lack the unifying cement of an overall political structure or a homogeneous culture, what holds them together is the efficacy of the division of labor. And this efficacy is a function of the constantly expanding wealth that a capitalist system provides. Until modern times, the world-economies that had been constructed either fell apart or were transformed *manu militari* into world-empires. Historically, the only world-economy to have survived for a long time has been the modern world-system, and that is because the capitalist system took root and became consolidated as its defining feature.

Conversely, a capitalist system cannot exist within any framework except that of a world-economy. We shall see that a capitalist system requires a very special relationship between economic producers and the holders of political power. If the latter are too strong, as in a world-empire, their interests will override those of the economic producers, and the endless accumulation of capital will cease to be a priority. Capitalists need a large market (hence minisystems are too narrow for them) but they also need a multiplicity of states, so that they can gain the advantages of working with states but also can circumvent states hostile to their interests in favor of states friendly to their interests. Only the existence of a multiplicity of states within the overall division of labor assures this possibility.

A capitalist world-economy is a collection of many institutions, the combination of which accounts for its processes, and all of which are intertwined with each other. The basic institutions are the market, or rather the markets; the firms that compete in the markets; the multiple states, within an interstate system; the households; the classes; and the status-groups (to use Weber's term, which some people in recent years have renamed the "identities"). They are all institutions that have been created within the

framework of the capitalist world-economy. Of course, such institutions have some similarities to institutions that existed in prior historical systems to which we have given the same or similar names. But using the same name to describe institutions located in different historical systems quite often confuses rather than clarifies analysis. It is better to think of the set of institutions of the modern world-system as contextually specific to it.

Let us start with markets, since these are normally considered the essential feature of a capitalist system. A market is both a concrete local structure in which individuals or firms sell and buy goods, and a virtual institution across space where the same kind of exchange occurs. How large and widespread any virtual market is depends on the realistic alternatives that sellers and buyers have at a given time. In principle, in a capitalist world-economy the virtual market exists in the world-economy as a whole. But as we shall see, there are often interferences with these boundaries, creating narrower and more "protected" markets. There are of course separate virtual markets for all commodities as well as for capital and different kinds of labor. But over time, there can also be said to exist a single virtual world market for all the factors of production combined, despite all the barriers that exist to its free functioning. One can think of this complete virtual market as a magnet for all producers and buyers, whose pull is a constant political factor in the decision-making of everyone—the states, the firms, the households, the classes, and the status-groups (or identities). This complete virtual world market is a reality in that it influences all decision making, but it never functions fully and freely (that is, without interference). The totally free market functions as an ideology, a myth, and a constraining influence, but never as a day-to-day reality.

One of the reasons it is not a day-to-day reality is that a totally free market, were it ever to exist, would make impossible the endless accumulation of capital. This may seem a paradox because it is surely true that capitalism cannot function without markets, and it is also true that capitalists regularly say that they favor free markets. But capitalists in fact need not totally free markets but rather markets that are only partially free. The reason is clear. Suppose there really existed a world market in which all the factors of production were totally free, as our textbooks in economics usually define this—that is, one in which the factors flowed without restriction, in which there were a very large number of buyers and a very large number of sellers, and in which there was perfect information (meaning that all sellers and all buyers knew the exact state of all costs of production). In such a perfect market, it would always be possible for the buyers to bargain down the sellers to an absolutely minuscule level of profit (let us think of it as a penny), and this low level of profit would make the capitalist game entirely un-

interesting to producers, removing the basic social underpinnings of such a system.

What sellers always prefer is a monopoly, for then they can create a relatively wide margin between the costs of production and the sales price, and thus realize high rates of profit. Of course, perfect monopolies are extremely difficult to create, and rare, but quasi-monopolies are not. What one needs most of all is the support of the machinery of a relatively strong state, one which can enforce a quasi-monopoly. There are many ways of doing this. One of the most fundamental is the system of patents which reserves rights in an "invention" for a specified number of years. This is what basically makes "new" products the most expensive for consumers and the most profitable for their producers. Of course, patents are often violated and in any case they eventually expire, but by and large they protect a quasi-monopoly for a time. Even so, production protected by patents usually remains only a quasi-monopoly, since there may be other similar products on the market that are not covered by the patent. This is why the normal situation for so-called leading products (that is, products that are both new and have an important share of the overall world market for commodities) is an oligopoly rather than an absolute monopoly. Oligopolies are however good enough to realize the desired high rate of profits, especially since the various firms often collude to minimize price competition.

Patents are not the only way in which states can create quasi-monopolies. State restrictions on imports and exports (so-called protectionist measures) are another. State subsidies and tax benefits are a third. The ability of strong states to use their muscle to prevent weaker states from creating counter-protectionist measures is still another. The role of the states as large-scale buyers of certain products willing to pay excessive prices is still another. Finally, regulations which impose a burden on producers may be relatively easy to absorb by large producers but crippling to smaller producers, an asymmetry which results in the elimination of the smaller producers from the market and thus increases the degree of oligopoly. The modalities by which states interfere with the virtual market are so extensive that they constitute a fundamental factor in determining prices and profits. Without such interferences, the capitalist system could not thrive and therefore could not survive.

Nonetheless, there are two inbuilt anti-monopolistic features in a capitalist world-economy. First of all, one producer's monopolistic advantage is another producer's loss. The losers will of course struggle politically to remove the advantages of the winners. They can do this by political struggle within the states where the monopolistic producers are located, appealing to

doctrines of a free market and offering support to political leaders inclined to end a particular monopolistic advantage. Or they do this by persuading other states to defy the world market monopoly by using their state power to sustain competitive producers. Both methods are used. Therefore, over time, every quasi-monopoly is undone by the entry of further producers into the market.

Quasi-monopolies are thus self-liquidating. But they last long enough (say thirty years) to ensure considerable accumulation of capital by those who control the quasi-monopolies. When a quasi-monopoly does cease to exist, the large accumulators of capital simply move their capital to new leading products or whole new leading industries. The result is a cycle of leading products. Leading products have moderately short lives, but they are constantly succeeded by other leading industries. Thus the game continues. As for the once-leading industries past their prime, they become more and more "competitive," that is, less and less profitable. We see this pattern in action all the time.

Firms are the main actors in the market. Firms are normally the competitors of other firms operating in the same virtual market. They are also in conflict with those firms from whom they purchase inputs and those firms to which they sell their products. Fierce intercapitalist rivalry is the name of the game. And only the strongest and the most agile survive. One must remember that bankruptcy, or absorption by a more powerful firm, is the daily bread of capitalist enterprises. Not all capitalist entrepreneurs succeed in accumulating capital. Far from it. If they all succeeded, each would be likely to obtain very little capital. So, the repeated "failures" of firms not only weed out the weak competitors but are a condition sine qua non of the endless accumulation of capital. That is what explains the constant process of the concentration of capital.

To be sure, there is a downside to the growth of firms, either horizontally (in the same product), vertically (in the different steps in the chain of production), or what might be thought of as orthogonally (into other products not closely related). Size brings down costs through so-called economies of scale. But size adds costs of administration and coordination, and multiplies the risks of managerial inefficiencies. As a result of this contradiction, there has been a repeated zigzag process of firms getting larger and then getting smaller. But it has not at all been a simple up-and-down cycle. Rather, worldwide there has been a secular increase in the size of firms, the whole historical process taking the form of a ratchet, two steps up then one step back, continuously. The size of firms also has direct political implications. Large size gives firms more political clout but also makes them more

vulnerable to political assault—by their competitors, their employees, and their consumers. But here too the bottom line is an upward ratchet, toward more political influence over time.

The axial division of labor of a capitalist world-economy divides production into core-like products and peripheral products. Core-periphery is a relational concept. What we mean by core-periphery is the degree of profitability of the production processes. Since profitability is directly related to the degree of monopolization, what we essentially mean by core-like production processes is those that are controlled by quasi-monopolies. Peripheral processes are then those that are truly competitive. When exchange occurs, competitive products are in a weak position and quasi-monopolized products are in a strong position. As a result, there is a constant flow of surplus-value from the producers of peripheral products to the producers of core-like products. This has been called unequal exchange.

To be sure, unequal exchange is not the only way of moving accumulated capital from politically weak regions to politically strong regions. There is also plunder, often used extensively during the early days of incorporating new regions into the world-economy (consider, for example, the conquistadores and gold in the Americas). But plunder is self-liquidating. It is a case of killing the goose that lays the golden eggs. Still, since the consequences are middle-term and the advantages short-term, there still exists much plunder in the modern world-system, although we are often "scandalized" when we learn of it. When Enron goes bankrupt, after procedures that have moved enormous sums into the hands of a few managers, that is in fact plunder. When "privatizations" of erstwhile state property lead to its being garnered by mafia-like businessmen who quickly leave the country with destroyed enterprises in their wake, that is plunder. Self-liquidating, yes, but only after much damage has been done to the world's productive system, and indeed to the health of the capitalist world-economy.

Since quasi-monopolies depend on the patronage of strong states, they are largely located—juridically, physically, and in terms of ownership—within such states. There is therefore a geographical consequence of the core-peripheral relationship. Core-like processes tend to group themselves in a few states and to constitute the bulk of the production activity in such states. Peripheral processes tend to be scattered among a large number of states and to constitute the bulk of the production activity in these states. Thus, for shorthand purposes we can talk of core states and peripheral states, so long as we remember that we are really talking of a relationship between production processes. Some states have a near even mix of core-like and peripheral products. We may call them semiperipheral states. They

have, as we shall see, special political properties. It is however not meaningful to speak of semiperipheral production processes.

Since, as we have seen, quasi-monopolies exhaust themselves, what is a core-like process today will become a peripheral process tomorrow. The economic history of the modern world-system is replete with the shift, or downgrading, of products, first to semiperipheral countries, and then to peripheral ones. If circa 1800 the production of textiles was possibly the preeminent core-like production process, by 2000 it was manifestly one of the least profitable peripheral production processes. In 1800 these textiles were produced primarily in a very few countries (notably England and some other countries of northwestern Europe); in 2000 textiles were produced in virtually every part of the world-system, especially cheap textiles. The process has been repeated with many other products. Think of steel, or automobiles, or even computers. This kind of shift has no effect on the structure of the system itself. In 2000 there were other core-like processes (e.g. aircraft production or genetic engineering) which were concentrated in a few countries. There have always been new core-like processes to replace those which become more competitive and then move out of the states in which they were originally located.

The role of each state is very different vis-à-vis productive processes depending on the mix of core-peripheral processes within it. The strong states, which contain a disproportionate share of core-like processes, tend to emphasize their role of protecting the quasi-monopolies of the core-like processes. The very weak states, which contain a disproportionate share of peripheral production processes, are usually unable to do very much to affect the axial division of labor, and in effect are largely forced to accept the lot that has been given them.

The semiperipheral states which have a relatively even mix of production processes find themselves in the most difficult situation. Under pressure from core states and putting pressure on peripheral states, their major concern is to keep themselves from slipping into the periphery and to do what they can to advance themselves toward the core. Neither is easy, and both require considerable state interference with the world market. These semiperipheral states are the ones that put forward most aggressively and most publicly so-called protectionist policies. They hope thereby to "protect" their production processes from the competition of stronger firms outside, while trying to improve the efficiency of the firms inside so as to compete better in the world market. They are eager recipients of the relocation of erstwhile leading products, which they define these days as achieving "economic development." In this effort, their competition comes not from the core states

but from other semiperipheral states, equally eager to be the recipients of relocation which cannot go to all the eager aspirants simultaneously and to the same degree. In the beginning of the twenty-first century, some obvious countries to be labeled semiperipheral are South Korea, Brazil, and India—countries with strong enterprises that export products (for example steel, automobiles, pharmaceuticals) to peripheral zones, but that also regularly relate to core zones as importers of more "advanced" products.

The normal evolution of the leading industries—the slow dissolution of the quasi-monopolies—is what accounts for the cyclical rhythms of the world-economy. A major leading industry will be a major stimulus to the expansion of the world-economy and will result in considerable accumulation of capital. But it also normally leads to more extensive employment in the world-economy, higher wage-levels, and a general sense of relative prosperity. As more and more firms enter the market of the erstwhile quasi-monopoly, there will be "overproduction" (that is, too much production for the real effective demand at a given time) and consequently increased price competition (because of the demand squeeze), thus lowering the rates of profit. At some point, a buildup of unsold products results, and consequently a slowdown in further production.

When this happens, we tend to see a reversal of the cyclical curve of the world-economy. We talk of stagnation or recession in the world-economy. Rates of unemployment rise worldwide. Producers seek to reduce costs in order to maintain their share of the world market. One of the mechanisms is relocation of the production processes to zones that have historically lower wages, that is, to semiperipheral countries. This shift puts pressure on the wage levels in the processes still remaining in core zones, and wages there tend to become lower as well. Effective demand which was at first lacking because of overproduction now becomes lacking because of a reduction in earnings of the consumers. In such a situation, not all producers necessarily lose out. There is obviously acutely increased competition among the diluted oligopoly that is now engaged in these production processes. They fight each other furiously, usually with the aid of their state machineries. Some states and some producers succeed in "exporting unemployment" from one core state to the others. Systemically, there is contraction, but certain core states and especially certain semiperipheral states may seem to be doing quite well.

The process we have been describing—expansion of the world-economy when there are quasi-monopolistic leading industries and contraction in the world-economy when there is a lowering of the intensity of quasi-monopoly—can be drawn as an up-and-down curve of so-called A- (expansion) and B- (stagnation) phases. A cycle consisting of an A-phase followed

by a B-phase is sometimes referred to as a Kondratieff cycle, after the economist who described this phenomenon with clarity in the beginning of the twentieth century. Kondratieff cycles have up to now been more or less fifty to sixty years in length. Their exact length depends on the political measures taken by the states to avert a B-phase, and especially the measures to achieve recuperation from a B-phase on the basis of new leading industries that can stimulate a new A-phase.

A Kondratieff cycle, when it ends, never returns the situation to where it was at the beginning of the cycle. That is because what is done in the B-phase in order to get out of it and return to an A-phase changes in some important way the parameters of the world-system. The changes that solve the immediate (or short-run) problem of inadequate expansion of the world-economy (an essential element in maintaining the possibility of the endless accumulation of capital) restore a middle-run equilibrium but begin to create problems for the structure in the long run. The result is what we may call a secular trend. A secular trend should be thought of as a curve whose abscissa (or x-axis) records time and whose ordinate (or y-axis) measures a phenomenon by recording the proportion of some group that has a certain characteristic. If over time the percentage is moving upward in an overall linear fashion, it means by definition (since the ordinate is in percentages) that at some point it cannot continue to do so. We call this reaching the asymptote, or 100 percent point. No characteristic can be ascribed to more than 100 percent of any group. This means that as we solve the middle-run problems by moving up on the curve, we will eventually run into the long-run problem of approaching the asymptote.

Let us suggest one example of how this works in a capitalist world-economy. One of the problems we noted in the Kondratieff cycles is that at a certain point major production processes become less profitable, and these processes begin to relocate in order to reduce costs. Meanwhile, there is increasing unemployment in core zones, and this affects global effective demand. Individual firms reduce their costs, but the collectivity of firms finds it more difficult to find sufficient customers. One way to restore a sufficient level of world effective demand is to increase the pay levels of ordinary workers in core zones, something which has frequently occurred at the latter end of Kondratieff B-periods. This thereby creates the kind of effective demand that is necessary to provide sufficient customers for new leading products. But of course higher pay levels may mean lesser profits for the entrepreneurs. At a world level this can be compensated for by expanding the pool of wage workers elsewhere in the world, who are willing to work at a lower level of wages. This can be done by drawing new persons into the wage-labor pool, for whom the lower wage represents in fact an increase in

real income. But of course every time one draws "new" persons into the wage-labor pool, one reduces the number of persons remaining outside the wage-labor pool. There will come a time when the pool is diminished to the point where it no longer exists effectively. We are reaching the asymptote. We shall return to this issue in the last chapter when we discuss the structural crisis of the twenty-first century.

Obviously, a capitalist system requires that there be workers who provide the labor for the productive processes. It is often said that these laborers are proletarians, that is, wage-workers who have no alternative means of support (because they are landless and without monetary or property reserves). This is not quite accurate. For one thing, it is unrealistic to think of workers as isolated individuals. Almost all workers are linked to other persons in household structures that normally group together persons of both sexes and of different age-levels. Many, perhaps most, of these household structures can be called families, but family ties are not necessarily the only mode by which households can be held together. Households often have common residences, but in fact less frequently than one thinks.

A typical household consists of three to ten persons who, over a long period (say thirty years or so), pool multiple sources of income in order to survive collectively. Households are not usually egalitarian structures internally nor are they unchanging structures (persons are born and die, enter or leave households, and in any case grow older and thus tend to alter their economic role). What distinguishes a household structure is some form of obligation to provide income for the group and to share in the consumption resulting from this income. Households are quite different from clans or tribes or other quite large and extended entities, which often share obligations of mutual security and identity but do not regularly share income. Or if there exist such large entities which are income-pooling, they are dysfunctional for the capitalist system.

We first must look at what the term "income" covers. There are in fact generically five kinds of income in the modern world-system. And almost all households seek and obtain all five kinds, although in different proportions (which turns out to be very important). One obvious form is wage-income, by which is meant payment (usually in money form) by persons outside the household for work of a member of the household that is performed outside the household in some production process. Wage-income may be occasional or regular. It may be payment by time employed or by work accomplished (piecework). Wage-income has the advantage to the employer that it is "flexible" (that is, continued work is a function of the employer's need), although the trade union, other forms of syndical action by workers, and state legislation have often limited employers' flexibility in many ways. Still,

employers are almost never obligated to provide lifetime support to particular workers. Conversely, this system has the disadvantage to the employer that when more workers are needed, they may not be readily available for employment, especially if the economy is expanding. That is, in a system of wage-labor, the employer is trading not being required to pay workers in periods when they are not needed for the guarantee that the workers are available when they are needed.

A second obvious source of household income is subsistence activity. We usually define this type of work too narrowly, taking it to mean only the efforts of rural persons to grow food and produce necessities for their own consumption without passing through a market. This is indeed a form of subsistence production, and this kind of work has of course been on a sharp decline in the modern world-system, which is why we often say that subsistence production is disappearing. By using such a narrow definition, we are however neglecting the numerous ways in which subsistence activity is actually increasing in the modern world. When someone cooks a meal or washes dishes at home, this is subsistence production. When a homeowner assembles furniture bought from a store, this is subsistence production. And when a professional uses a computer to send an e-mail which, in an earlier day, a (paid) secretary would have typed, he or she is engaged in subsistence production. Subsistence production is a large part of household income today in the most economically wealthy zones of the capitalist world-economy.

A third kind of household income we might generically call petty commodity production. A petty commodity is defined as a product produced within the confines of the household but sold for cash on a wider market. Obviously, this sort of production continues to be very widespread in the poorer zones of the world-economy but is not totally absent anywhere. In richer zones we often call it free-lancing. This kind of activity involves not only the marketing of produced goods (including of course intellectual goods) but also petty marketing. When a small boy sells on the street cigarettes or matches one by one to consumers who cannot afford to buy them in the normal quantity that is packaged, this boy is engaged in petty-commodity production, the production activity being simply the disassembly of the larger package and its transport to the street market.

A fourth kind of income is what we can generically call rent. Rent can be drawn from some major capital investment (offering urban apartments for rent, or rooms within apartments) or from locational advantage (collecting a toll on a private bridge) or from capital ownership (clipping coupons on bonds, earning interest on a savings account). What makes it rent is that it is ownership and not work of any kind that makes possible the income.

Finally, there is a fifth kind of income, which in the modern world we call

transfer payments. These may be defined as income that comes to an individual by virtue of a defined obligation of someone else to provide this income. The transfer payments may come from persons close to the household, as when gifts or loans are given from one generation to the other at the time of birth, marriage, or death. Such transfer payments between households may be made on the basis of reciprocity (which in theory ensures no extra income over a lifetime but tends to smooth out liquidity needs). Or transfer payments may occur through the efforts of the state (in which case one's own money may simply be returning at a different moment in time), or through an insurance scheme (in which one may in the end benefit or lose), or through redistribution from one economic class to another.

As soon as we think about it, we all are familiar with the income-pooling that goes on in households. Picture a middle-class American family, in which the adult male has a job (and perhaps moonlights at a second), the adult female is a caterer operating out of her home, the teenage son has a paper route, and the twelve-year-old daughter babysits. Add in perhaps the grandmother who draws a widow's pension and who also occasionally babysits for a small child, and the room above the garage that is rented out. Or picture the working-class Mexican household in which the adult male has migrated to the United States illegally and is sending home money, the adult female is cultivating a plot at home, the teenage girl is working as a domestic (paid in money and in kind) in a wealthy Mexican's home, and the subteen boy is peddling small items in the town market after school (or instead of school). Each of us can elaborate many more such combinations.

In actual practice, few households are without all five kinds of income. But one should notice right away that the persons within the household who tend to provide the income may correlate with sex or age categories. That is to say, many of these tasks are gender- and age-defined. Wage-labor was for a long time largely considered the province of males between the ages of fourteen or eighteen to sixty or sixty-five. Subsistence and petty-commodity production have been for the most part defined as the province of adult women and of children and the aged. State transfer income has been largely linked to wage earning, except for certain transfers relating to child rearing. Much political activity of the last hundred years has been aimed at overcoming the gender specificity of these definitions.

As we have already noted, the relative importance of the various forms of income in particular households has varied widely. Let us distinguish two major varieties: the household where wage-income accounts for 50 percent or more of the total lifetime income, and the household where it accounts for less. Let us call the former a "proletarian household" (because it seems to be heavily dependent on wage-income, which is what the term proletarian is supposed to invoke); and let us then call the latter a "semiproletarian household" (because there is doubtless at least some wage-income for most members of it). If we do this, we can see that an employer has an advantage in employing those wage-laborers who are in a semiproletarian household. Whenever wage-labor constitutes a substantial component of household income, there is necessarily a floor for how much the wage-earner can be paid. It must be an amount that represents at least a proportionate share of the reproduction costs of the household. This is what we can think of as an *absolute* minimum wage. If, however, the wage-earner is ensconced in a household that is only semiproletarian, the wage-earner can be paid a wage *below* the absolute minimum wage, without necessarily endangering the survival of the household. The difference can be made up by additional income provided from other sources and usually by other members of the household. What we see happening in such cases is that the other producers of income in the household are in effect transferring surplus-value to the employer of the wage-earner over and above whatever surplus-value the wage-earner himself is transferring, by permitting the employer to pay less than the absolute minimum wage.

It follows that in a capitalist system employers would in general prefer to employ wage-workers coming from semiproletarian households. There are however two pressures working in the other direction. One is the pressure of the wage-workers themselves who seek to be "proletarianized," because that in effect means being better paid. And one is the contradictory pressure on the employers themselves. Against their individual need to lower wages, there is their collective longer-term need to have a large enough effective demand in the world-economy to sustain the market for their products. So over time, as a result of these two very different pressures, there is a slow increase in the number of households that are proletarianized. Nonetheless, this description of the long-term trend is contrary to the traditional social science picture that capitalism as a system requires primarily proletarians as workers. If this were so, it would be difficult to explain why, after four to five hundred years, the proportion of proletarian workers is not much higher than it is. Rather than think of proletarianization as a capitalist necessity, it would be more useful to think of it as a locus of struggle, whose outcome has been a slow if steady increase, a secular trend moving toward its asymptote.

There are classes in a capitalist system, since there are clearly persons who are differently located in the economic system with different levels of income who have differing interests. For example, it is obviously in the interest of workers to seek an increase in their wages, and it is equally obviously in the interest of employers to resist these increases, at least in general. But, as we have just seen, wage-workers are ensconced in households. It makes no sense

to think of the workers belonging to one class and other members of their household to another. It is obviously households, not individuals, that are located within classes. Individuals who wish to be class-mobile often find that they must withdraw from the households in which they are located and locate themselves in other households, in order to achieve such an objective. This is not easy but it is by no means impossible.

Classes however are not the only groups within which households locate themselves. They are also members of status-groups or identities. (If one calls them status-groups, one is emphasizing how they are perceived by others, a sort of objective criterion. If one calls them identities, one is emphasizing how they perceive themselves, a sort of subjective criterion. But under one name or the other, they are an institutional reality of the modern world-system.) Status-groups or identities are ascribed labels, since we are born into them, or at least we usually think we are born into them. It is on the whole rather difficult to join such groups voluntarily, although not impossible. These status-groups or identities are the numerous "peoples" of which all of us are members—nations, races, ethnic groups, religious communities, but also genders and categories of sexual preferences. Most of these categories are often alleged to be anachronistic leftovers of pre-modern times. This is quite wrong as a premise. Membership in status-groups or identities is very much a part of modernity. Far from dying out, they are actually growing in importance as the logic of a capitalist system unfolds further and consumes us more and more intensively.

If we argue that households locate themselves in a class, and all their members share this location, is this equally true of status-groups or identities? There does exist an enormous pressure within households to maintain a common identity, to be part of a single status-group or identity. This pressure is felt first of all by persons who are marrying and who are required, or at least pressured, to look within the status-group or identity for a partner. But obviously, the constant movement of individuals within the modern world-system plus the normative pressures to ignore status-group or identity membership in favor of meritocratic criteria have led to a considerable mixing of original identities within the framework of households. Nonetheless, what tends to happen in each household is an evolution toward a single identity, the emergence of new, often barely articulated status-group identities that precisely reify what began as a mixture, and thereby reunify the household in terms of status-group identities. One element in the demand to legitimate gay marriages is this felt pressure to reunify the identity of the household.

Why is it so important for households to maintain singular class and status-group identities, or at least pretend to maintain them? Such a homog-

enization of course aids in maintaining the unity of a household as an income-pooling unit and in overcoming any centrifugal tendencies that might arise because of internal inequalities in the distribution of consumption and decision making. It would however be a mistake to see this tendency as primarily an internal group defense mechanism. There are important benefits to the overall world-system from the homogenizing trends within household structures.

Households serve as the primary socializing agencies of the world-system. They seek to teach us, and particularly the young, knowledge of and respect for the social rules by which we are supposed to abide. They are of course seconded by state agencies such as schools and armies as well as by religious institutions and the media. But none of these come close to the households in actual impact. What however determines how the households will socialize their members? Largely how the secondary institutions frame the issues for the households, and their ability to do so effectively depends on the relative homogeneity of the households—that is, they have and see themselves as having a defined role in the historical social system. A household that is certain of its status-group identity—its nationality, its race, its religion, its ethnicity, its code of sexuality—knows exactly how to socialize its members. One whose identity is less certain but that tries to create a homogenized, even if novel, identity can do almost as well. A household that would openly avow a permanently split identity would find the socialization function almost impossible to do, and might find it difficult to survive as a group.

Of course, the powers that be in a social system always hope that socialization results in the acceptance of the very real hierarchies that are the product of the system. They also hope that socialization results in the internalization of the myths, the rhetoric, and the theorizing of the system. This does happen in part but never in full. Households also socialize members into rebellion, withdrawal, and deviance. To be sure, up to a point even such antisystemic socialization can be useful to the system by offering an outlet for restless spirits, provided that the overall system is in relative equilibrium. In that case, one can anticipate that the negative socializations may have at most a limited impact on the functioning of the system. But when the historical system comes into structural crisis, suddenly such antisystemic socializations can play a profoundly unsettling role for the system.

Thus far, we have merely cited class identification and status-group identification as the two alternative modes of collective expression for households. But obviously there are multiple kinds of status-groups, not always totally consonant one with the other. Furthermore, as historical time has moved on, the number of kinds of status-groups has grown, not diminished. In the late twentieth century, people often began to claim identities in terms

of sexual preferences which were not a basis for household construction in previous centuries. Since we are all involved in a multiplicity of status-groups or identities, the question arises whether there is a priority order of identities. In case of conflicts, which should prevail? Which does prevail? Can a household be homogeneous in terms of one identity but not in terms of another? The answer obviously is yes, but what are the consequences?

We must look at the pressures on households coming from outside. Most of the status-groups have some kind of trans-household institutional expression. And these institutions place direct pressure on the households not merely to conform to their norms and their collective strategies but to give them priority. Of the trans-household institutions, the states are the most successful in influencing the households because they have the most immediate weapons of pressure (the law, substantial benefits to distribute, the capacity to mobilize media). But wherever the state is less strong, the religious structures, the ethnic organizations, and similar groups may become the strongest voices insisting on the priorities of the households. Even when status-groups or identities describe themselves as antisystemic, they may still be in rivalry with other antisystemic status-groups or identities, demanding priority in allegiance. It is this complicated turmoil of household identities that underlies the roller coaster of political struggle within the modern world-system.

The complex relationships of the world-economy, the firms, the states, the households, and the trans-household institutions that link members of classes and status-groups are beset by two opposite—but symbiotic—ideological themes: universalism on the one hand and racism and sexism on the other.

Universalism is a theme prominently associated with the modern world-system. It is in many ways one of its boasts. Universalism means in general the priority to general rules applying equally to all persons, and therefore the rejection of particularistic preferences in most spheres. The only rules that are considered permissible within the framework of universalism are those which can be shown to apply directly to the narrowly defined proper functioning of the world-system.

The expressions of universalism are manifold. If we translate universalism to the level of the firm or the school, it means for example the assigning of persons to positions on the basis of their training and capacities (a practice otherwise known as meritocracy). If we translate it to the level of the household, it implies among other things that marriage should be contracted for reasons of "love" but not those of wealth or ethnicity or any other general particularism. If we translate it to the level of the state, it means such rules as universal suffrage and equality before the law. We are all familiar with the

mantras, since they are repeated with some regularity in public discourse. They are supposed to be the central focus of our socialization. Of course, we know that these mantras are unevenly advocated in various locales of the world-system (and we shall want to discuss why this is so), and we know that they are far from fully observed in practice. But they have become the official gospel of modernity.

Universalism is a positive norm, which means that most people assert their belief in it, and almost everyone claims that it is a virtue. Racism and sexism are just the opposite. They too are norms, but they are negative norms, in that most people deny their belief in them. Almost everyone declares that they are vices, yet nonetheless they are norms. What is more, the degree to which the negative norms of racism and sexism are observed is at least as high as, in fact for the most part much higher than, the virtuous norm of universalism. This may seem to be an anomaly. But it is not.

Let us look at what we mean by racism and sexism. Actually these are terms that came into widespread use only in the second half of the twentieth century. Racism and sexism are instances of a far wider phenomenon that has no convenient name, but that might be thought of as anti-universalism, or the active institutional discrimination against all the persons in a given status-group or identity. For each kind of identity, there is a social ranking. It can be a crude ranking, with two categories, or elaborate, with a whole ladder. But there is always a group on top in the ranking, and one or several groups at the bottom. These rankings are both worldwide and more local, and both kinds of ranking have enormous consequences in the lives of people and in the operation of the capitalist world-economy.

We are all quite familiar with the worldwide rankings within the modern world-system: men over women, Whites over Blacks (or non-Whites), adults over children (or the aged), educated over less educated, heterosexuals over gays and lesbians, the bourgeois and professionals over workers, urbanites over rural dwellers. Ethnic rankings are more local, but in every country, there is a dominant ethnicity and then the others. Religious rankings vary across the world, but in any particular zone everyone is aware of what they are. Nationalism often takes the form of constructing links between one side of each of the antinomies into fused categories, so that, for example, one might create the norm that adult White heterosexual males of particular ethnicities and religions are the only ones who would be considered "true" nationals.

There are several questions which this description brings to our attention. What is the point of professing universalism and practicing anti-universalism simultaneously? Why should there be so many varieties of anti-universalism?

Is this contradictory antinomy a necessary part of the modern world-system? Universalism and anti-universalism are in fact both operative day to day, but they operate in different arenas. Universalism tends to be the operative principle most strongly for what we could call the cadres of the world-system—neither those who are at the very top in terms of power and wealth, nor those who provide the large majority of the world's workers and ordinary people in all fields of work and all across the world, but rather an in-between group of people who have leadership or supervisory roles in various institutions. It is a norm that spells out the optimal recruitment mode for such technical, professional, and scientific personnel. This in-between group may be larger or smaller according to a country's location in the world-system and the local political situation. The stronger the country's economic position, the larger the group. Whenever universalism loses its hold even among the cadres in particular parts of the world-system, however, observers tend to see dysfunction, and quite immediately there emerge political pressures (both from within the country and from the rest of the world) to restore some degree of universalistic criteria.

There are two quite different reasons for this. On the one hand, universalism is believed to ensure relatively competent performance and thus make for a more efficient world-economy, which in turn improves the ability to accumulate capital. Hence, normally those who control production processes push for such universalistic criteria. Of course, universalistic criteria arouse resentment when they come into operation only after some particularistic criterion has been invoked. If the civil service is only open to persons of some particular religion or ethnicity, then the choice of persons within this category may be universalistic but the overall choice is not. If universalistic criteria are invoked only at the time of choice while ignoring the particularistic criteria by which individuals have access to the necessary prior training, again there is resentment. When, however, the choice is truly universalistic, resentment may still occur because choice involves exclusion, and we may get "populist" pressure for untested and unranked access to position. Under these multiple circumstances, universalistic criteria play a major social-psychological role in legitimating meritocratic allocation. They make those who have attained the status of cadre feel justified in their advantage and ignore the ways in which the so-called universalistic criteria that permitted their access were not in fact fully universalistic, or ignore the claims of all the others to material benefits given primarily to cadres. The norm of universalism is an enormous comfort to those who are benefiting from the system. It makes them feel they deserve what they have.

On the other hand, racism, sexism, and other anti-universalistic norms perform equally important tasks in allocating work, power, and privilege

within the modern world-system. They seem to imply exclusions from the social arena. Actually they are really modes of inclusion, but of inclusion at inferior ranks. These norms exist to justify the lower ranking, to enforce the lower ranking, and perversely even to make it somewhat palatable to those who have the lower ranking. Anti-universalistic norms are presented as codifications of natural, eternal verities not subject to social modification. They are presented not merely as cultural verities but, implicitly or even explicitly, as biologically rooted necessities of the functioning of the human animal.

They become norms for the state, the workplace, the social arena. But they also become norms into which households are pushed to socialize their members, an effort that has been quite successful on the whole. They justify the polarization of the world-system. Since polarization has been increasing over time, racism, sexism, and other forms of anti-universalism have become ever more important, even though the political struggle against such forms of anti-universalism has also become more central to the functioning of the world-system.

The bottom line is that the modern world-system has made as a central, basic feature of its structure the simultaneous existence, propagation, and practice of both universalism and anti-universalism. This antinomic duo is as fundamental to the system as is the core-peripheral axial division of labor.

3 The Rise of the States-System

Sovereign Nation-States, Colonies, and the Interstate System

THE MODERN STATE is a sovereign state. Sovereignty is a concept that was invented in the modern world-system. Its prima facie meaning is totally autonomous state power. But modern states in fact exist within a larger circle of states, what we have come to call the interstate system. So we shall have to investigate the degree and the content of this presumed autonomy. The historians talk of the emergence of the "new monarchies" in England, France, and Spain at the end of the fifteenth century, at just the moment of onset of the modern world-system. As for the interstate system, its ancestry is usually attributed to the development of Renaissance diplomacy on the Italian peninsula, and its institutionalization is usually thought to be the Peace of Westphalia in 1648. Westphalia, signed by most of the states of Europe, codified certain rules of interstate relations that set limits to as well as guarantees of relative autonomy. These rules were elaborated and expanded later under the rubric of international law.

The new monarchies were centralizing structures. That is, they sought to ensure that regional power structures were effectively subordinated to the overall authority of the monarch. And they sought to ensure this by strengthening (really by creating) a civil and military bureaucracy. Most crucially, they sought to give themselves strength by securing some significant taxing powers with enough personnel actually to collect the taxes.

In the seventeenth century, the rulers of these new monarchies declared themselves "absolute" monarchs. This seems to suggest that they had unlimited power. In actual fact they lacked not only unlimited power but very much power at all. Absolute monarchs merely claimed the right to have unlimited power. The term "absolute" comes from the Latin *absolutus*, which meant not that the monarch is all-powerful but that the monarch is not subject to (is absolved from) the laws and therefore cannot be legitimately constrained by any human from doing what the ruler thinks best. This allowed for arbitrary power, but it didn't mean that the monarch had effective power, which as we have said was relatively low. To be sure, the states sought through the centuries to overcome this lack of real power, and they had a certain amount of success in achieving this. Consequently, one of the secular trends of the modern world-system from its beginning (at least until about the 1970s, as we shall see) was a slow, steady increase in real state power. If we compare the real power (ability to get decisions actually carried out) of Louis XIV of France (who reigned 1661–1715), usually taken as the arch-symbol of absolute power, with say the prime minister of Sweden in the year 2000, we will see that the latter had more real power in Sweden in 2000 than Louis in France in 1715.

The major tool that the monarchs used to increase their effective power was the construction of bureaucracies. And since they at first did not have the tax revenues with which to pay for bureaucracies, they found a solution in the sale of offices, which gave the monarchs an increase in both bureaucrats and revenue—and therefore some additional power, albeit less than if they had been able to recruit bureaucrats directly, as they would at later times. Once the rulers had a minimal bureaucracy in place, they sought to use it to give the states control over all sorts of political functions: tax collection, the courts, legislation, and enforcement agencies (police and army). At the same time, they sought to eliminate or at least limit the autonomous authority of local notables in all these fields. They also sought to create an informational network to make sure that their intentions were respected. The French elaborated the institution of prefects—persons who represented the central state and were resident in the various parts of the country—and this institution was emulated in various ways by almost all modern states.

Sovereignty was a claim of authority not only internally but externally—that is, vis-à-vis other states. It was first of all a claim of fixed boundaries, within which a given state was sovereign, and therefore within which no other state had the right to assert any kind of authority—executive, legislative, judicial, or military. To be sure, these claims of the states that other states should not "interfere" in their domestic affairs have always been more honored in the breach than sedulously observed. But the mere claim has nonetheless served to constrain the degree of interference. Nor have borders been unchanging. Border claims between states have been constant and

recurrent. Nonetheless, at any given moment there almost always exist de facto realities about the borders within which sovereignty is exercised.

There is one further fundamental feature of sovereignty. It is a claim, and claims have little meaning unless they are recognized by others. Others may not *respect* the claims, but that is in many ways less important than that they *recognize* them formally. Sovereignty is more than anything else a matter of legitimacy. And in the modern world-system, the legitimacy of sovereignty requires reciprocal recognition. Sovereignty is a hypothetical trade, in which two potentially (or really) conflicting sides, respecting de facto realities of power, exchange such recognitions as their least costly strategy.

Reciprocal recognition is a fundament of the interstate system. There have often been entities that have proclaimed their existence as sovereign states but failed to receive the recognition of most other states. But without such recognition, the proclamation is relatively worthless, even if the entity retains de facto control of a given territory. Such an entity is in a perilous condition. However, at any given time most states are recognized by all other states. There are usually nonetheless a few putative states which are recognized by no one, or sometimes by only one or two other states (which in effect are protector states). The most difficult situation is that in which a state is recognized by a significant number of other states but is also not recognized by a significant number. This situation may occur in the wake of secessions or revolutionary changes in regimes. Such a split in the recognition process creates a dilemma and a tension in the interstate system which the states concerned eventually will try to resolve, in one direction or the other.

We can easily find three examples of the variety of possible situations in the world-system in the first decade of the twenty-first century. The United States and Cuba, although politically hostile to each other, did not contest each other's sovereignty, nor did other countries. In a second case, in China, the proclamation of the People's Republic in 1949—with the new government gaining de facto control of the mainland and the previous government effectively retreating to Taiwan while still claiming nonetheless to be the sovereign authority of the Republic of China as a whole—created one of those middle situations in which part of the world recognized one government and part the other as the sovereign authority of all of China. This situation was largely resolved in the 1970s, when the United Nations recognized the credentials of the People's Republic of China for China's seat in the General Assembly and Security Council and withdrew the credentials of the Republic of China (which controlled de facto only Taiwan). This step occurred at about the same time as the United States and then many other countries recognized the legitimacy of the People's Republic as the sole

government of "one China," while not disturbing de facto control of Taiwan by the erstwhile government of China. After that, there remained only a few (mostly small) countries which continued to recognize the Republic of China as the legitimate government of the whole of China, but the overwhelming balance was on the side of the People's Republic. The third situation was that of the Turkish Republic of Northern Cyprus. It claimed to be a sovereign state and had de facto authority on the northern half of the island. But it was recognized as sovereign only by Turkey. It therefore had no international legitimacy, the rest of the world still acknowledging the theoretical sovereignty of Cyprus over the land area occupied by the Turkish Republic of Northern Cyprus. Were it not for the strong (ultimately military) support of Turkey, the Turkish Republic of Northern Cyprus would have soon ceased to exist. We see in these three instances the crucial role of reciprocal recognition.

We might look at one hypothetical, but plausible, situation. Suppose, when the Parti Québécois first came to power in Quebec in 1976, it had immediately declared Quebec to be a sovereign state (which was after all the principal program of the party), and suppose that the Canadian government had vigorously opposed this, politically and perhaps militarily. Suppose then that France had recognized Quebec, Great Britain had refused to do so, and the United States had tried to remain neutral. What might have happened, and would Quebec have been a sovereign state?

Reciprocity also operates internally, although we conventionally use a different language to describe it. Local authorities must "recognize" the sovereign authority of the central state, and in a sense the central authority must recognize the legitimate authority and define the sphere of the local authorities. In many countries, this mutual recognition is enshrined in a constitution or in specific legislation that specifies the division of power between center and localities. This agreement can and often does break down. If the breakdown is serious, we have what is called a civil war. Such a war may be won by the center. But it may also be won by the local authority or authorities, and in this case, there may be either a revision of the rules governing the division of powers in the existing state boundaries or the creation of one or more new sovereign states through secession, which then poses the issue for the newly created states of obtaining recognition in the interstate arena. The breakup of Yugoslavia is a good example of this, a breakup which left somewhat unresolved several questions of boundaries and autonomies, such that a decade after the breakup there existed de facto boundaries which were still being contested.

Sovereignty thus is a legal claim with major political consequences. It is because of these consequences that issues involving sovereignty are central

to political struggle, both internally within states and internationally between states. From the point of view of entrepreneurs operating in the capitalist world-economy, the sovereign states assert authority in at least seven principal arenas of direct interest to them: (1) States set the rules on whether and under what conditions commodities, capital, and labor may cross their borders. (2) They create the rules concerning property rights within their states. (3) They set rules concerning employment and the compensation of employees. (4) They decide which costs firms must internalize. (5) They decide what kinds of economic processes may be monopolized, and to what degree. (6) They tax. (7) Finally, when firms based within their boundaries may be affected, they can use their power externally to affect the decisions of other states. This is a long list, and just looking at it makes one realize that from the point of view of firms, state policies are crucial.

The relationship of states to firms is a key to understanding the functioning of the capitalist world-economy. The official ideology of most capitalists is laissez-faire, the doctrine that governments should not interfere with the working of entrepreneurs in the market. It is important to understand that as a general rule, entrepreneurs assert this ideology loudly but do not really want it to be implemented, or at least not fully, and certainly do not usually act as though they believed it was sound doctrine.

Let us start with boundaries. A sovereign state has in theory the right to decide what may cross its boundaries, and under what conditions. The stronger the state, the larger its bureaucratic machinery and therefore the greater its ability to enforce decisions concerning trans-boundary transactions. There are three principal kinds of trans-boundary transactions: the movement of goods, of capital, and of persons. Sellers wish for their goods to traverse boundaries without interference and without taxation. On the other hand, competing sellers within the boundaries being entered may very much want the state to interfere by imposing quotas or tariffs, or by giving subsidies to their own products. Any decision that the state takes favors one entrepreneur or the other. There does not exist a neutral position. The same is true of capital flows.

The trans-boundary movement of persons has always been the most closely controlled, and of course concerns firms in that it concerns workers. In general, the influx of workers from one country to another is a market plus for entrepreneurs in the receiving country and a market minus for those already resident in the receiving country, if one uses a simple short-run supply and demand model. This leaves out of the picture two elements that may very much be central to the debate: the impact on the internal social structure of any given country of immigration; and the long-run economic impact of immigration (which might be quite positive even if the

short-run impact is quite negative, at least for some persons). Once again, there exists no neutral position.

Property rights are of course the centerpiece of the capitalist system. There is no way to accumulate capital endlessly unless one can hold on to the capital that one has accumulated. Property rights are all those laws which limit the ways in which the state can confiscate the money, extended kin can lay claim to a share in the money, and others can steal the money. In addition, the capitalist system operates on the basis of a minimum level of reciprocal trust in the honesty of transactions, and thus preventing fraud is a major social requirement. This is all so obvious that it seems scarcely worth saying. But of course the key actor in this protection of property rights is the state, which alone has the legitimate right to set the rules. Obviously, none of these rights are without some limits. And of course there are many actions whose description as protected property rights is a matter of debate. Differences lead to conflicts which must then be adjudicated—by the courts of the states. But without some state-guaranteed protections, the capitalist system cannot function at all.

Entrepreneurs have long acted, and still often do act, as if the arena in which they are most anxious that the state abstain from setting rules is the workplace. They are particularly concerned about all matters governing their relation to those they employ—levels of recompense, conditions of work, length of the work week, assurances of safety, and modes of hiring and firing. Workers, on the contrary, have long demanded that the state interfere in precisely these questions to help them achieve what they consider reasonable work situations. Obviously such state interference tends to strengthen workers in the short run in their conflicts with employers, so their approbation is usually a given. But many entrepreneurs have also seen that in the long run, state interference may be of use to them as well. Ensuring long-term labor supply, creating effective demand, and minimizing social disorder may all be in part consequences of such state interference in the workplace. Consequently a certain amount of interference may be very welcome to employers—at least to those which are larger and are operating according to longer-run perspectives.

One of the less noticed corners in which the state's role is crucial to firms is in deciding what proportion of the costs of production is actually paid by the firm. Economists speak quite often of costs being externalized. What this means is that a certain part of the costs of production are shifted from the balance sheet of the firm to that amorphous external entity, society. The possibility of externalizing costs may seem to run counter to a basic premise of capitalist activity. Presumably a firm produces for profit, the profit consisting of the difference between sales receipts and costs of production. The

profit is then a reward for efficient production. The tacit assumption—and the moral justification of the profits—is that the producer is paying all the costs.

In practice, however, it does not work that way. The profit is a reward not merely for efficiency but for greater access to the assistance of the state. Few producers pay all the costs of their production. There are three different costs that are normally externalized in significant measure: costs of toxicity; costs of exhaustion of materials; costs of transport. Almost all production processes involve some kind of toxicity, that is, some kind of residual damage to the environment, whether it is disposal of material or chemical waste, or simply long-term transformation of the ecology. The least expensive way for a producer to deal with waste is to cast it aside, outside its property. The least expensive way to deal with transformation of the ecology is to pretend it isn't happening. Both ways reduce the immediate costs of production. But these costs are then externalized, in the sense that either immediately or, more usually, much later, someone must pay for the negative consequences, by means of either a proper cleanup or restitution of the ecology. This someone is everyone else—the taxpayers in general, through their instrumentality the state.

The second mode of externalizing costs is to ignore the exhaustion of materials. In the end, all production processes use some primary materials, organic or inorganic, which are part of the transformation processes that result in a "final" good sold on the market. Primary materials are exhaustible, some quite speedily, some extremely slowly, most at some intermediate pace. Once again, replacement costs are almost never part of the internalized costs of production. Thus eventually, the world has either to renounce the use of such materials or seek to replace them in some way. In part, it does so by innovation, and one can make an argument that in this case the economic cost of non-replacement is small or nil. But in many other cases this is not possible, and then the state must step in once again to engage in the process of restoring or re-creating the materials, and this is of course paid for by someone other than those who pocketed the profits. A good example of materials that have not been adequately replaced is the world wood supply. The forests of Ireland were cut down in the seventeenth century. And throughout the history of the modern world-system, we have been cutting down forests of all kinds without replacing them. Today we discuss the consequences of not protecting what is considered the *last* major rain forest in the entire world, the Amazon area in Brazil.

Finally, there is the cost of transport. While it is true that firms generally pay fees for transporting goods coming to them or from them, they seldom pay the full costs. Creating the necessary infrastructure of transportation—

bridges, canals, railway networks, airports—represents a very large cost, and this cost is normally borne, in large part, not by the firms which make use of the infrastructure but by the collectivity. The justification is that the costs are so massive, and the reward for an individual firm so small, that the infrastructure would never come into existence without a large input of costs from the state. This may well be true, if perhaps exaggerated, but it is further evidence of the critical role of state involvement in the process of the endless accumulation of capital.

We have already discussed how central the creation of monopolies or rather quasi-monopolies are to the accumulation of capital. We need only remember that every decision to make possible a quasi-monopoly of any kind, whatever the mechanism, represents an advantage to some but a disadvantage to others. Here as elsewhere, there exist no neutral positions for the state in enabling capital accumulation. For capital accumulation is always capital accumulation by particular persons, firms, or entities. And competition between capitalists is unavoidable in a capitalist system.

In discussions of state "interference" with firms, it is most often noted that states tax. Of course they do. They could not exist without taxation. And we have noticed how the most crucial element in the establishment of the state structures was acquiring not the authority but the effective ability to tax. No one, it is said, likes taxes. In fact the opposite is true, although few avow it. Everyone—firms and workers alike—wants the things that states can offer them with the money that the states have obtained through taxation. There are basically two problems that people have with taxes. One is the feeling or suspicion that the states are using the taxes not to help the honest taxpayers we all assume ourselves to be, but to help others (the politicians, the bureaucrats, rival firms, the poor and undeserving, even foreigners). To this extent we wish taxes to be lower, and these undesirable uses of the taxes to cease. The second complaint about taxes is of course true: the money that is taxed is money that otherwise would have been available to each person to spend at his or her own discretion. So basically, one is yielding control over this money to some collective body, which is deciding how to spend it.

In point of fact, most people and most firms are willing to be taxed in order to provide the minimum services that each person and each firm thinks will serve its interests. But no one is willing, or ready, to be taxed more than that. The question is always the location of the line which separates legitimate from illegitimate levels of taxation. Since persons and firms have different interests, they draw the line differently. And since, in addition to the amount of taxes, the state can and does choose among a vast array of modes of taxation, persons and firms prefer those modes which affect them least and others most. It is no wonder then that taxes are certain and that tax

struggles are endemic to politics in the modern world. The state cannot be neutral, but it can certainly affect seriously the benefits that firms and persons will derive from its tax policies.

Finally, we have been discussing the role of the state in relation to firms as though this were a matter internal to the state's boundaries. But of course firms are affected by the decisions not only of their own state but of many other states, insofar as their goods, capital, or personnel cross or have crossed state boundaries, a process that is constant and massive. Few firms can afford to be indifferent to the policies of states which are not their own, in terms of domiciliation. The question is how the firms can deal with these other states. And the answer is in two ways—directly and indirectly. The direct way is to behave as though they were domiciled in the other state, and to use all the mechanisms and arguments they would use with their own—bribery, political pressure, exchange of advantages. This may suffice, but often the "foreign" firm is at a considerable disadvantage in the local political arena. If the "foreign" firm is domiciled in a "strong" state, it can appeal to its own state to use state power to put pressure on the other state to get it to accede to the needs and demands of the strong state's entrepreneurs. And of course, this process is central to the life of the interstate system. In the last third of the twentieth century, U.S. manufacturers of automobiles and steel,and airlines, were not shy about asking the U.S. government to pressure Japan and western Europe to change their policies in ways that would improve the position of U.S. manufacturers and the access that U.S. air carriers had to transoceanic traffic rights.

The large majority of the population in any state is accounted for by the households of those who work for the firms and other organizations. The capitalist system provides for a certain mode of dividing up the surplus-value that is produced, and obviously at any given moment this is a zero-sum game. The larger the portion allocated to the accumulation of capital, the smaller the one that can be allocated as compensation for those who work for the production units creating this surplus-value. One of the basic realities is that this division of the surplus-value has some limits (it cannot be 100 percent one way and 0 percent the other), but the gamut of possibilities in between is very large, certainly in the short run, and even in the longer run up to a point.

It follows logically that there will be a constant struggle over this allocation of the surplus-value. This is what has been called the class struggle. Whatever one feels about the politics of the class struggle, it is an unavoidable analytic category, which can be verbally disguised but never ignored. And it is quite clear that in this ongoing class struggle (which is no doubt a very complex phenomenon, with no simple binary distribution of loyalties),

the state is a central actor in shifting the allocation in one direction or the other. Hence, both sides organize politically to put pressure on the state as an executive and legislative structure. If one takes a long view of the internal politics of the multiple states throughout the history of the capitalist world-economy, one can see that it took quite a while, several centuries, before the working strata were able to organize themselves sufficiently to play the political game with any minimal degree of efficacy.

The historic turning-point was undoubtedly the French Revolution. For the French Revolution brought about the two fundamental changes in the geoculture of the modern world-system that we have already noted: it made change, political change, into a "normal" phenomenon, something inherent in the nature of things and in fact desirable. This was the political expression of the theory of progress that was so central to Enlightenment ideas. And secondly, the French Revolution reoriented the concept of sovereignty, from the monarch or the legislature to the people. When the genie of the people as sovereign escaped from the bottle, it would never be put back inside. It became the common wisdom of the entire world-system.

One of the central consequences of the idea that the people were sovereign is that the people were now defined as "citizens." Today, the concept is so elementary that we find it hard to understand how radical was the shift from "subjects" to "citizens." To be a citizen meant to have the right to participate, on an equal level with all other citizens, in the basic decisions of the state. To be a citizen meant that there were no persons with statuses higher than that of citizen (such as aristocrats). To be a citizen meant that everyone was being accepted as a rational person, capable of political decision. The logical consequence of the concept of citizen was universal suffrage. And as we know, the political history of the following 150 years was one of steady expansion of the suffrage in country after country.

Today, virtually every country claims that its citizens are all equal, and exercise their sovereignty through a system of universal suffrage. Except we know that in reality this is not really so. Only part of the population exercises the full rights of citizenship in most countries. For if the people are sovereign, we must then decide who falls within the category of the people, and many, it turns out, are excluded. There are some exclusions which seemed "obvious" to most people: those who are merely visitors to the country (aliens); those who are too young to have judgment; those who are insane. But what about women? And persons from minority ethnic groups? And those without property? And those who are imprisoned as felons? Once one starts on the path of enumerating the exceptions to the term "people," the list can get very long. The "people," which began as a concept of inclusion, turned rather quickly into a concept of exclusion.

As a consequence, the politics of inclusion and exclusion became a centerpiece of national politics throughout the following two centuries. Those who were excluded sought to be included, and those who were already included were most often inclined to keep eligibility for citizens' rights defined narrowly, maintaining the exclusions. This meant that those who were seeking inclusion had to organize outside the parliamentary channels in order for their cause to be heard. That is, quite simply, they had to engage in demonstrative, rebellious, sometimes revolutionary activity.

This led to a great strategic debate among the powerful in the early nineteenth century. On the one hand, there were those whose fears led them to feel that these movements had to be suppressed (and indeed the very idea of popular sovereignty rejected). They called themselves conservatives and extolled "traditional" institutions—the monarchy, the church, the notables, the family—as bulwarks against change. But opposed to them was another group which thought that this strategy was doomed to failure, and that only by accepting the inevitability of *some* change could they limit the degree and the speed of the change. This group called themselves liberals, and they extolled the educated individual as the model citizen and the specialist as the only person who could wisely determine the details of social and political decisions. They argued that all others should slowly be admitted to full citizens' rights when their education had become sufficient to enable them to make balanced choices. By embracing progress, the liberals sought to frame its definition in such a way that the "dangerous classes" would become less dangerous and those with "merit" would play the key roles in political, economic, and social institutions. There was of course a third group, the radicals, who would associate themselves with the antisystemic movements, indeed lead them for the most part.

In this trinity of ideologies that emerged in the wake of the French Revolution—conservatism, liberalism, and radicalism—it was the centrist liberals who succeeded in dominating the scene in the world-system, at least for a very long time. Their program of modulated change would be enacted everywhere, and they would persuade both the conservatives and the radicals to modulate their positions such that both conservatives and radicals came in practice to be virtual avatars of centrist liberalism.

The politics of all these movements were affected by the strength of the states in which they were located. As we know, some states are stronger than other states. But what does it mean to be a strong state internally? Strength certainly is not indicated by the degree of arbitrariness or ruthlessness of the central authority, although this is a frequent criterion that many observers use. Dictatorial behavior by state authorities is more often a sign of weakness than of strength. Strength of states is most usefully defined as the ability to

get legal decisions actually carried out. (Remember our earlier example of Louis XIV versus a contemporary prime minister of Sweden.) One simple measure that one might use is the percentage of taxes levied that are actually collected and reach the taxing authority. Tax evasion is of course pandemic. But the difference between what strong states can collect (somewhere near 80 percent) and what weak states can collect (more like 20 percent) is enormous. The lower figure is explained by a weaker bureaucracy, and the inability to collect taxes in turn deprives the state of the funds with which to strengthen the bureaucracy.

The weaker the state, the less wealth can be accumulated through economically productive activities. This consequently makes the state machinery itself a prime locus, perhaps the prime locus, of wealth accumulation—through larceny and bribery, at high and low levels. It is not that this does not occur in strong states—it does—but that in weak states it becomes the preferred means of capital accumulation, which in turn weakens the ability of the state to perform its other tasks. When the state machinery becomes the main mode of capital accumulation, all sense of regular transfer of office to successors becomes remote, which leads to wildly falsified elections (if any are held at all) and rambunctious transfers of power, which in turn necessarily expands the political role of the military. States are, in theory, the only legitimate users of violence and should possess the monopoly of its use. The police and military are the prime vehicle of this monopoly, and in theory are merely instruments of state authorities. In practice, this monopoly is diluted, and the weaker the state, the more it is diluted. As a result it is very difficult for political leaders to maintain effective control of the country, and this in turn increases the temptation for the military to take control of the executive directly whenever a regime seems unable to guarantee internal security. What is crucial to note is that these phenomena are not the result of wrong policies but of the endemic weakness of state structures in zones where the large majority of production processes are peripheral and are therefore weak sources of capital accumulation. In states that have raw materials which are very lucrative on the world market (such as oil), the income available to the states is essentially rent, and here too the actual control of the machinery guarantees that much of the rent can be siphoned off into private hands. It is no accident then that such states fall frequently into situations in which the military assumes direct rule.

Finally, we should underline the degree to which weakness means the relative strength of local notables (barons, warlords) who are able to enforce their control over non-state regions by control of some local military forces, combined often with some local legitimation (of ethnicity or traditional family or aristocratic dominance). In the twentieth century, some of this

local authority came to be acquired by movements that began as national antisystemic movements and, in the course of struggle, transmuted themselves into local fiefdoms. Such local baronies tend to bring out the mafioso side of capitalist entrepreneurial activity. Mafias are basically predators that feed on the production process. When there are non-monopolized products, which are not highly profitable for the individual firm, one of the few ways in which one can accumulate large sums of capital is to establish a monopolistic funnel through which production passes, and to do so by the use of non-state force. Mafias are notorious for their involvement in illegal products (such as drugs) but are often involved in quite legal forms of production activity as well. And mafia-style capitalist activity is of course dangerous and inherently life-threatening to the mafias themselves. Hence historically mafiosi, once successful in accumulating capital, seek (often in the very next generation) to launder their money and transform themselves into legal entrepreneurs. But of course wherever tight state control breaks down or is limited, there are always new mafias that emerge.

One of the ways in which states try to reinforce their authority and to become stronger and diminish the role of mafias is to transform their population into a "nation." Nations are to be sure myths in the sense that they are all social creations, and the states have a central role in their construction. The process of creating a nation involves establishing (to a large degree inventing) a history, a long chronology, and a presumed set of defining characteristics (even if large segments of the group included do not in fact share those characteristics).

We should think of the concept "nation-state" as an asymptote toward which all states aspire. Some states claim that they do not, that they are "multinational," but in fact even such states seek to create a pan-state identity. A good example is the Soviet Union which, when it existed, claimed that it was multinational, but also promoted the idea of a "Soviet" people. The same is true of Switzerland or Canada. Nationalism is a status-group identity, perhaps the one most crucial to maintaining the modern world-system, based as it is on a structure of sovereign states located within an interstate system. Nationalism serves as the minimal cement of state structures. If one looks closely, nationalism is not a phenomenon merely of weak states. It is in fact extremely strong in the wealthiest states, even if it is publicly invoked less frequently than in states of middling strength. Once again, the public pursuit of nationalist themes on the part of state leaders should be analyzed as an attempt to strengthen the state, not evidence that the state is already strong. Historically, the states have had three main modes of creating nationalism: the state school system, service in the armed forces, and public ceremonies. All three are in constant use.

States, as we have emphasized, exist within the framework of an interstate system, and their relative strength is not merely the degree to which they can effectively exercise authority internally but the degree to which they can hold their heads high in the competitive environment of the world-system. All states are theoretically sovereign, but strong states find it far easier to "intervene" in the internal affairs of weaker states than vice versa, and everyone is aware of that.

Strong states relate to weak states by pressuring them to keep their frontiers open to those flows of factors of production that are useful and profitable to firms located in the strong states, while resisting any demands for reciprocity in this regard. In the debates on world trade, the United States and the European Union are constantly demanding that states in the rest of the world open their frontiers to flows of manufactures and services from them. They however quite strongly resist opening fully their own frontiers to flows of agricultural products or textiles that compete with their own products from states in peripheral zones. Strong states relate to weak states by pressuring them to install and keep in power persons whom the strong states find acceptable, and to join the strong states in placing pressures on other weak states to get them to conform to the policy needs of the strong states. Strong states relate to weak states by pressuring them to accept cultural practices—linguistic policy; educational policy, including where university students may study; media distribution—that will reinforce the long-term linkage between them. Strong states relate to weak states by pressuring them to follow their lead in international arenas (treaties, international organizations). And while strong states may buy off the individual leaders of weak states, weak states as states buy the protection of strong states by arranging appropriate flows of capital.

Of course, the weakest states are those we call colonies, by which we mean administrative units that are defined as non-sovereign and fall under the jurisdiction of another state, normally distant from it. The origin of modern colonies is in the economic expansion of the world-system. In this expansion, strong states at the core tried to incorporate new zones into the processes of the modern world-system. Sometimes they encountered bureaucratic units which were strong enough to become defined as sovereign states even if not strong enough to stay out of the expanding world-system. But often the militarily strong states (mostly located in western Europe, but the United States, Russia, and Japan must be added to the list) encountered areas where the political structures were quite weak. To ensure the incorporation of such areas into the world-system in a satisfactory manner, these areas were conquered and colonial regimes installed.

The colonies performed internally the same kinds of functions that sov-

ereign states performed: they guaranteed property rights; they made decisions about traversal of boundaries; they arranged modes of political participation (almost always extremely limited); they enforced decisions about the workplaces and often decided on what kinds of production were to be pursued or favored in the colony. But of course the personnel who made these decisions were overwhelmingly persons sent out by the colonizing power and not persons of the local population. The colonial powers justified their assumption of authority and the distribution of roles to persons from the "metropolitan" country by a combination of arguments: racist arguments about the cultural inferiority and inadequacy of the local populations; and self-justifying arguments about the "civilizing" role the colonial administration was performing.

The basic reality was that the colonial state was simply the weakest kind of state in the interstate system, with the lowest degree of real autonomy, and therefore maximally subject to exploitation by firms and persons from a different country, the so-called metropolitan country. Of course, one of the objectives of the colonizing power was not merely to ensure its control of the production processes in the colony but also to make sure that no other relatively strong state in the world-system could have access to the resources or the markets of the colony, or at most minimal access. It was therefore inevitable that at some point, there should come to be political mobilization of the populations of the colonies in the form of movements of national liberation, whose object would be defined as obtaining independence (that is, the status of a sovereign state) as the first step on the path to improving the relative position of the country and its populations in the world-economy.

However, paying attention only to the relationship of strong states to weak states can lead us to neglect the very crucial relation of strong states to strong states. Such states are by definition rivals, bearing responsibility to different sets of rival firms. But as in the competition between large firms, the competition between strong states is tempered by a contradiction. While each is against the other in a sort of putative zero-sum game, they have a common interest in holding together the interstate system, and the modern world-system as a whole. So the actors are pushed simultaneously in opposite directions: toward an anarchic interstate system and toward a coherent and orderly interstate system. The result, as might be expected, is structures that are normally in between the two types.

In this contradictory struggle, we should not neglect the special role of the semiperipheral states. These states, of intermediate strength, spend their energy running very fast in order at the very least to stay in their intermediate place, but hoping as well that they may rise on the ladder. They use state

power in the internal and interstate arena quite consciously to raise the status of their state as a producer, as an accumulator of capital, and as a military force. Their choice is ultimately quite simple: either they will succeed in moving up the hierarchical ladder (or at least staying put) or they will be pushed down.

They must choose their alliances and their economic opportunities carefully and swiftly. For semiperipheral states are primarily in competition with each other. If, for example, during a Kondratieff B-phase there is significant relocation of an erstwhile leading industry, it will usually go to semiperipheral countries. But not, however, to all of them; perhaps only to one or two of them. There is not enough space in the production structure of the whole system to permit this kind of relocation (called "development") simultaneously in too many countries. Which one of perhaps fifteen countries will be the locus of such relocation is not easy to determine in advance or even to explain in retrospect. What is easy to grasp is that not every country can be so favored, or profits would plummet downward too rapidly and too steeply.

The competition between strong states and the efforts of semiperipheral states to increase their status and their power result in an ongoing interstate rivalry which normally takes the form of a so-called balance of power, by which one means a situation in which no single state can automatically get its way in the interstate arena. This does not mean that the stronger states do not attempt to achieve precisely this degree of power. There are however two quite different ways in which states might realize dominance. One is to transform the world-economy into a world-empire. The second is to obtain what may be called hegemony in the world-system. It is important to distinguish the two modalities, and to understand why no state has been able to transform the modern world-system into a world-empire but several states have, at different times, achieved hegemony.

By a world-empire we mean a structure in which there is a single political authority for the whole world-system. There have been several serious attempts to create such a world-empire in the last five hundred years. The first was that of Charles V in the sixteenth century (continued in weakened form by his heirs). The second was that of Napoleon at the beginning of the nineteenth century. The third was that of Hitler in the mid-twentieth century. All were formidable; all were ultimately defeated and unable to consummate their goals.

On the other hand, three powers achieved hegemony, albeit for only relatively brief periods. The first was the United Provinces (today called the Netherlands) in the mid-seventeenth century. The second was the United Kingdom in the mid-nineteenth century. And the third was the United States in the mid-twentieth century. What allows us to call them hegemonic

is that for a certain period they were able to establish the rules of the game in the interstate system, to dominate the world-economy (in production, commerce, and finance), to get their way politically with a minimal use of military force (which however they had in goodly strength), and to formulate the cultural language with which one discussed the world.

There are two questions to ask. The first is why transforming the world-economy into a world-empire was never possible, whereas achieving hegemony within it was. The second is why hegemony never lasted. In a sense, given all our previous analysis, it is not too difficult to answer these puzzles. We have seen that the peculiar structure of a world-economy (a single division of labor, multiple state structures albeit within an interstate system, and of course multiple cultures albeit with a geoculture) is peculiarly consonant with the needs of a capitalist system. A world-empire, on the other hand, would in fact stifle capitalism, because it would mean that there was a political structure with the ability to override a priority for the endless accumulation of capital. This is of course what had happened repeatedly in all the world-empires that had existed before the modern world-system. Thus, whenever some state seemed intent on transforming the system into a world-empire, it found that it faced eventually the hostility of most important capitalist firms of the world-economy.

How then could states even achieve hegemony? Hegemony, it turns out, can be very useful to capitalist firms, particularly if these firms are linked politically with the hegemonic power. Hegemony typically occurs in the wake of a long period of relative breakdown of world order in the form of "thirty years' wars"—wars, that is, that implicate all the major economic loci of the world-system and have historically pitted an alliance grouped around the putative constructor of a world-empire against an alliance grouped around a putative hegemonic power. Hegemony creates the kind of stability within which capitalist enterprises, especially monopolistic leading industries, thrive. Hegemony is popular with ordinary people in that it seems to guarantee not merely order but a more prosperous future for all.

Why not then hegemony forever? As with quasi-monopolies in production, quasi-absolute power in hegemonies self-destructs. To become a hegemonic power, it is crucially important to concentrate on efficiencies of production which lay the base for the hegemonic role. To maintain hegemony, the hegemonic power must divert itself into a political and military role, which is both expensive and abrasive. Sooner or later, usually sooner, other states begin to improve their economic efficiencies to the point where the hegemonic power's superiority is considerably diminished, and eventually disappears. With that goes its political clout. And it is now forced to actually use its military power, not merely threaten to do so, and its use of

military power is not only the first sign of weakness but the source of further decline. The use of "imperial" force undermines the hegemonic power economically and politically, and is widely perceived as a sign not of strength but of weakness, first externally then internally. Far from defining the world cultural language, a declining hegemonic power begins to find its preferred language out of date and no longer readily acceptable.

As a hegemonic power declines, there are always others who attempt to replace it. But such replacement takes a long time, and ultimately another "thirty years' war." Hence hegemony is crucial, repeated, and always relatively brief. The capitalist world-economy needs the states, needs the interstate system, and needs the periodic appearance of hegemonic powers. But the priority of capitalists is never the maintenance, much less the glorification, of any of these structures. The priority remains always the endless accumulation of capital, and this is best achieved by an ever-shifting set of political and cultural dominances within which capitalist firms maneuver, obtaining their support from the states but seeking to escape their dominance.

4 The Creation of a Geoculture

Ideologies, Social Movements, Social Science

THE FRENCH REVOLUTION, as we have noted, was a turning-point in the cultural history of the modern world-system, having brought about two fundamental changes that may be said to constitute the basis of what became the geoculture of the modern world-system: the normality of political change and the refashioning of the concept of sovereignty, now vested in the people who were "citizens." And this concept, as we have said, although meant to include, in practice excluded very many.

The political history of the modern world-system in the nineteenth and twentieth centuries became the history of a debate about the line that divides the included from the excluded, but this debate was occurring *within the framework of a geoculture that proclaimed the inclusion of all as the definition of the good society*. This political dilemma was fought out in three different arenas—the ideologies, the antisystemic movements, and the social sciences. These arenas seemed to be separate. They claimed they were separate. But in fact, they were intimately linked the one with the others. Let us discuss each in turn.

An ideology is more than a set of ideas or theories. It is more than a moral commitment or a worldview. It is a coherent strategy in the social arena from which one can draw quite specific political conclusions. In this sense, one did not need ideologies in previous world-systems, or indeed even in the modern world-system before the concept of the normality of change, and that of the citizen who was ultimately responsible for such change, were adopted as basic structural principles of political institutions. For ideologies presume that there exist competing groups with competing long-term strategies of how to deal with change and who best should take the lead in dealing with it. The ideologies were born in the wake of the French Revolution.

The first to be born was the ideology of conservatism. This was the ideology of those who thought that the French Revolution and its principles were a social disaster. Almost immediately, some basic texts were written, one by Edmund Burke in England in 1790 and then a series by Joseph de Maistre in France. Both authors had previously been moderate reformers in their views. Both would now enunciate an arch-conservative ideology in reaction to what seemed to them a dangerous attempt of radical intervention in the basic structure of social order.

What particularly upset them was the argument that the social order was infinitely malleable, infinitely improvable, and that human political intervention could and should accelerate the changes. Conservatives considered such intervention hybris, and very dangerous hybris at that. Their views were rooted in a pessimistic view of man's moral capacities; they found false and intolerable the fundamental optimism of the French revolutionaries. They felt that whatever shortcomings existed in the social order in which we live ultimately caused less human evil than the institutions that would be created out of such hybris. After 1793 and the Reign of Terror, in which French revolutionaries sent other French revolutionaries to the guillotine for not being revolutionary enough, conservative ideologues tended to formulate their views by saying that revolution as a process led, almost inevitably, to such a reign of terror.

Conservatives were therefore counter-revolutionaries. They were "reactionaries" in the sense that they were reacting to the drastic changes of the revolution and wished to "restore" what now began to be called the *ancien régime*. Conservatives were not necessarily totally opposed to any evolution of customs and rules. They simply preached acute caution, and insisted that the only ones to decide on any such changes had to be the responsible people in the traditional social institutions. They were especially suspicious of the idea that everyone could be a citizen—with equal rights and duties—since most people, in their view, did not have, would never have, the judgment necessary to make important sociopolitical decisions. They put their faith instead in hierarchical political and religious structures—in the large ones of course, but in a sense even more in the *local* structures: the best families, the "community," whatever came under the heading of notables. And they put their faith in the family, that is, the hierarchical, patriarchal family structure. Faith in hierarchy (as both inevitable and desirable) is the hallmark of conservatism.

The political strategy was clear—restore and maintain the authority of

these traditional institutions, and submit to their wisdom. If the result was very slow political change, or even no political change at all, so be it. And if these institutions decided to implement a process of slow evolution, so be it also. Respect for hierarchy was, conservatives believed, the sole guarantor of order. Conservatives thus abhorred democracy, which for them signaled the end of respect for hierarchy. They were furthermore suspicious of widespread access to education, which for them ought to be reserved for the training of élite cadres. Conservatives believed that the gulf between the capacities of the upper and lower classes was not only insuperable but part of basic human character and hence mandated by heaven.

The French Revolution, narrowly defined, did not last very long. It transmuted into the regime of Napoleon Bonaparte, who transposed its universalistic self-assurance and missionary zeal into French imperial expansion justified by revolutionary heritage. Politically, conservative ideology was on the rise everywhere after 1794, and presumably ensconced in power after Napoleon's defeat in 1815 in a Europe dominated by the Holy Alliance. Those who thought that any return to the ancien régime was both undesirable and impossible had to regroup and develop a counter-ideology. This counter-ideology came to be called liberalism.

The liberals wished to shed the albatross of association with the reign of terror and yet salvage what they thought was the underlying spirit that emerged from the French Revolution. They insisted that change was not only normal but inevitable, because we live in a world of eternal progress toward the good society. They acknowledged that overhasty change could be, indeed was, counterproductive, but they insisted that *traditional* hierarchies were untenable and basically illegitimate. The slogan of the French Revolution that appealed to them most was "careers open to talents" (*la carrière ouverte aux talents*), an idea today more familiar in the phrases "equality of opportunity" and "meritocracy." It was around such slogans that liberals would build their ideology. Liberals made a distinction between different kinds of hierarchies. They were not against what they thought of as *natural* hierarchies; they were against *inherited* hierarchies. Natural hierarchies, they argued, were not only natural but acceptable to the mass of the population and therefore a legitimate and legitimated basis of authority, whereas inherited hierarchies made social mobility impossible.

Against conservatives who were the "Party of Order," liberals presented themselves as the "Party of Movement." Changing situations required constant *reform* of the institutions. But the consequent social change should occur at a natural pace—that is, neither too slowly nor too rapidly. The question that liberals broached was who should take the lead in such necessary reforms. They put no trust in traditional hierarchies, national or local,

clerical or secular. But they were also very suspicious of the mass of the population, the mob, who they thought were essentially uneducated and consequently irrational.

This meant, the liberals concluded, that there was only one group that should take the lead and the responsibility for deciding on what changes were necessary—the specialists. Specialists, by definition, understood the realities of whatever they had studied and therefore could best formulate the reforms that were necessary and desirable. Specialists, by their training, were inclined to be prudent and insightful. They appreciated both the possibilities and the pitfalls of change. Since every *educated* person was a specialist in something, it followed that those who would be allowed to exercise the role of citizen were those who were educated and were therefore specialists. Others might eventually be admitted to this role, when they had received the proper education to permit them to join the society of rational, educated men.

But what kind of education? The liberals argued that education had now to shift from the "traditional" forms of knowledge, what we today call the humanities, toward the only theoretical basis of practical knowledge, science. Science (replacing not only theology but philosophy as well) offered the path for material and technological progress, and hence for moral progress. Of all the kinds of specialists, the scientists represented the acme of intellectual work, the *summum bonum*. Only political leaders who based their immediate programs on scientific knowledge were reliable guides to future welfare. As can be readily seen, liberalism was a quite moderate ideology in terms of social change. Indeed, it has always emphasized its moderation, its "centrism" in the political arena. In the 1950s a leading American liberal, Arthur Schlesinger Jr., wrote a book about liberalism, which he entitled *The Vital Center*.

In the first half of the nineteenth century, the ideological scene was basically a conflict between conservatives and liberals. There really was no strong group espousing a more radical ideology. Those who were inclined to be radical often attached themselves to liberal movements as a small appendage, or sought to create small loci of dissenting views. They called themselves democrats, or radicals, or sometimes socialists. They of course had no sympathy for conservative ideology. But they found that the liberals, even while accepting the normality of change and supporting (at least in theory) the concept of citizenship, were extremely timid and actually quite afraid of fundamental change.

It was the "world revolution" of 1848 that transformed the ideological panorama from one with two ideological contenders (conservatives versus liberals) into one with three—conservatives on the right, liberals in the

center, and radicals on the left. What happened in 1848? Essentially two things. On the one hand, there occurred the first true "social revolution" of the modern era. For a very brief period, a movement supported by urban workers seemed to acquire some power in France, and this movement had resonances in other countries. The political prominence of this group wouldn't last long. But it was frightening to those who had power and privilege. At the same time, there was another revolution, or series of revolutions, which the historians have called "the springtime of the nations." In a number of countries, there were national or nationalist uprisings. They were equally unsuccessful, and equally frightening to those with power. The combination marked the beginning of a pattern that would engage the world-system for the next century and more: antisystemic movements as key political players.

The world revolution of 1848 was a sudden flame that was doused, and acute repression followed for many years. But the revolution raised major questions about strategies, that is, ideologies. The conservatives drew a clear lesson from these events. They saw that the blindly reactionary tactics of Prince Metternich, who served for forty years as the minister of state (in effect, foreign minister) of Austria-Hungary and had been the moving spirit behind the Holy Alliance designed to stifle all revolutionary movements in Europe, and all who stood with him, were counterproductive. Their tactics did not in the long run work to conserve traditions nor to guarantee order. Instead they provoked angers, resentments, and subversive organization, and therefore undermined order. Conservatives noticed that the only country to avoid a revolution in 1848 was England, even though it had had the most significant radical movement in Europe in the preceding decade. The secret seemed to be the mode of conservatism preached and practiced there between 1820 and 1850 by Sir Robert Peel, which consisted of timely (but limited) concessions aimed at undercutting the long-term appeal of radical action. Over the next two decades, Europe saw Peelite tactics take root in what came to be called "enlightened conservatism," which thrived not only in England but in France and Germany as well.

Meanwhile, the radicals also drew strategic lessons from their failures in the revolutions of 1848. They no longer wished to play the role of appendage of the liberals. But spontaneity, which had been a major resource of pre-1848 radicals, had demonstrated its acute limitations. Spontaneous violence had the effect of throwing paper on a fire. The fire flamed up but just as quickly went out. Such violence was not a very durable fuel. Some radicals before 1848 had preached an alternative, that of creating utopian communities which withdrew from involvement with the larger social arena. But this

project seemed to have little attraction for most people, and had even less impact on the overall historical system than spontaneous rebellion. Radicals searched for a more effective alternative strategy, and they would find one in organization—systematic, long-term organization that would prepare the ground politically for fundamental social change.

Finally, liberals also drew a lesson from the revolutions of 1848. They came to realize that it was insufficient to preach the virtues of relying upon specialists to effectuate reasonable and timely social change. They had to operate actively in the political arena so that matters would in fact be turned over to the specialists. And for them this meant dealing with both their ancient conservative rivals and their newly emerging radical rivals. If liberals wished to present themselves as the political center, they had to work at it with a program that was "centrist" in its demands, and a set of tactics that would locate them somewhere halfway between conservative resistance to any change and radical insistence on extremely rapid change.

The period between 1848 and the First World War saw the delineation of a clear liberal program for the core countries of the modern world-system. These countries sought to establish themselves as "liberal states"—that is, states based on the concept of citizenship, a range of guarantees against arbitrary authority, and a certain openness in public life. The program that the liberals developed had three main elements: gradual extension of the suffrage and, concomitant with this and essential to it, the expansion of access to education; expanding the role of the state in protecting citizens against harm in the workplace, expanding health facilities and access to them, and ironing out fluctuations in income in the life cycle; forging citizens of a state into a "nation." If one looks closely, these three elements turn out to be a way of translating the slogan of "liberty, equality, and fraternity" into public policy.

There are two main things to be noticed about this liberal program. The first is that it was implemented in large part by the time of the First World War, at least in the pan-European world. The second is that the liberal parties were not always those who in fact did the most to implement the program. Somewhat curiously, the liberal program was implemented to a significant degree by non-liberals—a consequence of the revisions in strategies of the three ideologies that occurred after the revolutions of 1848. The liberals retreated somewhat, becoming timid in prosecuting their own program. They feared bringing on the turmoil of 1848 a second time. The conservatives, on the other hand, decided that the liberal program was modest and essentially sensible. They began to legislate it—Disraeli's extension of the suffrage, Napoleon III's legalization of the trade unions, Bis-

marck's invention of the welfare state. And the radicals began to settle for these limited reforms, indeed argue for them, while building their organizational base for a future accession to governmental power.

The combination of these three tactical shifts by the three ideological groups meant that the liberal program became in effect the common defining feature of the geoculture, the conservatives and the radicals having transformed themselves into mere variants or avatars of the liberals, with whom their differences became marginal rather than fundamental. It is especially in the third pillar of "fraternity" that we can see a steady coming-together of the three ideological positions. How does one create a nation? By underlining how citizenship excludes the others out there. One creates a nation by preaching nationalism. Nationalism was taught in the nineteenth century through three main institutions: the primary schools, the army, and the national celebrations.

The primary schools were the lodestar of the liberals, applauded by the radicals, and acceded to by the conservatives. They turned workers and peasants into citizens who possessed the minimum capacities needed to perform national duties: the famous trio of reading, writing, and arithmetic. The schools taught civic virtues, overriding the particularisms and prejudices of the family structures. And above all, they taught the national language. At the beginning of the nineteenth century, few European countries had in practice a single national language. By the end, most of them did.

Nationalism is secured by hostility to enemies. Most states in the core sought to instill this hostility toward some neighbor, on some ground or other. But there was another, ultimately more important, form of this hostility, that of the pan-European world facing the rest of the world, a hostility institutionalized as racism. This was located in the diffusion of the concept of "civilization"—in the singular, as opposed to the plural. The pan-European world, dominating the world-system economically and politically, defined itself as the heart, the culmination, of a civilizational process which it traced back to Europe's presumed roots in Antiquity. Given the state of its civilization and its technology in the nineteenth century, the pan-European world claimed the duty to impose itself, culturally as well as politically, on everyone else—Kipling's "White man's burden," the "manifest destiny" of the United States, France's *mission civilisatrice*.

The nineteenth century became the century of renewed direct imperialism, with this added nuance. Imperial conquest was no longer merely the action of the state, or even of the state encouraged by the churches. It had become the passion of the nation, the duty of the citizens. And this last part of the liberal program was taken up with a vengeance by the conservatives, who saw in it a sure way of muting class divisions and thereby guaranteeing

internal order. When virtually all European socialist parties opted in 1914 to support their national side in the war, it was clear that the conservative belief about the effect of nationalism on the erstwhile dangerous classes had been correct.

The triumph of liberalism in defining the geoculture of the modern world-system in the nineteenth century and most of the twentieth was made possible institutionally by the development of the legal underpinnings of the liberal state. But it was also made possible by the rise and steadily increasing importance of the antisystemic movements. This may seem paradoxical, since antisystemic movements presumably exist to undermine the system, not to sustain it. Nonetheless, the activities of these movements served on the whole to reinforce the system considerably. Dissecting this seeming paradox is crucial to understanding the way in which the capitalist world-economy—constantly growing in size and wealth and simultaneously in the polarization of its benefits—has been held together.

Inside the states, attempts by groups to achieve inclusion as citizens became a central focus of the antisystemic movements, that is, organizations which sought to bring about fundamental changes in social organization. They were in a sense seeking to implement the slogan of liberty, equality, and fraternity in a way different from that of the liberals. The excluded group that was the earliest to create serious organizations was the urban industrial working class, what was called the proletariat. This group was concentrated in a few urban localities and its members found it easy to communicate with one another. When they began to organize, their conditions of work and level of recompense were obviously poor. And they played a crucial role in the major productive activities that generated surplus-value.

By the middle of the nineteenth century, workplace organizations (trade unions) and public arena organizations (workers' and socialist parties) began to emerge, first in the strongest centers of industrial production (western Europe and North America) and then elsewhere. For most of the nineteenth century and a good part of the twentieth century, the state machineries were hostile to these organizations, as were the firms. It followed that the class struggle was a lopsided field of contention, in which the "social movement" was fighting a difficult, uphill battle for successive, relatively small concessions.

In this pattern of muted political struggle, there was a further element which returns us to our discussion of households and status-group identities. The social movement defined its struggle as that of the workers versus the capitalists. But who were the "workers"? In practice, they tended to be defined as adult males of the dominant ethnic group in a given country. They were for the most part skilled or semiskilled workers, with some edu-

cation, and they constituted the bulk of the industrial labor force worldwide in the nineteenth century. Those who were "excluded" from this category found that since they seemed to have little place in the socialist/workers' organizations, they had to organize themselves in status-group categories (women on the one hand and racial, religious, linguistic, and ethnic groups on the other). These groups were often quite as antisystemic as the labor and socialist movements, but they defined their immediate grievances quite differently.

However, in organizing themselves along these lines, they entered into competition with and often opposition to the class-based organizations of the workers. From circa 1830 to 1970, the history of the relations between these two kinds of antisystemic movements was one of great tension, even hostility, with at most occasional interludes of sympathy and cooperation. What is more, during this period the multiple status-group identity organizations found it no easier to cooperate with each other than any of them did with the labor and socialist organizations.

However these status-group identity organizations defined their long-run objectives (and many of them were silent about this), their middle-run objectives were all grouped around the theme of extending citizenship rights to them as excluded groups. They all faced at least reluctance, more often active hostility, to their proposals to include them within the framework of full citizens in the liberal state. They faced two fundamental issues of strategy. The first was what kind of middle-run strategy would be most efficacious. The second was what kinds of alliances each variety of antisystemic movement should establish with the other variants. Neither question was easily or rapidly solved.

Excluded groups had some obvious, immediate difficulties in political organization. The law often restricted their right to organize in many ways. The potential members were for the most part individually weak in terms of quotidian power. They did not have collectively (or for the most part individually) significant access to money. The major institutions of the various states tended to be hostile to their efforts. The groups were thus easily oppressed. In short, the process of organizing was long and slow, and they spent the most part of this period merely keeping their organizational head above water.

One basic debate involved whether it was more important for the oppressed groups to change themselves or to change the institutions that were oppressing them. This was sometimes phrased as the difference between a cultural strategy and a political strategy. For example, for a nationalist group, is it more important to revive a dying national language or to elect persons from the group to the legislature? For a workers' movement, is it more important to refuse the legitimacy of all states (anarchism) or to transform the existing states? The quarrels inside the movements over strategy were fierce, unyielding, very divisive, and strongly felt by the participants.

To be sure, the two emphases were not necessarily exclusive of each other, but many felt that they led in quite different strategic directions. The case for the cultural option, if we may call it that, was always that political changes were in the end superficial and co-optative and vitiated the radical, or antisystemic, underlying objectives. There was also a sociopsychological argument—that the system held ordinary people captive by organizing their psyches, and that undoing the socialization of these psyches was an indispensable prerequisite for social change. The case for the political option was that the proponents of the cultural option were naïve victims of delusions, because they assumed that the powers that be would permit them to make the kind of serious cultural changes they envisaged. Those arguing for the political option always emphasized the realities of power, and insisted that transforming the relations of power, not changing the psyches of the oppressed, was the prerequisite to any real change.

What happened historically is that after thirty to fifty years of both friendly and unfriendly debate, the proponents of the political option won the internal battles in all the antisystemic movements. The constant suppression of the activities of movements of either emphasis by the powers that be made the cultural options in their various forms seem unviable for the antisystemic movements. More and more persons turned to being "militant," and more and more militants turned to being "well organized," and the combination could only be efficiently realized by groups that had chosen the political option. By the beginning of the twentieth century, one could say not only that the political option had won out in this debate over strategy but that the antisystemic movements had agreed—each variety separately, but in parallel ways—on a two-step agenda of action: first obtain power in the state; then transform the world/the state/the society.

Of course there remained a great deal of ambiguity in this two-step strategy. The main question was what it meant to obtain power in the state, and how one could do it in any case. (The question of how to transform the world/the state/the society was less often debated, perhaps because it was seen as a question of the future rather than of the present.) For example, was power in the state achieved by extending the suffrage? By participating in elections and then in governments? Did it involve sharing power or taking power from others? Did it involve changing state structures or simply controlling the existing ones? None of these questions was ever fully answered, and most organizations survived best by allowing partisans of different, often contradictory, answers to remain within their fold.

Even once the two-step political strategy was made the central focus of organizational action, the internal debates did not cease. For the question then became: How could one take over the state machinery? The classic debate was that between the Second and Third Internationals, a debate that had begun earlier within the framework of the social democratic parties. It was often framed, a bit misleadingly, as the debate between reformism and revolutionary activity. When Eduard Bernstein urged upon the German Social-Democratic Party his "revisionism," what was it he was arguing? Essentially the core of the argument involved a series of successive premises: The majority of the population were "workers," by which he meant industrial workers and their families. Universal (male) suffrage would make all these workers full citizens. The workers would vote according to their interests, which meant to support the Social-Democratic Party. Ergo, once there was universal male suffrage, the workers would vote the Social-Democrats into power. Once in power, the Social-Democrats would pass the necessary legislation to transform the country into a socialist society. Each of these successive premises seemed to be logical. Each turned out to be false.

The revolutionary position was different. As formulated classically by Lenin, it was that in many countries proletarians were not the majority of the population. In many countries, there was no free electoral process; and if there were, the bourgeoisie would not really respect the results if the proletariat tried to vote itself into power. The bourgeoisie simply would not permit it. The revolutionaries suggested a series of counterpremises: The urban proletariat was the only progressive historical actor. Even the urban proletarians, not to speak of other parts of the population (rural workers, for example), were not always aware of their own interests. Militants of workers' parties were able to define the interests of the urban proletariat more clearly than the average proletarian, and could induce the workers to understand their interests. These militants could organize in a clandestine fashion and could achieve power by an insurrection which would gain the support of the urban proletariat. They could then impose a "dictatorship of the proletariat" and transform the country into a socialist society. Each of these successive premises seemed to be logical. Each turned out to be false.

One of the biggest problems of the antisystemic movements in the late nineteenth century and most of the twentieth was their incapacity to find much common ground. The dominant attitude in each variety of antisystemic movement was that the grievances which its adherents articulated were the fundamental ones and that the grievances of other varieties of movements were secondary and distracting. Each variety insisted that its grievances be dealt with first. Each argued that dealing successfully with its grievances would create a situation in which the other grievances could be solved subsequently and consequently.

We see this first of all in the difficult relations between the worker/socialist movements and the women's movements. The attitude of the trade unions to women's movements was basically that the employment of women was a mechanism used by employers to obtain cheaper labor and that it therefore represented a threat to the interests of the working classes. Most urban workers during the nineteenth century and for a good part of the twentieth century believed in a social model in which married women should be housewives who stayed out of the labor market. In place of the entry of women into the labor market, trade unions struggled to obtain what was called a "family wage," by which was meant a wage sufficient for the male industrial worker to support himself, his wife, and his non-adult children.

Socialist parties were, if anything, even more dubious about the role of women's organizations. Except for the women's groups which defined themselves as sections of socialist parties and whose objective was to organize the wives and daughters of the party members for educational tasks, women's organizations were considered bourgeois organizations, since their leadership most often came from the ranks of bourgeois women, and their objectives were therefore seen as being of at most secondary interest to the working class. As for women's suffrage, while in theory socialist parties were in favor of it, in practice they were highly skeptical. They believed that working-class women were less likely than working-class men to vote for socialist parties because of the influence on them of religious organizations that were hostile to the socialist parties.

The women's organizations returned the favor. They saw the worker and socialist movements as perpetuators of the patriarchal attitudes and policies against which they were struggling. Middle-class women in suffragist organizations often made the argument that they were more educated than working-class men, and that by liberal logic, it followed that they should be granted full citizenship rights first, which historically was not the case in most countries. The legal rights to inherit, to handle money, to sign contracts, and in general to be independent persons in the eyes of the law were generally of much greater relevance to those families that had property. And women's campaigns against social problems (alcoholism, mistreatment of women and children) and for control of their own bodies were often directed more immediately against working-class men than against middle-class men.

The relationship of worker/social movements to ethnic/nationalist movements exhibited parallel difficulties. Within countries, the workers' move-

ments saw ethnic movements of any kind as mechanisms through which to divide the working classes. Demands by oppressed ethnic and racial groups for inclusion in the job market met the same response as demands by women. They were seen essentially as something serving the interests of the employers, making it possible for them to obtain cheaper labor. Many trade unions sought to exclude such "minorities" from the job market, not of course entirely but from the somewhat higher-paid segment of the job market that had been traditionally reserved for workers from the dominant ethnic group. The drive to exclude minorities also strengthened opposition to permitting immigration from zones which would give rise to or strengthen the ranks of such minorities. It even strengthened opposition to (or at least reluctance about) moves to end various forms of coerced labor, as these would make it possible for workers who would thereby be liberated to compete in the free labor market.

Once again, the antagonism was even stronger when it was a question for the worker/social movement of relating to a full-fledged nationalist movement, seeking secession from the state within which the workers movement was formed. This was so whether that movement was in a region of the country itself or in a colonial territory "overseas" controlled by this state. Basically, the worker/social movements charged such nationalist movements (as they did women's movements) with being essentially bourgeois organizations pursuing the interests of a bourgeoisie (if a different one from the one against which the nationalist movement was fighting). The worker/social movements argued that national "independence" would not bring any necessary advantage to the working classes of the country that seceded. It might even set them back if the old "imperial" power had a legislature or power structure less hostile to the interests of the workers than the putative "independent" power. In any case, socialist parties tended to insist that all bourgeois states were alike and that the only important question was whether the working class would be able to come to power in one state or the other. Hence, nationalism was a delusion and a diversion.

Here too the nationalist movements responded in kind. They argued that national oppression was real, immediate, and overwhelming. They argued that any attempt to pursue a workers' agenda meant that the "people" would be divided and thus weakened in their attempt to secure their national rights. They argued that if there were special problems concerning the working classes, they could best be handled within the framework of an independent state. And indeed the cultural demands they were making (for example, regarding language) coincided with the direct interests of the working classes of the country the nationalist movement was trying to establish, which were

far more likely to utilize the proposed national language than the official language of the political structure against which the nationalists were rebelling.

Finally, the relations of women's organizations to ethnic/nationalist organizations were no better. The same arguments were used on both sides. On the one hand, the women's organizations argued that they got no gain from the increased citizenship rights of minorities or from the achievement of national independence. But they also often put forward the claim that educated middle-class women were denied the vote while virtually illiterate minority or immigrant men were being given the vote. In the case of national independence, they argued that they were no more likely to be granted citizenship rights in the new state than in the previous state. Once again, the antagonism was returned. The ethnic/nationalist movements saw the women's movements as representing the interests of the oppressing group—the dominant ethnic group within a country, the imperial power in colonial territories. They saw the problem of women's rights as secondary and one that could best be handled after their own grievances were resolved.

It is not that there was a lack of persons (and even groups) who tried to overcome these antagonisms, and to argue the fundamental synergy of the various movements. These persons sought to unify the struggles, and in particular situations they made some progress in this regard. But the overall picture from 1848 to at least 1945 was that such unifiers had little impact on the worldwide pattern of the antisystemic movements. The three major variants of these movements, which are (1) worker/social, (2) ethnic/nationalist, and (3) women's, remained essentially in their separate corners, each fighting the battle for its own proposals and ignoring or even fighting the others. On the other hand, to a striking degree, despite this lack of coordination (not to speak of cooperation), the strategies of the various kinds of movements turned out to be parallel. The long-term history of these movements is that by the late twentieth century, they had all achieved their ostensible primary objective—formal integration into citizenship—and none had achieved their subsequent objective, using their control of the states to transform societies. This is a story to which we shall return.

With the ideologies elaborated and constrained, with the antisystemic movements channeling the energies of discontent, all that remained to ensure the efficacy of a geoculture was its theoretical apparatus. This was the task of the social sciences. We have already told the story of the rise of the two cultures in chapter 1. Let us retell this story briefly as a phenomenon of the emerging geoculture.

Social science is a term invented in the nineteenth century. The terms "science" and "social" each need explanation. Why science? In the nine-

teenth century, science was the code word for achieving progress, the great accepted common goal of the world-system. Today, this seems to us unremarkable. But at the time, it represented, as we have seen, a basic change in the value-systems dominating the world of knowledge: from Christian redemption to Enlightenment ideas of human progress. The ensuing so-called divorce between philosophy and science, what we would later call the "two cultures," led to the epistemological debate about how we know what we know.

In the nineteenth century, in the structures of knowledge (especially in the newly revived university system) and in the general world of culture, the scientists began to gain preeminence over the philosophers or humanists. The scientists said that they and they alone could achieve truth. They said they were totally uninterested as scientists in the good or the beautiful, since one could not empirically verify such concepts. They gave over the search for the good and the beautiful to the humanists, who by and large were ready to take refuge there, adopting in many ways Keats's lines of poetry: "Beauty is truth; truth, beauty; that is all / Ye know on earth and all ye need to know." In a sense, the humanists ceded control over the search for truth to the scientists. And in any case, what the concept of the two cultures had achieved was the radical separation, for the first time in the history of humanity, in the world of knowledge between the true, the good, and the beautiful.

As the scientists concentrated on the study of material phenomena and the humanists on the study of creative works, it became clear that there was an important arena whose location in this division was not clear. This was the arena of social action. But the French Revolution had made knowledge about the social arena a central concern of public authorities. If political change was normal and the people were sovereign, it mattered very much to understand what the rules were by which the social arena was constituted and how it operated. The search for such knowledge came to be called social science. Social science was born in the nineteenth century and was immediately and inherently an arena both of political confrontation and of a struggle between the scientists and the humanists to appropriate this arena for their mode of knowing. For those in the public arena (the states and capitalist enterprises), controlling social science meant in a sense the ability to control the future. And for those located in the structures of knowledge, both the scientists and the humanists regarded this terrain as an important annex in their not-so-fraternal struggle for control of power and for intellectual supremacy in the university systems.

In the second half of the nineteenth century and the first half of the twentieth, as we have argued, six names had been widely accepted as those treating social reality—history, economics, political science, sociology, anthropology, and Oriental studies. The underlying logic of the six names, and therefore the division of labor in the study of social reality, derived from the world social situation of the nineteenth century. There were three lines of cleavage. The first was between the study of the Western "civilized" world and the study of the non-modern world. The second distinction was that made within the Western world between the study of the past and the study of the present. And the third was that made within the Western present between what liberal ideology had designated as the three separate arenas of modern, civilized social life: the market, the state, and the civil society. In terms of epistemology, the social sciences collectively placed themselves in between the natural sciences and the humanities, and therefore were torn apart by the epistemological struggle between the two cultures. What happened in fact was that the three studies of the Western present (economics, political science, and sociology) largely moved into the scientistic camp and deemed themselves nomothetic disciplines. The other three disciplines—history, anthropology, and Oriental studies—resisted this siren call and tended to consider themselves humanistic or idiographic disciplines.

This neat division of labor was premised on a certain structure of the world-system: a world dominated by the West, in which the "rest" were either colonies or semicolonies. When this assumption ceased to be true, essentially after 1945, the boundary-lines began to seem less obvious and less helpful than they had previously been, and the division of labor began to come unstuck. The story of what happened to the social sciences, along with what happened to the ideologies and to the antisystemic movements, is the story of the impact of the world revolution of 1968 on the world-system, to which we come.

In terms of the geoculture that had been constructed in the mirror of the three ideologies, and sustained paradoxically by the very antisystemic movements created to struggle against it, the role of the social sciences was to supply the intellectual underpinnings of the moral justifications that were being used to reinforce the mechanisms of operation of the modern world-system. In this task, they were largely successful, at least up until the world revolution of 1968.

5 The Modern World-System in Crisis

Bifurcation, Chaos, and Choices

WE HAVE SAID that historical systems have lives. They come into existence at some point in time and space, for reasons and in ways that we can analyze. If they survive their birth pangs, they pursue their historical life within the framework and constraints of the structures that constitute them, following their cyclical rhythms and trapped in their secular trends. These secular trends inevitably approach asymptotes that aggravate considerably the internal contradictions of the system: that is, the system encounters problems it can no longer resolve, and this causes what we may call systemic crisis. Most often, people use the word crisis loosely, simply to mean a difficult period in the life of any system. But whenever the difficulty can be resolved in some way, then there is not a true crisis but simply a difficulty built into the system. True crises are those difficulties that *cannot* be resolved within the framework of the system, but instead can be overcome only by going outside of and beyond the historical system of which the difficulties are a part. To use the technical language of natural science, what happens is that the system bifurcates, that is, finds that its basic equations can be solved in two quite different ways. We can translate this into everyday language by saying that the system is faced with two alternative solutions for its crisis, both of which are intrinsically possible. In effect, the members of the system collectively are called upon to make a historical choice about which of the alternative paths will be followed, that is, what kind of new system will be constructed.

Since the existing system can no longer function adequately within its defined parameters, making a choice about the way out, about the future system (or systems) which are to be constructed, is inevitable. But which choice the participants collectively will make is inherently unpredictable. The process of bifurcating is chaotic, which means that every small action during this period is likely to have significant consequences. We observe that under these conditions, the system tends to oscillate wildly. But eventually it leans in one direction. It normally takes quite some time before the definitive choice is made. We can call this a period of transition, one whose outcome is quite uncertain. At some point, however, there is a clear outcome and then we find ourselves ensconced in a different historical system.

The modern world-system in which we are living, which is that of a capitalist world-economy, is currently in precisely such a crisis, and has been for a while now. This crisis may go on another twenty-five to fifty years. Since one central feature of such a transitional period is that we face wild oscillations of all those structures and processes we have come to know as an inherent part of the existing world-system, we find that our short-term expectations are necessarily quite unstable. This instability can lead to considerable anxiety and therefore violence as people try to preserve acquired privileges and hierarchical rank in a very unstable situation. In general, this process can lead to social conflicts that take a quite unpleasant form.

When did this crisis start? Geneses of phenomena are always the most debatable topic in scientific discourse. For one can always find forerunners and forebodings of almost anything in the near past, but also of course in the very far past. One plausible moment at which to start the story of this contemporary systemic crisis is the world revolution of 1968, which unsettled the structures of the world-system considerably. This world revolution marked the end of a long period of liberal supremacy, thereby dislocating the geoculture that had kept the political institutions of the world-system intact. And dislocating this geoculture unhinged the underpinnings of the capitalist world-economy and exposed it to the full force of political and cultural shocks to which it had always been subject, but from which it had previously been somewhat sheltered.

The shock of 1968 to which we shall return is not, however, enough to explain a crisis in the system. There have to have been long-existing structural trends which were beginning to reach their asymptotes, and therefore made it no longer possible to overcome the repeated difficulties into which any system gets itself because of its cyclical rhythms. Only when we have perceived what these trends are and why the recurrent difficulties can no longer be easily resolved can we then understand why and how the shock of 1968 precipitated an unraveling of the geoculture which had been binding the system together.

In the ceaseless quest for accumulation, capitalists are constantly seeking ways of increasing the sales prices of their products and reducing the costs of production. Producers cannot however arbitrarily raise sales prices to just any level. They are constrained by two considerations. The first is the existence of competitive sellers. This is why the creation of oligopolies is so important, because they reduce the number of alternative sellers. The second is the level of effective demand—how much money buyers have in total—and the choices that consumers make because their buying-power is limited.

The level of effective demand is affected primarily by the world distribution of income. Obviously, the more money each buyer has, the more he or she can buy. This simple fact creates an inherent and continuing dilemma for capitalists. On the one hand, they want as much profit as possible, and therefore wish to minimize the amount of surplus that goes to anyone else, for example their employees. On the other hand, at least some capitalists must allow for some redistribution of the surplus-value created, or there would normally be too few buyers overall for the products. So, intermittently at least some producers in fact favor increased remuneration for employees to create a higher effective demand.

Given the level of effective demand at any given time, the choices that consumers make are decided by what economists call the elasticity of demand. This refers to the value that each buyer places on alternate uses of his or her money. Purchases vary in the eyes of the buyer from the indispensable to the totally optional. These valuations are the result of an interplay between individual psychologies, cultural pressures, and physiological requirements. The sellers can only have a limited impact on the elasticity of demand, although marketing (in the broadest sense) is designed precisely to affect consumer choice.

The net consequence for the seller is that the seller can never raise the price to a level where (a) competitors can sell more cheaply, (b) buyers do not have the money to purchase the product, or (c) buyers are not ready to allocate that much of their money to the purchase. Given the inbuilt ceiling to sales price levels, producers usually spend most of their energy in the effort to accumulate capital in finding ways to reduce the costs of production, something which is often termed efficiency of production. To understand what is happening in the contemporary world-system, we have to look at the reasons why the costs of production have been rising worldwide over time despite all the efforts of producers, thereby reducing the margin between the costs of production and the possible sales prices. In other words, we need to understand why there has been a growing squeeze on the average worldwide rate of profits.

There are three main costs of production for any producer. The producer must remunerate the personnel who work in the enterprise. The producer must purchase the inputs of the production process. And the producer must pay the taxes that are levied by any and all governmental structures which have the authority to levy them on the particular production process. We need to examine each of these three costs in turn, and in particular to see why each has been steadily rising over the *longue durée* of the capitalist world-economy.

How does an employer decide how much to remunerate an employee? There may be laws, which set minimum levels. There are certainly customary wages at any given time and place, although these are subject to constant revision. Basically, the employer would almost always like to offer a figure lower than the employee would like to receive. Producer and worker negotiate about this; they struggle over this question, constantly and repeatedly. The outcome of any such negotiation or struggle depends on the strengths of each side—economic, political, and cultural.

Employees may grow stronger in the bargaining because their skills are rare. There is always a supply-and-demand element in determining levels of remuneration. Or the employees may grow stronger because they organize with each other and engage in syndical action. This applies not only to the production workers (both skilled technicians and unskilled workers) but also to managerial personnel (both senior managers and middle-level cadres). This is the part of the question of economic strength internal to each productive enterprise. There is also an external part. The overall state of the economy, locally and worldwide, determines the level of unemployment and therefore how desperate each side of each production unit is to come to a remuneration arrangement.

The political strengths derive from a combination of the political machinery and arrangements in the state-structure, the strength of syndical organization by the workers, and the degree to which employers need to secure the support of managers and middle-level cadres to hold off the demands of ordinary workers. And what we mean by cultural strength—the mores of the local and national community—is usually the result of prior political strengths.

In general, in any production area the syndical power of workers will tend to increase over time, by dint of organization and education. Repressive measures may be used to limit the effects of such organization, but then there are costs attached to this too—perhaps higher taxes, perhaps higher remuneration to cadres, perhaps the need to employ and pay for repressive personnel. If one looks at the most profitable loci of production—oligopolistic firms in leading sectors—there is a further factor at play, in that

highly profitable firms do not wish to lose production time because of workers' discontent. As a result, remuneration costs in such firms tend to rise as time goes on, but sooner or later these same production units come to face increased competition and therefore may need to restrain price increases, resulting in lower rates of profit.

There is only one significant counter to the consequent creeping rise in remuneration costs—runaway factories. By moving production to places where the current costs of production are much lower, the employer not only gets lower costs of remuneration but gains political strength in the zone out of which the enterprise is partially moving, in that existing employees may be willing to accept lower rates of remuneration to prevent further "flight" of jobs. Of course, there is a negative in this for the employer. If there weren't, the production site would have moved much earlier. There are the costs of moving. And in these other zones, the transaction costs are normally higher—because of the increased distance from eventual customers, poorer infrastructure, and higher costs of "corruption"—that is, unavowed remuneration to non-employees.

The trade-off between remuneration costs and transactions costs plays itself out in a cyclical manner. Transactions costs tend to be the primary consideration in times of economic expansion (Kondratieff A-phases) while remuneration costs are the primary consideration in times of economic stagnation (B-phases). Still, one has to ask why there exist zones of lower remuneration at all. The reason has to do with the size of the non-urban population in a given country or region. Wherever the non-urban population is large, there are large pockets of persons who are partially, even largely, outside the wage-economy. Or changes in land use in the rural areas are forcing some persons to leave. For such persons, the opportunity of wage-employment in urban areas usually represents a significant increase in the overall income of the household of which they are a part, even if the wages are significantly below the worldwide norm of remuneration. So, at least at first, the entry of such persons into a local wage-force is a win-win arrangement—lower costs of remuneration for the employer, higher income for the employees. Wages are lower there not only for unskilled workers but for cadres as well. Peripheral zones usually are lower-price, lower-amenity zones and the wages of cadres are accordingly below the norm of core zones.

The problem is that the political strengths of employer and employee are not fixed in stone. They evolve. If at first the newly urbanized employees have difficulty adjusting to urban life and are unaware of their potential political strengths, this state of ignorance does not last forever. Certainly, within twenty-five years the employees or their descendants become adjusted to the realities of the new situation and become aware of the low level

of their remuneration in terms of world norms. The reaction is to begin to engage in syndical action. The employer then rediscovers the conditions from which the enterprise had sought to escape by moving its production operation in the first place. Eventually, in a future period of economic downturn, the producer may again try the "runaway factory" tactic.

Over time, however, the number of zones in which this particular solution to rising remuneration costs can be effectuated in the capitalist world-economy has become ever fewer. The world has been deruralizing, in large part precisely because of this mode of restraining remuneration costs by relocating production processes. In the last half of the twentieth century, there was a radical reduction in the share of the world population that lives in rural areas. And the first half of the twenty-first century threatens to eliminate the remaining pockets of serious rural concentration. When there are no zones into which the factories can run away, there will be no way to reduce seriously the levels of remuneration for employees worldwide.

The steadily rising level of remuneration is not the only problem which producers are facing. The second is the cost of inputs. By inputs, I include both machinery and materials of production (whether these are so-called raw materials or semi-finished and finished products). The producer of course buys these on the market and pays what must be paid for them. But there are three hidden costs for which producers do not necessarily pay. They are the costs of disposal of waste (especially toxic materials), the costs of renewing raw materials, and what are generically called infrastructural costs. The ways of evading these costs are manifold, and not paying for these costs has been a major element in keeping down the cost of inputs.

The primary mode of minimizing the costs of disposal is dumping, that is, placing waste in some public area with minimal or no treatment. When these are toxic materials, the result, in addition to clutter, is noxious consequences for the ecosphere. At some point, the consequences of clutter and noxious effects become perceived as a social problem, and the collectivity is forced to address it. But clutter and noxious effects behave a bit like the absence of rural zones nearby. A producer can always move on to a new area, thereby eliminating the problem, until these "unspoiled" areas are exhausted. Worldwide, this is what has been happening in the capitalist world-economy. It is only really in the second half of the twentieth century that the potential exhaustion of dumping grounds has come to be perceived as a social problem.

The problem of renewal of raw materials is a parallel problem. The purchaser of raw materials is normally uninterested in their long-run availability. And sellers are notoriously ready to subordinate long-run viability to short-run gains. Over five hundred years, this has led to successive exhaus-

tions and increases in the costs of obtaining such resources. These trends have only partially been counteracted by technological advances in creating alternative resources.

The two exhaustions—of dumping space and natural resources—have become the subject of a major social movement of environmentalists and Greens in recent decades, who have sought governmental intervention to meet collective needs. To meet these needs however requires money, a great deal of money. Who will pay? There are only two real possibilities—the collectivity, through taxation, and the producers who use the raw materials. To the extent that the producers are being required to pay for them—economists call this internalization of costs—the costs of production are rising for individual producers.

Finally, there is the issue of infrastructure, a term which refers to all those physical institutions outside the production unit which form a necessary part of the production and distribution process—roads, transport services, communications networks, security systems, water supply. These are costly, and ever more costly. Once again, who is footing the bill? Either the collectivity, which means taxation, or the individual firms, which means increased costs. It should be noted that to the degree the infrastructure is privatized, the bill is paid by the individual firms (even if other firms are making profits out of operating the infrastructure, and even if individual persons are paying increased costs for their own consumption).

The pressure to internalize costs represents for productive firms a significant increase in the costs of production which, over time, has more than overcome the cost advantages that improvements in technology have made possible. And this internalization of costs omits the growing problem that these firms are having as a result of penalties imposed by the courts and legislatures for damages caused by past negligence.

The third cost that has been rising over time is that of taxation. Taxes are a basic element in social organization. There have always been and always will be taxes of one sort or another. But who pays, and how much, is the subject of endless political struggle. In the modern world-system, there have been two basic reasons for taxation. One is to provide the state structures with the means to offer security services (armies and police forces), build infrastructure, and employ a bureaucracy with which to provide public services as well as collect taxes. These costs are inescapable, although obviously there can be strong and wide differences in views as to what should be spent and how.

There is however a second reason to tax, which is more recent (it has arisen only in the last century to any significant degree). This second reason is the consequence of political democratization, which has led to demands

by the citizenry on the states to provide them with three major benefits, which have come to be seen as entitlements: education, health, and guarantees of lifetime income. When these benefits were first provided in the nineteenth century, state expenditures were quite small and only existed in a few countries. Throughout the twentieth century, the definition of what the states were expected to provide and the number of states which provided something steadily grew in each of these domains. It seems virtually impossible today to push the level of expenditures back in the other direction.

As a result of the increasing cost (not merely in absolute terms but as a proportion of world surplus) of providing security, building infrastructure, and offering the citizenry benefits in education, health, and lifetime guarantees of income, taxation as a share of total costs has been steadily rising for productive enterprises everywhere, and will continue to rise.

Thus it is that the three costs of production—remuneration, inputs, and taxation—have all been rising steadily over the past five hundred years and particularly over the past fifty years. On the other hand, the sales prices have not been able to keep pace, despite increased effective demand, because of a steady expansion in the number of producers and hence of their recurring inability to maintain oligopolistic conditions. This is what one means by a squeeze on profits. To be sure, producers seek to reverse these conditions constantly, and are doing so at present. To appreciate the limits of their ability to do so, we must return to the cultural shock of 1968.

The world-economy in the years after 1945 saw the largest expansion of productive structures in the history of the modern world-system. All the structural trends of which we have been speaking—costs of remuneration, costs of inputs, taxation—took a sharp upward turn as a result. At the same time, the antisystemic movements, which we previously discussed, made extraordinary progress in realizing their immediate objective—coming to power in the state structures. In all parts of the world, these movements seemed to be achieving step one of the two-step program. In a vast northern area from central Europe to East Asia (from the Elbe to the Yalu Rivers), Communist parties governed. In the pan-European world (western Europe, North America, and Australasia), social democratic parties (or their equivalents) were in power, or at least in alternating power. In the rest of Asia and most of Africa, national liberation movements had come to power. And in Latin America, nationalist/populist movements gained control.

The years after 1945 thus became a period of great optimism. The economic future seemed bright, and popular movements of all kinds seemed to be achieving their objectives. And in Vietnam, a little country struggling for its independence seemed to be holding the hegemonic power, the United

States, in check. The modern world-system had never looked so good to so many people, a sentiment that had an exhilarating effect, but in many ways also a very stabilizing effect.

Nonetheless, there was an underlying and growing disillusion with precisely the popular movements in power. The second step of the two-step formula—change the world—seemed in practice much further from realization than most people had anticipated. Despite the overall economic growth of the world-system, the gap between core and periphery had become greater than ever. And despite the coming to power of the antisystemic movements, the great participatory élan of the period of mobilization seemed to die out once the antisystemic movements came to power in any given state. New privileged strata emerged. Ordinary people were now being asked not to make militant demands on what was asserted to be a government that represented them. When the future became the present, many previously ardent militants of the movements began to have second thoughts, and eventually began to dissent.

It was the combination of long-existing anger about the workings of the world-system and disappointment with the capacity of the antisystemic movements to transform the world that led to the world revolution of 1968. The explosions of 1968 contained two themes repeated virtually everywhere, whatever the local context. One was the rejection of U.S. hegemonic power, simultaneously with a complaint that the Soviet Union, the presumed antagonist of the United States, was actually colluding in the world order that the United States had established. And the second was that the traditional antisystemic movements had not fulfilled their promises once in power. The combination of these complaints, so widely repeated, constituted a cultural earthquake. The many uprisings were like a phoenix and did not put the multiple revolutionaries of 1968 in power, or not for very long. But they legitimated and strengthened the sense of disillusionment not only witli the old antisystemic movements but also with the state structures these movements had been fortifying. The long-term certainties of evolutionary hope had become transformed into fears that the world-system might be unchanging.

This shift in worldwide sentiment, far from reinforcing the status quo, actually pulled the political and cultural supports from under the capitalist world-economy. No longer would oppressed people be sure that history was on their side. No longer could they therefore be satisfied with creeping improvements, in the belief that these would see fruition in the lives of their children and grandchildren. No longer could they be persuaded to postpone present complaints in the name of a beneficent future. In short, the multiple producers of the capitalist world-economy had lost the main hidden stabilizer of the system, the optimism of the oppressed. And this of course came at the very worst moment, when the squeeze on profits was beginning to be felt in a serious way.

The cultural shock of 1968 unhinged the automatic dominance of the liberal center, which had prevailed in the world-system since the prior world revolution of 1848. The right and the left were liberated from their role as avatars of centrist liberalism and were able to assert, or rather reassert, their more radical values. The world-system had entered into the period of transition, and both right and left were determined to take advantage of the increasing chaos to ensure that their values would prevail in the new system (or systems) that would eventually emerge from the crisis.

The immediate effect of the world revolution of 1968 seemed to be a legitimation of left values, most notably in the domains of race and sex. Racism has been a pervasive feature of the modern world-system for all of its existence. To be sure, its legitimacy has been called into question for two centuries. But it was only after the world revolution of 1968 that a widespread campaign against racism—one led by the oppressed groups themselves, as distinguished from those previously led primarily by liberals among the dominant strata—became a central phenomenon on the world political scene, taking the form both of actively militant "minority" identity movements everywhere and of attempts to reconstruct the world of knowledge, to make the issues deriving from chronic racism central to intellectual discourse.

Along with the debates about racism, it would have been hard to miss the centrality of sexuality to the world revolution of 1968. Whether we are speaking of policies related to gender or to sexual preferences, and eventually to transgender identity, the impact of 1968 was to bring to the forefront what had been a slow transformation of sexual mores in the preceding half-century and allow it to explode onto the world social scene, with enormous consequences for the law, for customary practice, for religions, and for intellectual discourse.

The traditional antisystemic movements had emphasized primarily the issues of state power and of economic structures. Both issues receded somewhat in the militant rhetoric of 1968 because of the space given the issues of race and sexuality. This posed a real problem for the world right. Geopolitical and economic issues were easier for the world right to deal with than the sociocultural issues. This was because of the position of the centrist liberals, who were hostile to any undermining of the basic political and economic institutions of the capitalist world-economy, but were latent, if less militant, supporters of the sociocultural shifts advocated by the militants in the revolutions of 1968 (and afterward). As a result, the post-1968 reaction was

actually split, between on the one hand an Establishment attempt to restore order and solve some of the immediate difficulties of the emerging profit squeeze and on the other a more narrowly based but much more ferocious cultural counterrevolution. It is important to distinguish the two sets of issues and therefore the two sets of strategic alignments.

As the world-economy entered at this time into a long Kondratieff B-phase, the coalition of centrist and rightist forces attempted to roll back rising costs of production in all three components of costs. They sought to reduce remuneration levels. They sought to re-externalize the costs of inputs. They sought to reduce taxation for the benefit of the welfare state (education, health, and lifetime guarantees of income). This offensive took many forms. The center abandoned the theme of developmentalism (as a mode of overcoming global polarization) and replaced it with the theme of globalization, which called essentially for the opening of all frontiers to the free flow of goods and capital (but not of labor). The Thatcher regime in the United Kingdom and the Reagan regime in the United States took the lead in promoting these policies, which were called "neoliberalism" as theory and "the Washington consensus" as policy. The World Economic Forum at Davos was the locus for promoting the theory, and the International Monetary Fund (IMF) and the newly established World Trade Organization (WTO) became the chief enforcers of the Washington consensus.

The economic difficulties faced by governments everywhere from the 1970s onward (particularly in the South and in the former communist zone) made it extremely difficult for these states, governed by old antisystemic movements, to resist the pressures for "structural adjustment" and opening frontiers. As a result, a limited amount of success in rolling back costs of production worldwide was achieved, but a success far below what the promoters of such policies had hoped for, and far below what was necessary to end the squeeze on profits. More and more, capitalists sought profits in the arena of financial speculation rather than in the arena of production. Such financial manipulations can result in great profits for some players, but it renders the world-economy very volatile and subject to swings of currencies and of employment. It is in fact one of the signs of increasing chaos.

In the world political arena, the world political left would increasingly make electoral objectives secondary, and began the organization rather of a "movement of movements"—what has come to be identified with the World Social Forum (WSF), which met initially in Porto Alegre and is often referred to by that symbol. The WSF is not an organization, but a meeting-ground of militants of many stripes and persuasions, engaging in a variety of actions from collective demonstrations that are worldwide or regional to local organizing across the globe. Their slogan, "another world is possible,"

is expressive of their sense that the world-system is in a structural crisis, and that political options are real. The world is facing increasingly a struggle on many fronts between the spirit of Davos and the spirit of Porto Alegre.

The dramatic attack by Osama bin Laden on the Twin Towers on September 11, 2001, marked a further indication of world political chaos and a turning-point in political alignments. It allowed those on the right who wished to cut their links with the center to pursue a program centered around unilateral assertions by the United States of military strength combined with an attempt to undo the cultural evolution of the world-system that occurred after the world revolution of 1968 (particularly in the fields of race and sexuality). In the process, they have sought to liquidate many of the geopolitical structures set in place after 1945, which they have seen as constraining their politics. But these efforts threatened to worsen the already-increasing instability in the world-system.

This is the empirical description of a chaotic situation in the world-system. What can we expect in such a situation? The first thing to emphasize is that we can expect, we are already seeing, wild fluctuations in all the institutional arenas of the world-system. The world-economy is subject to acute speculative pressures, which are escaping the control of major financial institutions and control bodies, such as central banks. A high degree of violence is erupting everywhere in smaller and larger doses, and over relatively long periods. No one has any longer the power to shut down such eruptions effectively. The moral constraints traditionally enforced both by states and by religious institutions are finding their efficacity considerably diminished.

On the other hand, just because a system is in crisis does not mean that it does not continue to try to function in its accustomed ways. It does. Insofar as the accustomed ways have resulted in secular trends that are approaching asymptotes, continuing in customary ways simply aggravates the crisis. Yet continuing to act in customary ways will probably be the mode of behavior of most people. It makes sense in the very short run. The customary ways are the familiar ways, and they promise short-run benefits, or they would not be the customary ways. Precisely because the fluctuations are wilder, most people will seek their security by persisting in their behavior.

To be sure, all sorts of people will seek middle-run adjustments to the system, which they will argue will mitigate the existing problems. This too is a customary pattern, and in the memory of most people one that has worked in the past and should therefore be tried again. The problem is that in a systemic crisis, such middle-run adjustments have little effect. This is after all what we said defined a systemic crisis.

And others will seek to pursue more transformative paths, often in the

guise of middle-run adjustments. They are hoping to take advantage of the wild swings of the period of transition to encrust major changes in operating modes, which will push the process toward one side of the bifurcation. It is this last form of behavior which will be the most consequential. In the present situation, it is the one to which we referred as the struggle between the spirit of Davos and the spirit of Porto Alegre. This struggle is perhaps not yet at the center of most people's attention. And of course, many most active in the struggle may find it useful to divert attention from the intensity of the struggle and its real stakes, in the hope of achieving some of their objectives without arousing the opposition which the open proclamation of these objectives might arouse.

There is only so much that can be said about a struggle that is just beginning to unfold, one of whose central characteristics is the total uncertainty of its outcome, and another of whose characteristics is the opacity of the struggle. We might think of it as a clash of fundamental values, even of "civilizations," just as long as we don't identify the two sides with existing peoples, races, religious groups, or other historic groupings. The key element of the debate is the degree to which any social system, but in this case the future one we are constructing, will lean in one direction or the other on two long-standing central issues of social organization—liberty and equality—issues that are more closely intertwined than social thought in the modern world-system has been willing to assert.

The issue of liberty (or "democracy") is surrounded by so much hyperbole in our modern world that it is sometimes hard to appreciate what the underlying issues are. We might find it useful to distinguish between the liberty of the majority and the liberty of the minority. The liberty of the majority is located in the degree to which collective political decisions reflect in fact the preferences of the majority, as opposed to those of smaller groups who may in practice control the decision-making processes. This is not merely a question of so-called free elections, although no doubt regular, honest, open elections are a necessary if far from sufficient part of a democratic structure. Liberty of the majority requires the active participation of the majority. It requires access to information on the part of the majority. It requires a mode of translating majority views of the populace into majority views in legislative bodies. It is doubtful that any existing state within the modern world-system is fully democratic in these senses.

The liberty of the minority is a quite different matter. It represents the rights of all individuals and groups to pursue their preferences in all those realms in which there is no justification for the majority to impose its preferences on others. In principle, most states in the modern world-system have given lip service to these rights to exemption from majority prefer-

ences. Some have even lauded the concept not merely as a negative protection but as a positive contribution to the construction of a historical system of many different strands. The traditional antisystemic movements placed priority on what we are calling the liberty of the majority. The world revolutionaries of 1968 placed great emphasis rather on expanding the liberty of the minorities.

Even if we assume that everyone is in fact in favor of liberty, which is a rash assumption, there is the enormous and never-ending difficulty of deciding what is the line between the liberty of the majority and the liberty of the minorities—that is, in what spheres and issues one or the other takes precedence. In the struggle over the system (or systems) that will succeed our existing world-system, the fundamental cleavage will be between those who wish to expand both liberties—that of the majority and that of the minorities—and those who will seek to create a non-libertarian system under the guise of preferring either the liberty of the majority or the liberty of the minorities. In such a struggle, it becomes clear what the role of opacity is in the struggle. Opacity leads to confusion, and this favors the cause of those who wish to limit liberty.

Equality is often posed as a concept in conflict with that of liberty, especially if we mean relative equality of access to material goods. In fact, it is the reverse side of the same coin. To the degree that meaningful inequalities exist, it is inconceivable that equal weight be given to all persons in assessing the preferences of the majority. And it is inconceivable that the liberty of the minorities will be fully respected if these minorities are not equal in the eyes of everyone—equal socially and economically in order to be equal politically. What the emphasis on equality as a concept does is point to the necessary positions of the majority to realize its own liberty and to encourage the liberty of the minorities.

In constructing the successor system (or systems) to our existing one, we shall be opting either for a hierarchical system bestowing or permitting privileges according to rank in the system, however this rank is determined (including meritocratic criteria), or for a relatively democratic, relatively egalitarian system. One of the great virtues of the existing world-system is that although it has not resolved any of these debates—far from it!—it has increasingly brought the debate to the fore. There is little question that across the world, people are more fully aware of these issues today than a century ago, not to speak of five centuries ago. They are more aware, more willing to struggle for their rights, more skeptical about the rhetoric of the powerful. However polarized the existing system, this at least is a positive legacy.

The period of transition from one system to another is a period of great

struggle, of great uncertainty, and of great questioning about the structures of knowledge. We need first of all to try to understand clearly what is going on. We need then to make our choices about the directions in which we want the world to go. And we must finally figure out how we can act in the present so that it is likely to go in the direction we prefer. We can think of these three tasks as the intellectual, the moral, and the political tasks. They are different, but they are closely interlinked. None of us can opt out of any of these tasks. If we claim we do, we are merely making a hidden choice. The tasks before us are exceptionally difficult. But they offer us, individually and collectively, the possibility of creation, or at least of contributing to the creation of something that might fulfill better our collective possibilities.

GLOSSARY

This is a glossary of terms used in this book. A glossary of concepts is not a dictionary. There exists no definitive meaning for most of these terms. They are quite regularly defined and used differently by different scholars. The particular usage is often based on different underlying assumptions or theorizings. What we have here are terms I use and the ways in which I use them. Some of my usages are standard. But in some cases, my usage may be significantly different from that of other authors. In several cases, I have indicated my usage of a term in relation to that of another term because I consider the two terms to be a relational pair. All these terms are for the most part already defined, explicitly or implicitly, in the text. But it may be useful to the reader to be able to refer to them quickly and precisely. Cross-references from one entry to another are indicated by SMALL CAPITALS.

antisystemic movements. I invented this term to cover together two concepts that had been used since the nineteenth century: social movements and national movements. I did this because I believed that both kinds of movements shared some crucial features, and that both represented parallel modes of asserting strong resistance to the existing historical system in which we live, up to and including wishing to overthrow the system.

Asiatic mode of production. This term was invented by Karl Marx to refer to what others think of as centralized imperial systems organized around the need to supply and control irrigation for agriculture. The key point for Marx was that these systems lay outside what he otherwise thought was a universal progressive sequence of successive "modes of production," that is, different ways in which systems of production were organized.

asymptote. A concept in mathematics, referring to a line which a particular curve cannot reach in a finite space. The most frequent usage is in referring to curves whose ordinal is measured in percentages, and for which 100 percent represents the asymptote.

axial division of labor. A term used in articulating the argument that what holds the capitalist world-economy intact is an invisible axis binding together core-like and peripheral processes (*see* CORE-PERIPHERY).

cadres. This term is used in this text to refer to all those persons who are neither in the top command positions of the social system nor among the vast majority who fulfill the bottom tasks. Cadres perform managerial functions and usually receive remuneration somewhere between that for the top and that for the bottom. In my view, worldwide today we are talking of 15 to 20 percent of the world's population.

capital. Capital is an extremely contentious term. The mainstream usage refers to assets (wealth) that are or can be used to invest in productive activities. Such assets have existed in all known social systems. Marx used "capital" not as an essential but as a relational term, which existed only in a capitalist system, and which manifested itself in the control of the means of production confronting those who supplied the labor-power.

capitalism. This is an unpopular term in academia because it is associated with Marxism, though in terms of the history of ideas the association is at best only partially true. Fernand Braudel said that one can throw capitalism out the front door but it comes back in by the window. I define capitalism in a particular way: as a historical system defined by the priority of the *endless* accumulation of capital.

capitalist world-economy. It is the argument of this book that a WORLD-ECONOMY must necessarily be capitalist, and that capitalism can only exist within the framework of a world-economy. Hence, the modern world-system is a capitalist world-economy.

circulationist-productionist. These terms only make sense within an orthodox Marxist critique of world-systems analysis. Some Marxists argue that for Marx, the crucial defining feature of a mode of production was the system of production. Hence, anyone who wishes also to emphasize the crucial importance of trade is a "circulationist" and not a "productionist." Whether these were the views of Marx himself is a matter of considerable debate. And that world-systems analysis can be labeled "circulationist" is something that world-systems analysts deny.

civil society. This term, invented in the early nineteenth century, became very popular in the last decades of the twentieth century. Originally, it was used as the antinomy of "state." In France at that time one contrasted *le pays légal* (the legal country, or the state) with *le pays réel* (the real country, or the civil society). Making this kind of distinction implied that to the degree to which the state institutions did not reflect the society (all of us), the state was somehow illegitimate. In recent years, the term has been used more narrowly to mean the panoply of "non-governmental organizations" and has carried with it the suggestion that a state cannot be truly democratic unless there is a strong "civil society." The term is also used, especially in this book, to refer to all those institutions that are not narrowly economic or political.

class conflict. The persistent cleavage within the modern world-system between those who control capital and those who are employed by them.

comparative advantage. The nineteenth-century English economist David Ricardo argued that even if a country produced two items at a lower cost than another country, it would still be to the first country's advantage to concentrate its production on only one of them, the one of the two for which it was the lowest cost producer, and trade that item with the second country for the second product. This is called the theory of comparative advantage. Ricardo illustrated this with the example that Portugal should concentrate on producing wine and trade it with England for textiles, even though it produced textiles at a lower cost than England. This theory underlies much of the case today for globalization.

conservatism. One of the three basic ideologies of the modern world-system since the French Revolution. Conservatism has many versions. The dominant themes have always included acute skepticism about legislated change and an emphasis on the wisdom of traditional sources of authority.

core-periphery. This is a relational pair, which first came into widespread use when taken up by Raúl Prebisch and the UN Economic Commission for Latin America in the 1950s as a description of the AXIAL DIVISION OF LABOR of the world-economy. It refers to products but is often used as shorthand for the countries in which such products are dominant. The argument of this book is that the key element distinguishing core-like from peripheral processes is the degree to which they are monopolized and therefore profitable.

economism. This is a term of criticism, suggesting that someone insists on giving exclusive priority to economic factors in explaining social reality.

elasticity of demand. A term used by economists to refer to the degree of priority that the collectivity of individuals give to purchasing a certain good over alternative goods, regardless of price.

endogenous-exogenous. This pair is used to refer to the source of key variables in explaining social action, whether they are internal or external to whatever is defined as the unit of social action.

epistemology. The branch of philosophical thought that discusses how we know what we know and how we can validate the truth of our knowledge.

Eurocentrism. This is a negative term, referring to any assumption that the patterns discerned by analyzing pan-European history and social structure are universal patterns, and therefore implicitly a model for persons in other parts of the world.

exogenous. See ENDOGENOUS.

externalization of costs. A term used by economists to refer to practices that allow certain costs of production not to be paid by the producer but "externalized" to others or to society as a whole.

feudalism. The name normally given to the historical system that prevailed in medieval Europe. It was a system of parcelized power, in which there was a ladder of lords and vassals who exchanged social obligations (for example, use of land in return for some kind of payments plus social protection). How long this system existed in Europe and whether similar systems existed in other parts of the world are matters of considerable scholarly debate.

free market. According to the classical definition, a market in which there are multiple sellers, multiple buyers, perfect information (all sellers and buyers know everything about price variations), and no political constraints on the operation of the market. Few markets, real or virtual, have ever met this definition.

geoculture. A term coined by analogy with geopolitics. It refers to norms and modes of discourse that are widely accepted as legitimate within the world-system. We argue here that a geoculture does not come into existence automatically with the onset of a world-system but rather has to be created.

geopolitics. A nineteenth-century term referring to the constellations and manipulations of power within the interstate system.

globalization. This term was invented in the 1980s. It is usually thought to refer to a reconfiguration of the world-economy that has only recently come into existence, in which the pressures on all governments to open their frontiers to the free movement of goods and capital is unusually strong. This is the result, it is argued, of technological advances, especially in the field of informatics. The term is as much prescription as description. For world-systems analysts, what is described as something new (relatively open frontiers) has in fact been a cyclical occurrence throughout the history of the modern world-system.

grand narrative. A term of criticism used by postmodernists to refer to all those modes of analysis which offer overarching explanations for historical social systems.

hegemony. This term is often used loosely merely to mean leadership or dominance in a political situation. Antonio Gramsci, the Italian communist theorist, following Machiavelli, insisted on an ideological and cultural component, in which leadership was legitimated in some way by the population, a process which he saw as crucial in enabling élites to maintain power. The term has a narrower use in world-systems analysis. It refers to those situations in which one state combines economic, political, and financial superiority over other strong states, and therefore has both military and cultural leadership as well. Hegemonic powers define the rules of the game. Defined in this way, hegemony does not last very long, and is self-destructive.

hermeneutics. Originally, scholarly interpretation of Biblical texts. The term now more generally refers to an epistemology that allows the analyst to empathize with and interpret the meaning of social action, as opposed to analysis through some set of "objective" modes of knowing, say statistical analysis.

heuristics. Exploratory problem-solving that aids in knowing, without necessarily being definitive.

historical social sciences. See UNIDISCIPLINARITY.

historical (social) system. This combination of "historical" and "system" into one phrase is used by world-systems analysts to stress that all social systems are simultaneously systemic (they have continuing characteristics that can be described) and historical (they have a continuing evolving life and are never the same from one moment to the next). This paradoxical reality makes social analysis difficult, but if the contradiction is kept in the center of the analysis the results are more fruitful and more realistic.

household. In the special usage of world-systems analysis, a group of persons (usually between three and ten) who "pool" multiple varieties of income over a long period (say thirty years). New members enter and old ones die. The household is not necessarily a kin group and not necessarily co-resident, though frequently it is both.

identities. See STATUS-GROUPS.

ideology. Usually, a coherent set of ideas that inform a particular point of view. The term can be used either neutrally (everyone has an ideology) or negatively (the others have an ideology, as opposed to our scientific or scholarly analysis). The term is used more narrowly in world-systems analysis to mean a coherent strategy in the social arena from which one can draw political conclusions. In this sense, there have been ideologies only since the French Revolution, after which it was necessary to have a coherent strategy about the continuing demand for political change, and there have been only three: CONSERVATISM, LIBERALISM, and RADICALISM.

idiographic-nomothetic. This pair of terms was invented in Germany in the late nineteenth century to describe what was called the *Methodenstreit* (battle of methods) among social scientists, one that reflected the division of scholarship into the TWO CULTURES. Nomothetic scholars insisted on replicable, "objective" (preferably quantitative) methods and saw their task as one of arriving at general laws explaining social realities. Idiographic scholars used largely qualitative, narrative data, considering themselves humanists, and preferred HERMENEUTIC methods. Their principal concern was interpretation, not laws, about which they were at the very least skeptical. (Note that idiographic is different from ideographic. "Idio-" is a prefix derived from Greek and means specific, individual, one's own; hence idiographic means of or relating to particular descriptions. "Ideo-" is a prefix derived from Latin and means picture, form, idea; hence ideographic means of or relating to a non-alphabetic writing system, such as Chinese characters.)

infrastructure. Roads, bridges, and other community structures which are seen as the basic underpinnings of a system of production and trade.

knowledge activity. A neutral term to refer to any kind of scholarly or scientific activity, one that avoids taking a position on the TWO CULTURES.

Kondratieff cycles. These are the basic cycles of expansion and stagnation in the capitalist world-economy. A cycle, consisting of a so-called A-phase and B-phase, generally lasts fifty to sixty years. The very existence of Kondratieff cycles is contested by many economists. Among those who utilize the concept, there is much debate about what explains them and particularly what explains the upturn from a B-phase to an A-phase. The cycles are named after Nikolai Kondratieff, a Russian economist who wrote about them in the 1920s (although he was far from the first to describe them). Kondratieff himself called them long waves.

leading products. A recent concept among economists who argue that leading products exist at any given time, and that they are leading because they are highly profitable, are relatively monopolized, and have significant impact on the economy (so-called backward and forward linkages). Because leading products are loci of great profits, producers constantly try to enter the market as competitors, and at some point a given leading industry ceases to be leading.

liberalism. Liberalism emerged as a term and as a reality in the early nineteenth century as the antagonist to conservatism. In the phraseology of the time, liberals were the Party of Movement, conservatives the Party of Order. The term "liberalism" has the most diverse usage conceivable. For some today, especially in the United States, liberal means leftist (or at least New Deal Democrat). In Great Britain, the Liberal Party claims to occupy the center between the Conservatives and Labour. In much of continental Europe, Liberal parties are those that are economically conservative but non-clerical. For some, the essence of liberalism is opposition to state involvement in the economy. But since the late nineteenth century, many "liberals" have proclaimed themselves reformers in favor of the welfare state. For others, liberalism reflects a concern for individual liberties, and therefore a willingness to limit the state's power to constrain these rights. Adding to the confusion is the emergence in the late twentieth century of the term neoliberalism, which tends to mean a conservative ideology that emphasizes the importance of free trade. As one of the three ideologies (*see* IDEOLOGY) referred to in world-systems analysis, liberalism is primarily centrist, favoring the steady (but relatively) slow evolution of the social system, the extension of education as the foundation of citizenship, MERITOCRACY, and giving priority to the role of skilled specialists in the formation of public policy.

longue durée. See SOCIAL TIMES.

manu militari. Latin phrase, meaning "by force."

meritocracy. A recent phrase, meaning the assignment of people to positions according to merit, as opposed to family connections, social position, or political affiliation.

modern world-system. The world-system in which we are now living, which had its origins in the long sixteenth century in Europe and the Americas. The modern world-system is a CAPITALIST WORLD-ECONOMY. *See also* WORLD-SYSTEM.

monopoly-oligopoly. A monopoly is a situation in which there is only one seller in the market. True monopolies are very rare. What is more common are oligopolies, in which there are only a few, usually quite large, sellers in the market. Often these large sellers collude to set

prices, which makes the situation approximate that of a monopoly. Because monopolies and even oligopolies are very profitable, they tend to self-destruct when their prices are undercut by the entry of new competitors into the market.

nation-state. The de facto ideal toward which all, or almost all, modern states aspire. In a nation-state all persons can be said to be of one nation and therefore share certain basic values and allegiances. Being a nation is defined differently in different countries. It almost always means speaking the same language. It often means having the same religion. Nations are said to have historical ties which, it is usually claimed, predate the existence of a state structure. Much of this, not all, is mythology. And almost no state comes really close to being a genuine nation-state, though few admit this.

national movements. Also called nationalist movements and national liberation movements. They are movements whose objective is to defend a "nation" which its adherents argue is being oppressed by another nation, either because the other nation has colonized them, or because their "national" (often meaning linguistic) rights are being ignored within the state, or because persons of the particular ethnic group that is asserting "nationhood" have been assigned to inferior social and economic positions within the state. National movements often seek formal independence of the oppressed nation, that is, separation from the state said to be the oppressor.

nomothetic. See IDIOGRAPHIC-NOMOTHETIC.

oligopoly. See MONOPOLY.

particularism. See UNIVERSALISM-PARTICULARISM.

periphery. See CORE-PERIPHERY.

positivism. This term was invented by the French nineteenth-century thinker Auguste Comte, who also invented the term "sociology" to describe what he was doing. For Comte, positivism meant non-theological, non-philosophical scientific thought (including social analysis) and was the quintessence of modernity. Positivism took on a broader usage to mean adherence to a scientific agenda using methods represented best by physics (at least the Newtonian physics largely uncontested among natural scientists until the latter part of the twentieth century). In this usage, positivism and nomothetic (*see* IDIOGRAPHIC-NOMOTHETIC) methodology are largely synonymous. However, empirical historians are often called positivists because they insist on sticking close to the data, even if they reject nomothetic aspirations.

proletarians-bourgeoisie. The term "proletarians" came into use in late-eighteenth-century France to refer to the common people, by analogy with ancient Rome. In the nineteenth century, the term came to be used more specifically for (urban) wage-laborers who no longer had access to land and therefore depended on their employment for income. Proletarians, for the SOCIAL MOVEMENT and for radical IDEOLOGY, were seen as the social antagonists of the bourgeoisie in the modern CLASS STRUGGLE. The term "bourgeoisie" has been in use since the eleventh century. It referred originally to city-dwellers, specifically those of an intermediate social rank (less than an aristocrat but more than a serf or common worker). The term was associated primarily with the professions of merchant and banker. From the nineteenth century on, bourgeoisie as a term moved slowly from middle rank to top rank, as the importance of aristocracies declined. The term "middle class(es)" is often substituted for bourgeoisie, except that it tends to encompass a larger group of persons.

radicalism. With liberalism and conservatism, this is the third of the great ideologies of the nineteenth and twentieth centuries. Radicals believe that progressive social change is not only inevitable but highly desirable, and the faster the better. They also tend to believe that

social change does not come by itself but needs to be promoted by those who would benefit by it. Marxism (in its many varieties) is a radical ideology, but it has been by no means the only one. Anarchism is another. And in the late twentieth century, there emerged many new claimants for the title of radical ideology.

semiperipheral. There are no semiperipheral products, as there are core-like and peripheral products. However, if one calculates what proportion of a country's production is core-like and what peripheral, one finds that some countries have a fairly even distribution, that is, they trade core-like products to peripheral zones and peripheral products to core zones. Hence we can talk of semiperipheral countries, and we find they have a special kind of politics and play a particular role in the functioning of the world-system.

social movement. This phrase originated in the nineteenth century and was used originally to refer to movements that promoted the interests of industrial workers, such as trade-unions and socialist parties. Later, the term got wider usage, referring to all sorts of movements that were based on membership activity and engaged in educational and political action. Today, in addition to workers' movements, women's movements, environmentalist movements, anti-globalization movements, and gay and lesbian rights movements are all called social movements.

social time. This concept, particularly favored by Fernand Braudel, suggests that the analyst should look at different temporalities that reflect different social realities. Braudel distinguished between the two widely used social times: the short time of "events" used by idiographic scholars and the "eternal" time of nomothetic social scientists (*see* IDIOGRAPHIC-NOMOTHETIC). He much preferred two other social times which he considered more fundamental: the structural time that was long-lasting and reflected continuing (but not eternal) structural realities, which he called the *longue durée*; and the cyclical time of ups and downs that occurred within the framework of a given structural time.

sovereignty. A concept in international law that first received wide usage in the sixteenth century. It refers to the right of a state to control all activities within its borders. That is, sovereignty is a denial of both the right of subregions to defy the central state and the right of any other state to interfere in the internal workings of the sovereign state. Originally, the sovereign was the monarch or chief of state acting by himself. After the French Revolution, it became more and more the "people."

state. In the modern world-system, a state is a bounded territory claiming SOVEREIGNTY and domain over its subjects, now called citizens. Today, all land areas of the world (except the Antarctic) fall within the boundaries of some state, and no land area falls within the bounds of more than one state (although boundaries are sometimes disputed). A state claims the legal monopoly over the use of weapons within its territory, subject to the laws of the state.

status-groups. This term is the standard English translation of Max Weber's term *Stände.* Weber's term is derived from the feudal system, in which one distinguished between different *Stände* or "orders" (aristocracy, clergy, commoners). Weber extended the term to mean social groupings in the modern world that were not class-based (ethnic groups, religious groups, and so on) and showed certain kinds of solidarity and identification. In the late twentieth century the term "identities" came into use, meaning more or less the same thing, but with perhaps more emphasis on its subjective character.

surplus-value. This term has a heavy legacy of controversy and sometimes occult debate. All that is meant in this book is the amount of real profit obtained by a producer, which he may in fact lose as a result of UNEQUAL EXCHANGE.

syndical action. A general term for any kind of action in which people group together to defend

their common interests. A trade-union is a notable example. But there are many other forms of workers' syndical action. And persons other than workers can engage in syndical action.

system. Literally, some kind of connected whole, with internal rules of operation and some kind of continuity. In social science, the use of "system" as a descriptive term is contested, particularly by two groups of scholars: idiographic (*see* IDIOGRAPHIC-NOMOTHETIC) historians who tend to doubt the existence of social systems, or at least feel that social systems are not the primary explanations of historical reality; and those who believe that social action is the result of individual actions (often called methodological individualists) and that the "system" is nothing but the sum of these individual activities. The use of the term "system" in social science implies a belief in the existence of so-called emergent characteristics. *See also* HISTORICAL (SOCIAL) SYSTEM.

TimeSpace. A recently invented concept. The capitalization and running-together of the two terms reflects the view that for every kind of SOCIAL TIME, there exists a particular kind of social space. Thus, time and space in social science should not be thought of as separate, measured separately, but as irrevocably linked into a limited number of combinations.

tribe. This is the term invented by nineteenth-century anthropologists to describe the unit within which most preliterate peoples located themselves. The term came under extensive criticism in the second half of the twentieth century, the critics arguing that it masked an enormous and important variety of systemic arrangements.

two cultures. A term invented by C. P. Snow in the 1950s. It refers to the quite distinctive "cultures"—really, epistemologies—of people in the humanities and the natural sciences. The split, sometimes called "divorce," of science and philosophy was consummated only in the late eighteenth century, and has again come into question in the late twentieth century.

unidisciplinarity. This term should be clearly distinguished from multi- or trans-disciplinarity. The latter terms refer to the now-popular ideas that much research would be better done if the researcher(s) combined the skills of two or more disciplines. Unidisciplinarity refers to the belief that in the social sciences at least, there exists today no sufficient *intellectual* reason to distinguish the separate disciplines at all, and that instead all work should be considered part of a single discipline, sometimes called the historical social sciences.

unequal exchange. This term was invented by Arghiri Emmanuel in the 1950s to refute the concept of COMPARATIVE ADVANTAGE of David Ricardo. Emmanuel argued that when products that had low labor costs (peripheral products) were exchanged with products that had high labor costs (core-like products), there was an *unequal* exchange going from periphery to core, involving the transfer of SURPLUS-VALUE. Emmanuel's book stirred considerable controversy. Many accepted the concept of unequal exchange without accepting Emmanuel's explanation of what defines or accounts for it.

universalism-particularism. This pair reflects the difference in emphasis of nomothetic and idiographic scholars (*see* NOMOTHETIC-IDIOGRAPHIC). Universalism is the assertion that there exist generalizations about human behavior that are universal, that is, that are true across space and time. Particularism is the assertion that no such universals exist, or at least that none are relevant concerning a specific phenomenon, and that therefore the role of the social scientist is to explicate how particular phenomena or structures operate.

world-economy, world-empire, world-system. These terms are related. A world-system is not the system of *the* world, but a system *that is a* world and that can be, most often has been, located in an area less than the entire globe. World-systems analysis argues that the unities of social reality within which we operate, whose rules constrain us, are for the most part

such world-systems (other than the now-extinct small minisystems that once existed on the earth). World-systems analysis argues that there have been thus far only two varieties of world-systems: world-economies and world-empires. A world-empire (such as the Roman Empire, Han China) is a large bureaucratic structure with a single political center and an AXIAL DIVISION OF LABOR, but multiple cultures. A world-economy is a large axial division of labor with multiple political centers and multiple cultures. In English, the hyphen is essential to indicate these concepts. "World system" without a hyphen suggests that there has been only one world-system in the history of the world. "World economy" without a hyphen is a concept used by most economists to describe the trade relations among states, not an integrated system of production.

world religion. This concept came into use in the nineteenth century to describe the limited number of religions that exist in wide areas, as opposed to the religious structures of tribes (*see* TRIBE). The standard list of world religions includes at least Christianity, Judaism, Islam, Hinduism, Buddhism, and Taoism.

BIBLIOGRAPHICAL GUIDE

For the reader who wishes to pursue the subject further, I have constructed a bibliographical guide in four parts: (1) other writings of mine, which elaborate the arguments in this book; (2) writings by other world-systems analysts, which present some of these issues somewhat differently; (3) writings that specifically critique world-systems analysis; (4) writings of predecessors that are most relevant, especially those to whom we have referred in this text. There is no pretense that this is a complete guide, merely a start.

I. Writings by Immanuel Wallerstein

There exists a collection of twenty-eight articles, published originally between 1960 and 1998, which puts together my essays on the whole range of themes that are caught up in the rubric of world-systems analysis. The book is entitled *The Essential Wallerstein* (New Press, 2000). The themes discussed in chapter 1 are elaborated in the report of an international commission that I chaired, *Open the Social Sciences* (Stanford University Press, 1996) as well as in my own *Unthinking Social Science* (2d ed., Temple University Press, 2001) and *The Uncertainties of Knowledge* (Temple University Press, 2004).

The themes of chapters 2–4 are addressed in my *The Modern World-System* (3 vols. to date, Academic Press, 1974, 1980, 1989) and in *Historical Capitalism, with Capitalist Civilization* (Verso, 1995). There are also three collections of essays published by Cambridge University Press: *The Capitalist World-Economy* (1979), *The Politics of the World-Economy* (1984), and *Geopolitics and Geoculture* (1991). A more recent collection, *The End of the World as We Know It* (University of Minnesota Press, 1999), provides a juncture between the epistemological and substantive issues in world-systems analysis.

Two books speak to specific themes. One is *Antisystemic Movements* (with Giovanni Arrighi and Terence K. Hopkins, Verso, 1989). The second is *Race, Nation, Class* (with Etienne Balibar, Verso, 1991).

Finally, the analysis of the present and the future, discussed in chapter 5, is elaborated in three books published by New Press: *After Liberalism* (1995), *Utopistics* (1998), and *The Decline*

of American Power (2003). There is also the collection of essays coordinated by Terence K. Hopkins and me, entitled *Trajectory of the World-System, 1945–2025* (Zed, 1996).

A full bibliography is available on the web at http://fbc.binghamton.edu/cv-iw.pdf

II. Writings by world-systems analysts.

I include here only persons who identify themselves as using world-systems analysis. And I am including only works which are wide in scope (as opposed to being empirical studies of particular situations). In order not to make invidious distinctions, I list the authors in alphabetical order.

Janet Abu-Lughod, *Before European Hegemony: The World-System, A.D. 1250–1350* (Oxford University Press, 1989). This book seeks to trace the story of the modern world-system back to earlier times than did *The Modern World-System.*

Samir Amin, *Accumulation on a World Scale: A Critique of the Theory of Underdevelopment* (Monthly Review Press, 1974). Published in French in 1971, this was perhaps the earliest full-scale presentation of a world-systems account of modern capitalism. A recent work on the future of the world-system is *Obsolescent Capitalism: Contemporary Politics and Global Disorder* (Zed, 2003).

Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times* (Verso, 1994). Despite the title, this book is about the development of the modern world-system through long cycles of accumulation from the thirteenth century to today. Also, a book written by Arrighi and Beverly Silver (plus others), *Chaos and Governance in the Modern World System* (University of Minnesota Press, 1999), is a comparative study of successive hegemonic transitions.

Chris Chase-Dunn, *Global Formation: Structures of the World-Economy* (Basil Blackwell, 1989). A theorization of the structures of the capitalist world-economy. Also, a book by Chase-Dunn and Thomas D. Hall, *Rise and Demise: Comparing World Systems* (Westview, 1997), is the best example of efforts to compare multiple kinds of world-systems.

Arghiri Emmanuel, *Unequal Exchange: A Study of the Imperialism of Trade* (Monthly Review, 1972). A refutation of Ricardo's theory of mutual benefit in international trade, this book launched the term and concept of "unequal exchange."

Andre Gunder Frank, *World Accumulation, 1492–1789* (Monthly Review, 1978). The clearest and fullest presentation of his views from the earlier period of his work. His later work, *ReOrient: Global Economy in the Asian Age* (University of California Press, 1998), involved a radical revisionism, in which he argued that there had been a single world system over five thousand years, that it had been largely China-centered, and that capitalism was not a meaningful concept. See the critique of *ReOrient* in three essays by Samir Amin, Giovanni Arrighi, and Immanuel Wallerstein in *Review* 22, no. 3 (1999).

Terence K. Hopkins and Immanuel Wallerstein, *World-Systems Analysis: Theory and Methodology* (Sage, 1982). The essays by Hopkins are the major methodological essays in the world-systems tradition.

Peter J. Taylor, *Modernities: A Geohistorical Interpretation* (Polity, 1999). An interpretation of some geocultural patterns in the modern world-system.

In addition, there are the annual conferences of the Political Economy of the World-System (PEWS) Section of the American Sociological Association. These result in one or more volumes per year. They were published as the Political Economy of the World-System Annuals by Sage from 1978 to 1987, then as Studies in the Political Economy of the World-System by Greenwood from 1987 to 2003. As of 2004, they are being published by Paradigm Press. There are two

quarterly journals that publish materials in the world-systems tradition. One is *Review* (Journal of the Fernand Braudel Center for the Study of Economies, Historical Systems, and Civilizations), the other an electronic journal, *Journal of World-System Research*, http://jwsr.ucr.edu.

Finally, there is a collection of sixteen essays, edited by Thomas D. Hall, under the title *A World-Systems Reader* (Rowman and Littlefield, 2000), which includes a range of viewpoints on various topics.

III. Critiques of World-Systems Analysis

This section includes only those authors who have specifically criticized world-systems analysis for its various shortcomings. Most of these critiques appeared as journal articles rather than books.

The earliest critique, and one of the most famous, was by Robert Brenner: "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism, "*New Left Review* I/104 (July–August 1977): 25–92. It was aimed at Paul Sweezy, Andre Gunder Frank, and me and renewed the orthodox productionist, England-centered Marxism of Maurice Dobb.

Soon thereafter, there were two major critical reviews of *The Modern World-System* (vol. 1) from the "state-autonomist" school: Theda Skocpol, "Wallerstein's World Capitalist System: A Theoretical and Historical Critique," *American Journal of Sociology* 82, no. 5 (March 1977): 1075–90; and Aristide Zolberg, "Origins of the Modern World System: A Missing Link," *World Politics* 33, no. 2 (January 1981): 253–81. Both Skocpol and Zolberg acknowledge their indebtedness to the views of Otto Hintze.

The culturalist critiques have been continuous. The earliest and most complete is that by Stanley Aronowitz, "A Metatheoretical Critique of Immanuel Wallerstein's *The Modern World-System*," *Theory and Society* 10 (1981): 503–20.

Not quite the same is the critique from some Third World scholars that world-systems analysis has not shed Eurocentrism. See Enrique Dussel, "Beyond Eurocentrism: The World System and the Limits of Modernity," in F. Jameson and M. Miyoshi, eds., *The Cultures of Globalization* (Duke University Press, 1998), 3–37.

While the critique from staunch positivists has been severe, they have seldom deemed it worthwhile to make a systematic critique of world-systems analysis.

IV. Relevant Works: Forerunners or Influential Writings of Other Large-Scale Analysts

Here again, we shall list the authors alphabetically, and indicate only one or two principal works.

Perry Anderson, *Lineages of the Absolutist State* (New Left Books, 1974). An account of the history of early modern Europe which argues that absolutism was still a form of feudalism.

Anne Bailey and Josep Llobera, eds., *The Asiatic Mode of Production: Science and Politics* (Routledge and Kegan Paul, 1981), is a good introduction to the debate.

Fernand Braudel, *Civilization and Capitalism, 15th to 18th Century*, 3 vols. (Harper and Row, 1981–84). The classic methodological article, "History and the Social Sciences: The *longue durée*," which appeared in *Annales* ESC in 1958, has three English translations, of unequal validity. The best is in Peter Burke, ed., *Economy and Society in Early Modern Europe* (Routledge and Kegan Paul, 1972).

Ludwig Dehio, *The Precarious Balance: Four Centuries of European Power Struggle* (Alfred A. Knopf, 1962). A succinct and major overview of the geopolitics of the modern world-system.

Frantz Fanon, *The Wretched of the Earth* (Grove, 1968), is the major theoretical work justifying the use of violence by national liberation movements.

Otto Hintze, *The Historical Essays of Otto Hintze*, edited by Robert M. Berdahl (Oxford University Press, 1975). Major influence on the state-autonomist school of historical interpretation.

R. J. Holton, ed., *The Transition from Feudalism to Capitalism* (Macmillan, 1985). This contains the Dobb-Sweezy debate, with the contributions of many others.

Nikolai Kondratieff, *The Long Wave Cycle* (Richardson and Snyder, 1984). A recent translation of the classic essay of the 1920s.

Karl Marx, *Capital* (1859), and *The Communist Manifesto* (1848) are probably the most relevant works.

William McNeill. Generally considered the foremost practitioner of "world history," which emphasizes both the continuity of human history and the worldwide links going back a very long time. The best introduction is the work he wrote with his son, J. R. McNeill, *Human Web: A Bird's-Eye View of World History* (W. W. Norton, 2003).

Karl Polanyi, *The Great Transformation* (Rinehart, 1944). His classic and most influential work is a critique of the view that the market society is in any way a natural phenomenon.

Raúl Prebisch. The first executive secretary of the United Nations Economic Commission for Latin America, he is generally considered the initiator of the core-periphery analysis of the world-economy. Very little exists in English. The best overview is in *Towards a Dynamic Development Policy for Latin America* (UN Economic Commission for Latin America, 1963). A three-volume collection in Spanish is entitled *Obras, 1919–1948* (Fund. Raúl Prebisch, 1991).

Ilya Prigogine, *The End of Certainty: Time, Chaos, and the Laws of Nature* (Free Press, 1997), is the last and clearest overall presentation of his views. The title tells the essential.

Joseph Schumpeter, *Business Cycles*, 2 vols. (McGraw Hill, 1939), the most relevant of his books, argues that long cycles did not begin in the nineteenth century but rather in the sixteenth.

Adam Smith. *The Wealth of Nations*, written in 1776, is oft quoted but less often read, which is a pity. Marx said he was not a Marxist, and Smith was surely not a Smithian.

Max Weber, *General Economic History* (Collier, 1966), the best source for Weber's analysis of the historical development of the modern world.

Eric Wolf, *Europe and the People without History* (University of California Press, 1982), emphasizes the history and fate of non-European peoples in the modern world-system.

INDEX

Immanuel Wallerstein is Senior Research Scholar
at Yale University and director of the Fernand Braudel Center at
Binghamton University.

Library of Congress Cataloging-in-Publication Data
Wallerstein, Immanuel Maurice, 1930–
World-systems analysis : an introduction / Immanuel Wallerstein.
"A John Hope Franklin Center Book."
Includes bibliographical references and index.
ISBN 0-8223-3431-3 (cloth : alk. paper)
ISBN 0-8223-3442-9 (pbk. : alk. paper)
1. Social history. 2. Social change. 3. Social systems.
4. Globalization—Social aspects. I. Title.
HN13.W35 2004 303.4—dc22 2004003291