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FIRST DRAFT

**RETHINKING THE LEFT:  
SOCIAL-DEMOCRATIC TASKS AND PROSPECTS**

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## RETHINKING THE LEFT: SOCIAL-DEMOCRATIC TASKS AND PROSPECTS

From its very inception, the Left has been inextricably linked with two basic notions: that of modernity/modernization, and that of the distribution of rights (political, socio-economic, cultural) to the underprivileged. One way of defining modernity or modernization is to see it in association with the social processes and arrangements that were ~~being~~ institutionalized on a large scale in Western Europe after the English Industrial and the French Revolutions. These entailed unprecedented social mobilization as the various existing pre-industrial localisms were weakened or destroyed, and the majority of the people brought into the more encompassing arenas of the national market and the nation-state.<sup>1</sup>

Not only was this "bringing-in" process extremely uneven, it also took what may be called autonomous and more heteronomous forms. In the autonomous case, political and socio-economic rights — which during the *ancien régime* period had been limited to a small minority — gradually seeped down to the bottom of the social pyramid, and by doing so created new levels of prosperity, political freedom, and relative social justice. In the more heteronomous process, the popular classes became irreversibly implicated in the mechanisms of national markets and state bureaucracies, but were by-passed as far as the acquisition of fundamental rights was concerned.

Oversimplifying, we might say that the Left was from its very beginning in favour of modernization plus the broad distribution of rights — that is to say, for a relatively autonomous integration of the lower classes into the <sup>national</sup> ~~capitalist~~ centre. The Right, on the other hand, was either completely against modernization, or later (when it became obvious that the process was irreversible) strove for a heteronomous type of social mobilization, which would bring "in" the ~~popular~~ <sup>lower</sup> classes as far as linkages with the various national arenas were concerned (for instance in respect of military conscription), but keep them "out" in terms of popular rights. In the view of

the conservative Right, if people cannot be "kept in their place" by the vested powers putting a stop to or reversing the process of large-scale mobilization and the mass politics it entails, they should at least be denied the rights that might empower them to challenge the privileges of the elite.

### Goal Displacement

These two fundamental goals of the Left — modernization, plus the spreading of rights downwards — were and still are frequently ignored or forgotten by so-called progressive social movements or forces which, by employing complex processes of goal displacement, transform means into ends.

Goal displacement has taken a variety of forms. Among these have been blind devotion to the sacred texts of Marxism-Leninism; support of regimes calling themselves socialist or communist, and of populist parties or of sectional trade unions merely paying lip service to rather than practically promoting popular interests; attachment to policies for supposedly universal social benefits, but favouring the privileged rather than the underprivileged; adoption of maximalist strategies of social transformation which, instead of broadening, actually constrict social rights, etc. Whatever the particular form of goal displacement, the result has always been the same. It has meant the sacrifice of substantive rationality on the altar of formality; the reactionary support of antiquated institutional forms, and the dogmatic endorsement of slogans, recipes, or labels, while refusing to assess soberly what all these entail in terms of the promotion of autonomous modernization, in terms of the spread of rights downwards.

## Part One: SOCIAL DEMOCRACY: GOALS AND MEANS

### 1. Social Democracy and the Left

Nothing shows more clearly the goal-displacement tendencies of the Left than its continuing neglect, and even denigration, of social democracy, ~~in general, and its~~ past achievements and future emancipatory potential ~~in particular~~. The term social democracy is used here in a *broad* sense. It is emphatically not identified with specific parties or regimes calling themselves social democratic. Instead, I ~~consider~~ <sup>(consider as social democratic)</sup> ~~other of two criteria for considering~~ movements or organizations ~~social democratic~~ <sup>which</sup> ~~as well as~~ <sup>as well as</sup> ~~negatively, they reject liberal/neo-liberal forms of capitalist development, as well as~~ policies aimed at the revolutionary overthrow of capitalism and its replacement by a totally planned economy; <sup>(1)</sup> ~~positively, they~~ <sup>positively,</sup> support the idea that it is both desirable and possible to struggle for economic growth, ~~with a view to creating overall prosperity, and~~ relative political freedom, and ~~for~~ social justice within capitalism.

From the social-democratic perspective the crucial issue, at least in the short and medium term, is not to destroy or transcend capitalism, but to humanize it. If one disregards for a moment the dogma about the inherently exploitative or evil character of capitalism, one can see quite clearly that this struggle for the humanization of capitalism has been pretty successful in several countries where — via popular pressures from below and/or reforms from above — civil rights have been spread widely among the popular classes. Such relatively <sup>//</sup>autonomous<sup>//</sup> modernization — in countries like Sweden, Holland, Belgium, or New Zealand — means degrees of prosperity, political freedom, and social justice which, when seen in their overall interconnections, are unprecedented in human history.<sup>2</sup>


These remarkable achievements remain systematically underemphasized by the Left. While in the past such underemphasis took the form of the radical Left

being more severely critical of social-democratic than communist failures, today it often takes the form of an assessment of their past record and future prospects that is supposedly (but in fact quite unjustifiably) even-handed. This kind of assessment views communist and social-democratic arrangements in the past as having contributed to the advancement of human rights *in equal measure* and holds that today, *both* are in severe difficulties. Ever since 1989 we have constantly been told that not only have the communist regimes collapsed, but that social democracy too is in a state of profound crisis.<sup>3</sup>

One can understand such a position being propounded by neo-liberals who want to conceal the bankruptcy of Thatcherite/Reaganite policies. But when such allegedly even-handed treatment of communist and social-democratic achievements and/or potentialities is being dispensed by the Left, it not only expresses an untruth, but leads directly to the self-destruction and deligitimation of the genuinely left-wing, pro-popular movements and parties. It simply serves to reinforce the right-wing myth of the triumph of liberal capitalism in the post-coldwar era — a myth to the construction of which the Left, by playing down or disparaging past and present social-democratic achievements, has contributed considerably. In fact, the extraordinary success of the myth of the triumph of liberal capitalism is based on the systematic concealment, by both Right and Left, of the fact that the real victor in the post-1989 world is social democracy.<sup>4</sup>

This becomes quite obvious if one takes into account that countries which, even partially, have followed a neo-liberal policy are doing much worse in terms of both modernization and the distribution of rights than are countries (like Germany and Japan) following social-democratic policies — policies, that is to say, that via intelligent and flexible state intervention aim at both boosting the economy, and making sure that some of the benefits of economic growth will spread downwards. This applies not only to countries of the capitalist centre, but also to ~~late~~ late developers, and not only to the "four tigers", but also to several other Asian-Pacific countries that more or less successfully follow the Japanese model of development.<sup>5</sup>

In other words, whether one looks at the first or the third world, rising economic powers today are those with highly interventionist but developmentally-oriented states, successfully combining rapid capitalist growth with a downward spread of socio-economic (if not always political) rights. It is precisely in this way that social democracy (in the broad sense of the term) has not only enabled several countries to assure a decent mode of existence for the large majority of their populations but, given its emphasis on the need to humanize rather than transcend capitalism, at present provides the only credible alternative to the dominant neo-liberal discourse.





There are those on the ~~left~~ left  
who dismiss social democracy, not on the  
grounds of not being revolutionary enough,  
but on the grounds of being outmoded.  
They agree that ~~in fact~~ social  
democracy still ~~adheres~~ adheres to  
a "modernist", ~~fact~~ productivity,  
pro-industrialisation ethos. ~~even~~  
when this is combined with an emphasis on distribution  
when ~~the~~ ~~these~~ ~~growth~~ ~~plus~~ ~~distribution~~  
of rights downwards, it  
promotes policies which will ~~eventually~~  
lead to the destruction of the  
Earth's resources and eventually to a  
global ecological catastrophe. ~~False~~ The goals  
of economic growth and social welfare <sup>belong</sup> ~~are~~  
from this perspective, more to the 19<sup>th</sup> cent  
project of "Industrial Society", ~~than~~  
rather than to the 21<sup>st</sup> cent. exigencies of what



~~and then to the 21st cent. project of who~~  
calls

Beck

1 "Risk Society". or of ~~very~~ "reflexive" late  
modernity. I will have more to say about  
this new belief. For the moment I

simply want to argue that dropping the  
project ~~of economic~~ <sup>of economic</sup> growth

altogether, is fully endorsed by  
the left, will lead to its permanent

perpetualization. Rather the way to deal  
with the risk of resource wastage

issue is to keep the double

social democratic horses of development  
(of the productive forces) ~~plus~~ <sup>plus</sup> and the

spread of rights downward, but to  
broaden the latter to include

the right to clean air, uncontaminated

food, ~~and water~~ <sup>environment</sup> polluted  
water etc.

In other terms any position is just  
the issue of the "Risk Society" one  
quite real - but they cannot at  
present replace ~~for~~ at centre stage  
the social democratic goals of growth and  
welfare. When new issues emerge, the  
old ones do not magically disappear.  
The ~~main~~ growth/welfare  
social democratic project will only  
become secondary when - both  
nationally and internationally - they  
have been realised to a much  
greater extent than at present. "Risk"  
society has not yet replaced "Industrial  
Society" at centre stage.

(619)

This is not to deny, of course, that certain of the traditional means for achieving social-democratic goals are obsolete. So for instance it is quite obvious that, in view of the present state of the world economy, the social-democratic goal of full employment ~~cannot~~ <sup>only by following conventional Keynesian policies & capital growth</sup> be met via extensive nationalizations. Neither can the provision of decent welfare services to those who need them be brought about by adhering dogmatically to the principle of universal benefits (a principle which at present systematically favours the privileged at the expense of the underprivileged). *It is precisely the task of the Left to propose new means* for attaining or further developing the basic social-democratic goals of <sup>further</sup> modernization-cum-distribution of rights downwards. Instead of bemoaning today's absence of a non-capitalist alternative, the Left should concentrate its very considerable energies on rearticulating and revitalizing the social-democratic discourse — which, on the level not of rhetoric but actual practical accomplishments, has outdone by far all other visions or strategies of social betterment.

To repeat myself: if social democracy is going through a crisis today, this is rooted in the means rather than the fundamental aims of the social-democratic <sup>project</sup> ~~discourse~~. It has to do with the fact that (as is the case with any successful movement) its very success tends — via complex processes of bureaucratization, ritualization, and goal displacement — to undermine its further development. The task of the Left today is precisely to combat social-democratic ossification, and to

redefine the means for achieving the social-democratic goals of modernization plus downward distribution of rights. These are targets that have to be attained and/or consolidated in a capitalist world ~~so~~ profoundly different from that of the nineteenth century when the social-democratic ~~state first~~ emerged.

What then are the key issues of late capitalist societies with which conventional social-democratic remedies are unable to cope? I shall briefly concentrate on three:

— First, in the developed countries of contemporary capitalism there is the well-known two-thirds/one-third split whereby a large minority (consisting of not easily organizable social categories) is marginalized, while a large majority is becoming increasingly better off. This results in a social polarization that is radically different from the pauperized-masses/tiny-elite split of classical Marxism.

— Second, the welfare system — predominantly based on the principle of universal provision — in practice works in such a way that considerable resources go to the middle classes rather than to those who really need them.


— Third, given recent technological developments, there is an unacceptably high rate of unemployment, which does not seem to go down very much even when the economy is booming.

Faced with these new features of late-capitalist societies, the conventional social-democratic means for achieving growth with social justice do not seem to be effective. Neither can state intervention via large-scale nationalizations or other traditional job-creating measures, ensure growth with full employment, nor is the welfare state able (while based on the universal provision of social benefits) to cope with the problems of the marginalized populations which that two-thirds/one-third split tends to generate. So what, from a social-democratic point of view, ought to be done?



### From Direct to Indirect Forms of State Intervention

A major task for today's social-democratic Left is to shift its focus from old to new forms of state intervention, to those new forms that do not obstruct capitalist growth but facilitate it. There is no reason, for instance, why a left social-democratic policy should not rigorously pursue a policy of massive (but not indiscriminate) denationalization, always provided that the state intervenes to make sure that in terms of quality and prices the consumer will be better off. Given today's impressive technological developments in accounting and in measuring economic performance, it has become perfectly practicable to monitor (via state or, preferably, independent public agencies) the performance of denationalized general-utility enterprises, in such a way that abuses are avoided without private initiative being stifled ~~at the same time~~.

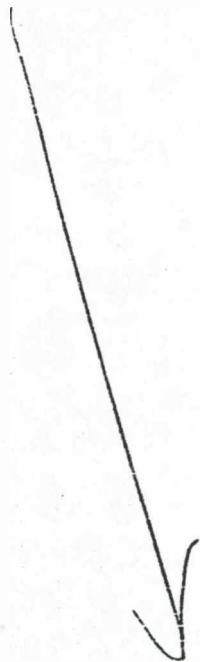
Moreover, as clearly shown by the example of Germany, discriminate denationalization can easily be combined with massive state intervention. The latter should aim at the development of human and social overhead capital, as well as (in collaboration with capital and labour) at the construction of an overall development plan to ensure that resources are directed ~~in a way which~~ ensure both prosperity and redistribution. 

④ It should also be stressed that indirect (1)  
forms of state intervention might be  
also the best means for making sure  
that the spheres of business and  
scientific research develop in ways  
which comply with ecological and general  
welfare requirements. For whereas the  
state bureaucracy is incapable of  
monitoring in a direct manner the  
laboratory and boardroom (where ~~for~~ at  
present momentous decisions are taken  
and revolutionary discoveries are made  
in the absence of any effective democratic  
control); it can initiate the institutionalisation  
of indirect means of control such as,  
for instance, the systematic support ~~and~~  
~~encouragement~~ of alternative research  
and business strategies, the provision of  
resources for the encouragement of  
open debate and dialogic politics in  
all social spheres etc. (7) (5)



## From Middle-Class Welfare to Social Benefits for the Underprivileged

While the shift from direct to indirect forms of state interventionism has by now been accepted, however reluctantly, by significant sections of the Left, the abolition and/or transcendence of the principle of universal welfare (that is, ~~the~~ *the* granting of social benefits to all citizens irrespective of their economic or class situation) still remains the sacred cow of progressive intellectuals and politicians. Since this, as far as I am concerned, is the most obvious indication that the Left is still more concerned with obsolete labels and dogma than with the downward distribution of rights, I shall develop this point at greater length.



The granting of social benefits on a universal basis creates, at the present moment, more problems than it solves. This is not only because demand for quality public services is growing by leaps and bounds, but also because across-the-board welfare benefits, rather than decreasing, often exacerbate social inequalities. This argument will sound less paradoxical if the two-thirds/one-third split in late capitalist societies is taken into account, <sup>①</sup> as well as the fact that this split is fortuitously aided and consolidated by a welfare system which, when attempting to make the state's limited resources available to all citizens, disproportionately favours those who are already quite well off. In fact, as several studies have demonstrated, the middle classes are a great deal more capable of tapping the welfare resources the state provides (in the areas of education, housing, health) than are the really needy. In that sense universal benefits, instead of diminishing the social inequalities generated by the market system, are more likely to accentuate them further.

*This tendency towards growing inequalities, created not only by the market but also by the welfare logic of advanced capitalism, cannot be counteracted by progressive taxation.* The better-off have no difficulty at all in elegantly side-stepping the tax issue. In view of the growing internationalization of the world's economies, those whose income is based primarily on profits can pick and choose among the possibilities for avoiding either <sup>or</sup> part ~~of~~ all of direct taxation. Not only does the global economy provide innumerable tax havens but, in addition, the well-off — unlike their poorer relations — can afford the services of experts (lawyers, accountants) specializing in the discovery of legal loopholes and the invention of ingenious ways of hiding taxable income. The picture deteriorates further with the rapidly growing informal sectors of the economy where, by definition, income cannot be taxed at all.

The above points suggest that the middle classes not only have a much greater capacity for benefitting from the welfare system, they also have greater chances of avoiding taxation (partly or fully). Those, therefore, who are genuinely interested in social justice should, instead of wasting their time defending an already moribund

system, use their energies and imagination to make sure that the transition to a non-universal welfare system benefits the poor rather than the rich. If they insist on focussing their attention on how to save universal benefits, they will simply leave the field open to those who are keen to impose a neo-liberal, Thatcherite, rather than a social-democratic solution to the issues of transition.

As for the Left (the majority both inside and outside the British Labour Party), it stolidly continues to defend the universality principle. Its main argument is that if social welfare is targetted specifically to the poor, this is bound to lead to stigmatization and the creation of first- and second-class citizens. However commendable the sentiment, this point of view ignores the fact that there are plenty of intermediate solutions between the Scylla of targetted benefits resulting in stigmatization, and the Charybdis of universal benefits further profiting the already well off. The reasons why such intermediate solutions are not being seriously explored have to do with the fact that the dogmatic Left cannot conceive of such solutions, whereas the "realistic" Left is unwilling to consider them — given that it tends to represent a section of society that is deriving considerable profit from the system of universal benefits.

Of course, a great deal of thought and research will be necessary to develop new solutions, but some general guidelines are fairly obvious. So, for instance, ways will have to be devised to ensure that the prosperous two-thirds majority pay back part of all of the cost of most of the services they receive from the state (in the areas of education, housing, health, etc.). Instead of positively targetting the poor, one might negatively target the well-off — without, at the same time, discouraging their productive investments.

One approach could be a more systematic association between taxation and the granting of welfare benefits. By additional taxation the New Zealand government, for instance, takes back across the board old-age pension benefits received by the well-off. The principle could easily be extended to family allowances, health-care,

education etc. Just as various expenses are now deductible from taxable income, so it should be obligatory to *add* to the taxable income state benefits distributed universalistically. To such benefits, as far as high income groups are concerned, one should apply a very high rate of taxation. This would ensure that resources are channelled to those who really need them, while avoiding stigmatization and the creation of first- and second-class citizens.

If those supposedly representing the economically disadvantaged classes used a mere fraction of the ingenuity the economically advantaged employ in their efforts to avoid taxation, they would long ago have found ways of radically transforming an antiquated welfare system which actually accentuates instead of diminishing social inequalities.

#### **■ From Chronic Unemployment to Full Employment via a Dual System of Labour Utilization**

Shifting the receipt of welfare from the middle classes to the underprivileged would not only dramatically improve the type of social services that the state provides; it could also help the state to deal more effectively with the unemployment issue.

The present unemployment strategy of the Left is expressed by the contention that with massive state intervention (whether direct or indirect) one can, as in the early post-war period, arrive at the type of capitalist growth that would drastically reduce unemployment levels. However, it is becoming increasingly obvious that, in view of present and foreseeable technological developments, even a booming capitalist economy with the best training schemes in the world cannot be certain of achieving full employment. It has to be admitted that the attempt to solve unemployment via market mechanisms alone is becoming increasingly utopian. On the other hand, the conventional social-democratic solution of overmanning and







- persuade social categories in the privileged two-thirds majority that it is in their long and even middle-term interests to support the new social-democratic policies.

Since the two-thirds/one-third split does not necessarily conduce to a zero-sum situation, it is possible to build alliances by persuading strategic sectors in the two-thirds camp (i.e. trade unions, professional groups, "enlightened" capitalists) that it is to their advantage to back a new social-democratic deal. Once the Left really shifts its focus from being obsessed with the abolition or transcendence of capitalist relations of production to being concerned with the broad distribution of rights within capitalism, once it loudly and unequivocally declares its short and middle-range goals to be humanization rather than the overthrow of capitalism, then strategic alliances between the two-thirds and the one-third sectors become as possible as they are desirable. ⑨



## Part Two: SOCIAL DEMOCRACY AND THE GLOBAL SYSTEM

### A The Global Gloom of the Left

While the Left is continuing to misjudge social-democratic achievements and potentialities on the level of the nation-state, at global level it has in somewhat similar fashion failed to assess correctly the significance of the so-called Japanese or Asian-Pacific model of late development. <sup>(10)</sup> This, like the social-democratic model at the capitalist centre, is another attempt to combine rapid capitalist growth ~~with~~ while avoiding the extreme forms of poverty and marginalization that "late-late" capitalist development usually entails. <sup>(11)</sup> It ~~is~~ *is of course,* ~~difficult~~ <sup>(12)</sup> to call such a developmental pattern "social democratic" since, while it does entail growth and relative social equity, <sup>(13)</sup> this is often at the expense of political freedoms (the suppression, that is, or tight control of trade unions and/or working-class parties). <sup>(14)</sup> But unlike the Latin American authoritarianism, which is profoundly anti-developmental, South-East Asian authoritarianism not only successfully overcomes some of the classical dependency features of late development (such as balance-of-payments bottlenecks), but also makes sure that at least some of the benefits of capitalist growth spread downwards. <sup>(15)</sup>

The first point to make about the Asian-Pacific developmental model is that it is no longer restricted to the supposedly special cases of Taiwan, South Korea, Hong Kong, and Singapore. The pattern seems to be more or less successfully followed by Indonesia, Malaysia and, to a lesser extent, by China. Given on the one hand the dynamism of such economies and the sheer number of people involved, and on the other the relative decline of the United States economy, there is no doubt that this model will soon have <sup>an</sup> ~~a~~ impact of ~~world-historical dimensions~~ *historic significance.*

The above developments have not as yet been properly digested by the Left which, as a general rule, continues to put forward a global analysis that is marked by a mixture of gloom and impotence. In brief summary, the story goes as follows. In the wake of the communist collapse, the United States as the only remaining superpower has managed to impose (via the international agencies it controls and other means) a pattern of ~~worldwide~~ <sup>global</sup> development that spectacularly increases the existing inequalities between rich and poor countries. The more the latter are drawn into the world market, the more they experience extreme forms of marginalization and — like several African countries — starvation. Since multinational capital (particularly in its novel financial forms) seems to have passed beyond the control of nation-states and national or international trade-union organizations, it has easily and successfully imposed its neo-liberal ideology on even such ~~global~~ <sup>international</sup> organizations as the International Monetary Fund (IMF) and the United Nations. The result is the further enrichment of a few at the expense of the huge marginalized populations of the third world.

Within this general, quite reasonable outline, however, the Left minimizes or rather sees in zero-sum terms the achievement of the South-East Asian countries. This is dismissed as nothing more than a few "exceptional" instances of societies shifting from the periphery to the semi-periphery. This move is seen as making it even more difficult for other countries to do likewise, given that the world capitalist system "by its very nature" creates inequalities that result in a huge periphery and a small semi-periphery and ~~some~~ <sup>centre-as</sup> some countries move up and others move down. (15)

<sup>From the</sup> ~~Within the~~ above perspective, The Left sees the chances of humanizing world capitalism as almost nil. In view of the dramatic decline in trade-union power, the feeble dynamics of the so-called new social movements, the collapse of communist regimes, and the total bankruptcy of what has been dubbed African and Arab socialism, there is no-one to effectively resist international capital. The only remaining hope is for global contradictions to reach such a point that new anti-systemic movements will emerge, or that, somehow, it will become increasingly

difficult to keep the starving masses of the third world indefinitely outside the capitalist gates of the rich, developed world. (16)

I think that although the above analysis is quite correct about the present state of growing inequalities in the world, it is fundamentally flawed in the conclusions it draws.

### ■ Negative Evolutionism

I shall begin by pointing out that the idea that the growing marginalization of a large number of ex-communist and third-world countries will somehow create contradictions, and eventually anti-systemic movements to challenge global capitalism, is simply wishful thinking ~~by the left~~. It is a pipedream as unrealistic as that of the 1960s and 70s predicting the profound crisis and indeed imminent collapse of the entire world capitalist system. In sober fact there are no signs of a total collapse of capitalism or of a challenge by anti-systemic forces, either in the short or medium term. It is equally true that — nuclear or ecological catastrophes apart — the developed capitalist countries could perfectly well continue along their present trajectory without being seriously inconvenienced ~~by the left~~ by the growing pauperization of a significant portion of the world population. Given their military superiority, and the highly developed surveillance technologies at their command inside and outside their borders, there is no reason why the governments of such countries should not be able to keep starving <sup>?</sup> foreigners outside their gates indefinitely.

The idea of the more or less automatic diffusion of the malaise of the periphery to the centre is as flawed as was its mirror image, propounded by neo-evolutionist modernization theorists a few decades ago. This held that the diffusion of Western capital, technology, and values to the third world would sooner or later push all those countries up and up the evolutionary ladder. (17) Diffusionism, whether optimistic *à la* Rostow, or in its negative form *à la* Wallerstein, is simply misleading.

## 2 The Zero-sum Conception of the Global Game

Another flawed idea, which again seriously underestimates the considerable improvements that can occur within capitalism, is Wallerstein's gloomy contention that the shift of some countries from the periphery to the semi-periphery/centre does not change the overall structure of world inequalities. He holds that since capitalist markets, by their very nature, are bound to create inequalities — with some countries going up and others having to go down — the overall ranking-order remains as unequal as before. The idea is attractive in its simplicity and emotional appeal to the Left, but it is wrong.

To argue that the world capitalist system operates in such a way that it creates a centre/semi-periphery/periphery structure, and that this structure retains its tripartite character despite the limited possibilities of a few nation-states for moving upwards or downwards — this is true but trivial. It is no more profound than arguing that, by means of a variety of criteria (such as wealth, power, prestige, etc.), all populations can be divided into upper, middle, and lower strata.

On the other hand, the more interesting proposition that relations between central, semi-peripheral, and peripheral nations have a *zero-sum quality* — in the sense that "a worsening of conditions of peripheral states as a group is a requirement of the success of semi-peripheral states" <sup>(13)</sup> — this is rather less convincing. It is, in fact, particularly hard to ~~swallow~~ <sup>accept</sup> because, more often than not, this type of proposition is simply stated as an obvious feature of capitalist markets, and no systematic effort is made to show what actual *mechanisms* bring about that zero-sum situation on the level of the world economy.

By focusing predominantly on world-market mechanisms, the world-system approach automatically neglects the contribution of both inter-state configurations as well as "internal" social structures to the creation of global inequalities. If one rejects

Wallerstein's purely economic explanation of inequalities, certain new conjectures may be put forward. It might well be that the major reason for the tripartite periphery/semi-periphery/centre structure not being *pear-shaped* (not having a narrow base, that is, and a broad middle) has less to do with the world market and more with the *internal* organization of peripheral states.

If the profoundly anti-developmental character of most third-world state apparatuses is taken into consideration (see below), neither more favourable world-market mechanisms nor less exploitative centre-periphery relations will enable peripheral countries to achieve semi-peripheral status. So if the tripartite stratification of present-day nation-states in terms of wealth, for instance, has a "Brazilian" rather than a "Swedish" profile, this might be due less to the nature of the world economy than to how the state in the periphery articulates with civil society. Another way of putting this is to say that the highly unequal distribution of wealth on a world scale might have less to do with the structure of world markets or with the shortsightedness or selfishness of the core, and more with an inter-state system where the majority of members are systematically prevented by their administrative structures and political elites from taking advantage of the developmental opportunities the changing world economy is constantly generating.

#### **❖ The Role of the State in Late Development**

This brings us to another misconception which is particularly prevalent among those interested in the post-modern, post-industrial features of late capitalism. This is that global development is said to be no longer controllable by even powerful states, and that the nation-state is rapidly declining in a context where the multifarious articulations between global and local/regional forces largely bypass the nation-state level. 19



Although this is partially true in late-developing countries with a weak and/or anti-developmental state structure, it is definitely not so for the developmental states of the South-East Asian type. Here, if anything, the opposite is true. The state's role in attracting, guiding, and collaborating with foreign investments is as crucial as its role in directing indigenous capital towards nationally defined development goals. Speaking more generally, to the extent that nation-states have, or try to acquire, developmental features, they (together with multinational capital) are the only serious players on the global scene.

This being so, the Left would do well not to build its strategy on the mistaken premiss that nation-states are becoming increasingly irrelevant. For both the nineteenth and the twentieth century, it is the structure of the nation-state that is the major dimension explaining why countries that started their developmental trajectory at approximately the same time and with roughly equivalent resources have performed so unevenly. Both "winners" and "losers" largely owe their status to the structure and functioning of the state. In the successful cases the state used resources generated by the export of raw materials and agricultural produce for the effective and relatively egalitarian modernization of agriculture, and its organic articulation with a rapidly growing industrial sector. <sup>(20)</sup> In the case of failures, on the other hand, the state either did not manage to break up traditionally-organized big landed estates (as in Latin America), or if it did (as in the inter-war Balkans), it neglected to provide the resulting smallholders with the kind of assistance agricultural modernization requires. Either case could only mean feeble development of the domestic market, and weak or permanently negative linkages between industry and agriculture.

One of the most important effects of such unsuccessful economic development is the impact it has on the state. The failure to modernize agriculture and to articulate it effectively with industry usually leads to an overinflation of the state apparatus, and to an accentuation of its clientelistic and "corrupt" features. In other words, it creates a vicious circle. The more the state fails to modernize

agriculture, the more it acquires anti-developmental features: features, that is, which prevent the rationalization both of itself and of the overall economy. <sup>21</sup>

Taking the above into account it becomes clear, I think, that the only way to redress global inequalities is not by disregarding or bypassing the state, but by making sure that state-actors on the world scene are as agile and flexible as multinational capital. The present situation cries out for alliances among states of this nature, alliances which will not build Maginot-Line defenses, but will have the know-how and the administrative ability to control and collaborate with ~~the resources~~ <sup>so that resources are channelled into</sup> ~~generated by~~ multinational corporations, and to channel them ~~into rationally and~~ globally beneficial ways.

<sup>by</sup> The only real chance the peripheral and semi-peripheral countries have today <sup>is</sup> shifting from the present anti developmental state structures and objectives to developmental ones. As long as third-world countries continue to be run by state elites and apparatuses that are totally self-serving, corrupt, and incapable of grasping the opportunities that the changing global system is constantly throwing their way, they have no chance whatsoever to ensure a decent human existence to the majority of their populations. Neither international aid (however generous and disinterested) nor better terms of trade, nor yet the "transcendence of capitalism" will be of any help as long as these countries' major resources are wasted by rapacious ~~elites~~ elites primarily concerned with the consolidation and reproduction of the prevailing relations of domination.

Summarizing all of the above argument, a flexible, agile, developmentally-oriented, and interventionist state is not merely *one of* the preconditions for achieving the social-democratic goal of balanced growth plus the distribution of rights downwards, it is the *main* precondition — on both the national and the global level.

To focus on the latter now, the United States and the international agencies more or less under their control have contributed considerably to the creation of a neo-liberal capitalist system all over the world that marginalizes large minorities at



home, and large majorities globally. If a shift in economic hegemony from the United States to Japan/South-East Asia is on the cards, <sup>(22)</sup> there is hope that the new ~~hegemonic power~~ *economic power* might apply the same quasi social-democratic principles on a world scale that have worked so well internally. While such a possible, but by no means certain, development will neither bring a socialist paradise on earth, nor will it automatically spread or consolidate liberal democracies everywhere, what it might do is to rescue from stagnation <sup>and/or stagnation</sup> a very large section of humankind. It might even provide the necessary (but not sufficient) preconditions for a reversal of the mindless waste of the earth's resources, and the incredible ecological destruction that present-day national economic growth-policies entail (whether in the centre or the periphery). As such it should be actively supported by those sections of the Left which care rather less about dogma and revolutionary posturing, and more about the future of the planet and the spread of rights to the underprivileged — at home and abroad. ~~AS~~

~~Handwritten signature or initials~~

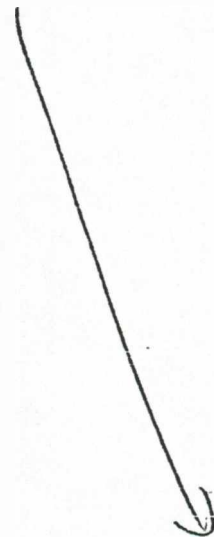
Finally the chances for a sound  
 solution on the global level will not only be  
 strengthened by the decline of the Anglo-saxon  
 the rise of Asian economic powers; they will  
 also be enhanced when the developed countries  
 of the West will realise that it is impossible  
 to persuade poor third world countries to  
 abstain from ~~industrialisation~~ <sup>catastrophic</sup> ecologically  
~~destructive~~ industrialisation policies while excluding  
 them from the fruits of global capitalist development.  
 At some point the developed world will be  
 forced to choose between:

- ~~industrialisation~~ a polarised, extremely unequal  
 world where the rich will be threatened (not  
 by the starving masses) but by global ecological  
 catastrophe;
- a less polarised, "social democratic" world  
 order where a decent living for all is  
 the price that the rich countries will  
 have to pay for staying off risks that  
 cannot any more be confined within  
 nation-states.

If the above is correct, the  
 humanisation of global capitalism might primarily  
 come from above rather than from below. One  
 thing is though crystal clear, the social democratic  
 project has neither failed nor come to a dead  
 end. It is simply unfinished.

The obvious objection to the above is, of course, that the so-called developmental states tend to be authoritarian. They have acquired a high degree of independence not only vis-à-vis their anti-developmentally oriented upper classes (such as traditional landowners), but also vis-à-vis trade unions. This makes for a social-democratic capitalism where the emphasis is more on <sup>the</sup> social than on <sup>the</sup> democratic.

While this is perfectly true, I think that the choices open to late developers are merely between different types of authoritarianism. The so-called democratization trend in the periphery and semi-periphery is surely a misnomer. What is exemplified instead by several third-world countries in the post-coldwar era is liberalization without democratization. This means that while some sort of political pluralism has been initiated to ensure certain civil liberties (such as freedom of the press), there is no effective, democratic representation of popular interests on the parliamentary level.





The autonomous participation of the *demos* in the public sphere is systematically undermined by clientelistic, ~~and~~ <sup>or more violent/vertical</sup> populist modes of political incorporation. (23)

If this is taken into consideration, the choice of late developers is seen to lie between the Japanese/Korean and the Brazilian kinds of authoritarianism. The first is related to a type of balanced growth that entails relative autonomy within the global system and relative equity at home. The second, Brazilian model, is associated with a type of growth that creates insurmountable trade deficits abroad and massive marginalization and pauperization at home.

Let me stress that what has just been said implies neither the old left-wing argument that parliamentary democracy is a sham, a smokescreen for rule by the bourgeoisie; nor does it imply the <sup>third worldist</sup> ~~third world~~ argument that parliamentary democracy is based on Western values, and as such should not be imposed by the West on countries with a different cultural heritage. Parliamentary democracy, although it is closely associated with the development of Western capitalism, and although it assumed its fully developed form in the West, can neither be reduced to a bourgeois ideological device, nor can it be dismissed as an institution reflecting Western idiosyncrasies. Despite certain well-known shortcomings, parliamentary democracy as it is functioning in several developed capitalist countries has, like science, a universal, trans-cultural dimension. It constitutes an invaluable achievement — not of Western civilization, but of civilization *tout court*.

But if parliamentary democracy constitutes a universal, it is, as Parsons has rightly put it, an evolutionary universal. (24) not all societies, regardless of certain fundamental pre-conditions ~~being common~~, can implement it successfully. Although this is by now a truism in the social sciences, it is systematically ignored by all relevant agencies — from the IMF to the American administration and Senate — which, in the post-coldwar era, expect all countries in the periphery and semi-periphery to instantly become transformed into British-style parliamentary democracies. The same people who contemptuously denounced the communist



foolishness of ultra-voluntaristic efforts to radically transform modern societies through "leaping forward", are no better when they insist that present-day Russia and China should instantly transform themselves into well-functioning capitalist democracies.

The point I am trying to make here is that for most of the countries of the third world the crucial issue is not democratization or rather liberalization; the crucial issue is how to ensure a type of growth that avoids large-scale marginalization of their populations, and financial bankruptcy vis-à-vis international lenders. With this as the real issue, the Japanese/Korean model has much more to commend it than has the superfluous rhetoric of Anglo-Saxon neo-liberalism.

Moreover, it is from precisely such a perspective that Russia's *simultaneous* opening-up of both her political and economic system has been such an unmitigated disaster (having led to pseudo democracy; to gangster capitalism on the level of distribution, articulated to bureaucratic collectivism on the level of production; to negative growth, large-scale pauperization, etc.). On the other hand China, carefully and gradually opening up her economy while retaining a quasi-totalitarian political system, is steering towards a type of growth that could, in the next few decades, make her the fourth economic power in the world.<sup>25</sup> Although nothing can justify the Tienamen Square massacre, the slogan of "growth plus welfare first, and democracy later" has a plausibility that nobody can ignore — especially considering what the alternatives are.

## ■ Conclusion

(i) Those on the Left who are genuinely interested in helping the marginalized and/or starving populations of the first and third worlds should start by admitting loud and clear that Lenin was wrong, and that Bernstein (as well as Marx — intermittently)<sup>26</sup> were right. The issue in the foreseeable future is not to destroy or

transcend capitalism, but to humanize it — on the level of nation-states as well as globally. To aim, as the Left often does, at humanization and transcendence *simultaneously* means falling between two stools and is ineffective on both counts. Where, on the other hand, the "humanization" stage is skipped altogether so that one may arrive directly at less exploitative and alienating forms of social existence, the "leap forward" invariably has as an unintended consequence barbaric social arrangements like those of the Stalinist or even the Pol-Pot type.

(ii) If the above is accepted as correct, the task of the Left in the developed capitalist world is to further promote the social-democratic ideals of balanced capitalist growth, social justice, and political freedom. To a certain degree these ideals have already been realized in some countries, but need to be <sup>+</sup>extended, consolidated, and deepened in all nation-states. It is only when this is achieved on a reasonable scale (and I cannot see it happening in our lifetime or that of our children), it will provide the necessary but not sufficient preconditions for moving to higher forms of democratization — which might entail the peripheralization not of markets, but of capitalist relations of production.

(iii) To realize or further promote social-democratic *goals* today requires new *means*. It requires moving from massive nationalizations to indirect, flexible, imaginative forms of state intervention; it requires changing from universal social benefits that primarily help the two-thirds <sup>5</sup>prosperous majority to a kind of welfare that focuses on the one-third majority of the underprivileged; it needs abandoning unemployment policies that reward enforced idleness and create large-scale demoralization, in favour of creating a dual system of employment (market and civic) that guarantees the right to work for all, but obliges those unable to find employment in the market sector to choose between retraining and offering their services to the community.

(iv) On the global level now, the Left should strive for the creation of a new order characterized by social-democratic rather than neo-liberal features, where global

stratification (that is, the distribution of resources among nation-states) will acquire a Scandinavian/Korean rather than an American/Brazilian profile.

For this to happen, countries in the periphery and semi-periphery should be encouraged (by new forms of aid and other means) to move from anti-developmental to developmental forms of state interventionism. This is neither easy, nor can it be achieved by external pressures alone. But in so far as third-world countries retain their present profoundly anti-developmental, ~~repressive~~<sup>(2)</sup> kleptocratic state structures, they are doomed to permanent marginalization.

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<sup>1</sup> In this context I do not use the terms modernity and modernization in the Parsonian, neo-evolutionist sense (i.e. not in terms of structural-functional differentiation on the way from simple/primitive to complex societies). I rather use it as historically-oriented sociologists (R. Bendix B. Moore) or sociologically-oriented historians (E. Hobsbawm) have used it when trying to identify the qualitative differences between industrial and pre-industrial societies. See for instance R. Bendix, *Nation-Building and Citizenship*, New York: Action Books, 1969.

<sup>2</sup> In a nutshell: I here call *social-democratic* those societies which, via effective state intervention, have managed to develop considerable welfare services (spreading not only political but also socio-economic rights to the popular classes), while maintaining democratic-parliamentary institutions and the expanded reproduction of capitalism.

<sup>3</sup> For the development of this argument see G. Therborn (*NLR* 194), my critique and Therborn's reply (*NLR* 200). In that debate we were largely at cross-purposes: I was arguing about the victory of social democracy in the post-coldwar era (using the term social democracy in the *broad* sense as outlined here above); whereas Therborn, in disagreeing with my position, was marshalling evidence showing the relative eclipse of *parties* calling themselves social democratic.

<sup>4</sup> To reiterate: I am using the term social democracy here in its *broad* sense. I am not merely referring to parties or regimes that call themselves social democratic.

5 For instance Indonesia, Malaysia, and (to a lesser extent, as I shall argue below) China. (A) ←

8 I think it is only plain common sense that universal social benefits work more equitably in extremely polarized situations, where the vast majority of the population is underprivileged and the tiny privileged minority is so well off as to be quite beyond state social benefits. This is obviously not the case in the two-thirds/one-third societies of the capitalist centre today.

9 Strategic games tend to acquire a zero-sum character when the focus is on the change or abolition of the dominant relations of production. Agrarian reforms, for instance, typically entail zero-sum situations. If the overall capitalist framework remains unchallenged, then it is by no means certain that the further impoverishment of the underprivileged is a precondition for their further enrichment of the privileged. I think this is true both on the level of single capitalist nation-states and globally (see below).

Newbury Park, CA

- 10 ✕ See R.P. Appelbaum and J. Henderson (eds), *States and Development in the Asian Pacific Rim*, ...: Sage, 1992; F.C. Deyo (ed) *The Political Economy of the New Asian Industrialism*, ...; R. Wade, *Governing the Market*, Ithaca: Cornell Univ. Press, 1990.
- 11 ✕ The "late-late" label, much used in development theory, distinguishes the (compared to England) relatively late European industrializers (Germany France) from those semi-peripheral societies that experienced large-scale industrialization only after 1929. See on this point A. Hirschman, *A Bias for Hope*, New Haven: Yale Univ. Press, 1970, ch. 3.
- 12 ✕ See on this D. Morawetz, *Twenty-Five Years of European Development 1950-1975*, Washington D.C.: World Bank, 1977; and S.J. Anderson, *Welfare Policy and Politics in Japan: Beyond the Developmental State*, New York: Paragon House, 1993.
- 13 ✕ Cf. F.C.Deyo, *Beneath the Miracle: Labour Subordination in the New Asian Industrialism*, Berkeley: Univ. of California Press, 1989.
- 14 ✕ S. Haggard, *Pathways from the Periphery*, Ithaca, New York: Cornell Univ. Press, 1990.
- 15 ✕ See for instance W.G. Martin (ed), *Semiperipheral States in the World Economy*, New York: Greenwood Press, ...1990, p.18.
- 16 ✕ See E. Wallerstein, "The agonies of liberalism: What hope progress?", *NIR* No. 204, March/April 1994, pp. 1-ff.
- 17 ✕ The typical early work in this tradition is W.W. Rostow, *The Stages of Economic Growth*, Cambridge: Cambridge Univ. Press, 1962.

- 18 ~~16~~ See G. Arrighi, "The developmental illusion: A reconceptualization of the periphery", in W.G. Martin (ed), *op.cit.*, p. 18
- 19 ~~17~~ See for instance M. Castells, "European cities, the informational society and the global economy", *NIR*, No. 204, March/April 1994.
- 20 ~~18~~ See D. Senghaas, *The European Experience: A Historical Critique of Development Theory*, London: Macmillan, 1985.
- 21 ~~19~~ See N. Mouzelis, "The state in late development: The Balkan and Latin American cases", in D. Booth (ed), *Rethinking Social Development*, London: Longman, 1994; and D.X. Zhao and J.A. Hall, "State power and patterns of development: Resolving the crisis of the sociology of development", *Sociology*, vol 28, No. 2, May 1994.
- 22 ~~20~~ See L. Thurow, Head to Head: The Coming Economic Battle among Japan, Europe and America, New York: W. Morrow, 1992.
- 23 ~~21~~ For the type of democratic misrepresentation that clientelistic and populist modes of political inclusion entail see N. Mouzelis, *Politics in the Semi-Periphery: Early Parliamentarism and Late Industrialisation in the Balkans and Latin America*, London: Macmillan, 1986.
- 24 ~~22~~ See T. Parsons, "Evolutionary universals in society", *American Sociological Review*, vol.29, 1964; and N. Mouzelis, "Evolution and democracy: Talcott Parsons and the collapse of Eastern European regimes", *Theory, Culture and Society*, vol.10, 1993.
- 25 ~~23~~ See E.A. Overholt, *China: The Next Economic Superpower*, London: Sage, 1994.
- 26 ~~25~~ I have in mind here Marx's quasi-evolutionist argument that the types of freedom implied in the socialist/communist society are more likely to be achieved by a fully-developed rather than a backward capitalist formation.

27. For instance one way <sup>to</sup> avoid the ~~scandal~~ transformation of aid into luxury for corrupt state elites, is to link the granting of resources to state "rationalisation". Into aid agencies are quite capable of devising sophisticated methods of assessing how aid is used. The granting of further aid to a specific country should always



conditional to having used the  
previous "installment" in a technically  
and socially satisfactory manner.

(18,1)

Such a policy of strictly monitoring  
the use of aid might go against the  
principles of "national sovereignty"—but,  
on the other hand, it might force  
national political elites to engage into  
pro-developmental state reforms.