

ONE WORLD OR THREE?
A CRITIQUE OF THE WORLD-SYSTEM
THEORY OF IMMANUEL WALLERSTEIN*

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Our thinking about the process of development has been fundamentally changed in recent years by the emergence of world-system theory, notably in the writings of André Gunder Frank, Immanuel Wallerstein and Samir Amin. It is with the thought of the first two, and primarily Wallerstein, that I shall be concerned here. All of us stand deeply in their debt, not only for the clarity with which they have presented their theoretical frameworks, but also for the serious documentation they have adduced from the historical record. One has only to contrast, for example, the impressionistic account of the 'creation of the world' that I sketched in the first chapter of my book, *The Third World*, in 1964, to see what a step forward their work represents in terms of theoretical rigour and empirical research.¹

World-system theory was initially generated in reaction to 'dualistic' notions which informed most of the development theory of the period following World War II. The most important theoretical statement of the dualist approach was Arthur Lewis' *The Theory of Economic Growth* (Allen and Unwin, London, 1955), for which he has been awarded a Nobel Prize. But in terms of its influence upon government policy, the Economic Commission for Latin America (ECLA) achieved much more than did Lewis' abortive venture into planning in Africa and elsewhere. The basic assumption was that the economies of the backward countries could be divided into a modern and a traditional sector respectively. The task of 'modernisation' then consists, it was argued, in shifting resources from the latter to the former; the strategy advocated that of import-substitution.

The debate that followed was a highly political encounter, the riposte of the world-system theorists being aimed, on the one hand, at this advocacy of capitalist modernisation, and on the other, at another set of 'dualists', the Communist Parties which were advocating a policy of allying with the 'national' bourgeoisies against both the reactionary, allegedly 'feudal' landowning oligarchies at home and their new allies, the foreign multinational corporations abroad. As against both ECLA and the Communists, the world-system critique argued that there were not two

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distinct economic sectors, but that both were merely parts of a wider whole: the world capitalist economic system. The landowners, then, were not 'feudal', but an agro-exporting bourgeoisie, and had been for centuries. Nor were the industrial bourgeoisie any more 'national' or progressive. They would never provide principled opposition to foreign capital because they themselves were only junior partners in an alliance with foreign multinational corporations. Between them, they controlled the State, which acted as the bridge between foreign and local capital, mobilised capital and controlled labour. In this alliance, it was the multinational corporation which was predominant. Being capital-intensive, the industrial sector, under their aegis, would be unable to absorb the growing population, much of it displaced from the countryside by the penetration of capitalism into agriculture. Those who did find employment would be subjected to intensified exploitation, while those who resisted could expect the ultimate in repression to be unleashed against them—State terror.³

In wider historical terms, world-system theorists carried out detailed analyses of the process by which capitalism had implanted itself across the globe: its growth and maturation in Europe, and its subsequent expansion abroad. From the sixteenth century onwards, they argued, the world had become a *system*. From thenceforth, what happened to the silver-mines of Peru and Mexico, the textile-industry in India, or the gold-mines in South Africa would have direct and fateful consequences for Madrid and Lancashire, and even for Poland and Portugal—and vice-versa. Whole states would be destroyed; others invented; pre-existing polities fused together and their economies similarly transformed. Burma was to become, in Furnivall's phrase, a 'factory without chimneys'; Java a 'vast coffee estate';³ Egypt a cotton plantation.

So convincing seemed this model, especially since its prophecies seemed to have been borne out by events, that it came to dominate the thinking of an entire generation seeking for an intellectual alternative to the then dominant functionalist, diffusionist and evolutionist schools of 'modernisation' theory largely developed in the USA, and a political alternative to capitalist growth-strategies and Communist dogma respectively. Here, the turning-point—which Foster-Carter has termed a 'classic paradigm-shift'⁴—was the devastating critique by Frank of *The Sociology of Development and the Underdevelopment of Sociology*, published in 1967.⁵

True, there were those who asked how we could speak of a capitalist world-system, when the expansion of Europe only began in the sixteenth century and was not finally completed until the nineteenth. To them, Wallerstein replied that a 'world-system' doesn't have to be *world-wide* at all; merely to operate at a level 'larger than any juridically-defined political unit'.⁶ In his first volume (there are three more to come), he was attempting the initial task of charting the emergence and maturation of capitalism within the core of this system, Western Europe, and the

subsequent extension of its trading activity across the globe during the mercantilist phase of capitalism in the sixteenth century.

But there were also those who felt uneasy about the notion that the world had become *capitalist* so early. They noted the persistence of pre-capitalist relations in colonial zones, and the use of the term 'capitalist' to describe what many would have simply called 'trade'. Nor did the colonies seem particularly capitalist in terms of the ways in which goods were produced or in terms of their political institutions. Moving to the present, it seemed difficult to reconcile the notion of a single world-system—which, for shorthand, I shall dub the 'monistic' approach—with the notion that there is not just one world, but three—or more.

Hence when people were asked how they reconciled these two different models, they were often taken aback. Until recently, the question was not often asked. Most of us operated not only with both monistic and 'pluralistic' models at one and the same time, but with *more than one version of the pluralist model*. I wish to argue here that this is a perfectly defensible heuristic procedure, not mere eclecticism or sloppy-minded empiricism, and a far more adequate response to the complexity of the real world than that provided by world-system theory. Like Foster-Carter, however, I have no desire whatsoever to engage in 'sectarian' denunciations of world-system theorists, insofar as I share with them certain fundamental assumptions: that all countries now form part of a world international order in which a handful of those countries which industrialised early have the capacity to keep the rest 'dependent'.

World-system theorists themselves, equally, do not simply insist that there is a world-system, *tout court*. But they start from the assumption that the world is the only meaningful framework within which the history of any particular country or group can be understood, and as Herbert Spencer classically observed in the nineteenth century, what distinguishes a system from a mere assemblage or congeries is not simply that a system is made up of parts, but that the relations between the parts *are themselves systematic* in such a way that changes in one part have effects on the other parts of the system. (We will take up later the question of the *degree* of systematicity, or, to put it another way, the degree of autonomy of the parts.)

So, the system-theorists say, we must abandon the view that the world is composed of so many nation-states, each with 'separate parallel histories', for 'societies' are merely 'parts of a whole reflecting that whole' and it is this whole—'one capitalist economic system with different sectors performing different functions'—that must therefore be taken as the basic logical and historical-sociological framework within which the 'society' can then be located. 'A state', he rightly observes, 'no more has a mode of production than does a firm. The concept "mode of production" describes an *economy*, the boundaries of which are. . . an empirical question.' In the

case of the capitalist mode of production, its boundaries are world-wide.' 'To understand the internal class-contradiction and political struggles of a particular state, we must first situate it in the world-economy. And that economy is 'a single capitalist world-economy, which had emerged historically since the sixteenth century and which still exists **today**'.⁸

The parts within this whole, then, are determined by an international division of labour which allots 'tasks' as between the industrialised 'core' countries and those on the periphery: an international division of labour which is not just a functional division, but also a relationship of exploitation.

The core countries are those which began by successfully developing 'a complex variety of economic activities—mass-market industries. . . , international and local commerce in the hands of an indigenous bourgeoisie, and relatively advanced forms of agriculture. . . with a high component of yeoman-owned land'. The peripheral countries became monocultural economies, specialising in cash crops produced by coerced labour; and the semi-peripheral countries were those that went downhill, deindustrialising and losing their former core status. In these latter, the forms of labour are typically intermediate between 'the freedom of the lease system and the coercion of slavery and serfdom. . . , for the most part, **sharecropping**'.⁹

Now pluralists equally accept that the three or more worlds they identify are not economically, politically or culturally sealed off from each other, but form part of an over-arching world-order. But this world-order is not a capitalist world-order. Within it, there is a capitalist *sector*, which is still the most powerful sector. Within **that** capitalist sector, there are two distinct sub-sectors: the developed, industrial countries and the dependent, agrarian ones. But the world is no longer a capitalist world, whatever may have been the case in the past. Rather, the capitalist 'world', like the other 'worlds', has *another* major system-alternative and rival, communism. Hence the system as a whole is *neither capitalist nor communist*, but a system of oppositions based on two major polarities: developed v. under-developed, and capitalist v. communist. The world is constituted by the alliances and antagonisms between these sets of countries. Each set has as its main unit 'the country' (nation-state), though each country is especially influenced by the most powerful members of the set, the Superpowers, and, because of 'unequal development' between its component zones, is not internally homogeneous either. Hence these cross-cutting pairs of polarities result logically in four boxes—four 'worlds', not three. Much of the confusion in the literature comes from trying to squeeze four types of country into three boxes and from the equally mystifying 'linear' procedure of merely listing countries according to indicators of levels of development.¹⁰

For world-system theory, there is only *one* world, divided into three

components (completely different from the three 'worlds' discussed above): the core, peripheral, and semi-peripheral countries. Communist societies, though they have special characteristics of their own which set them off from capitalist countries, are not a set of countries *different in kind* from capitalist ones. Hence the communist 'world', in this model, is decomposed, and its component countries also treated variously as core, peripheral, or semi-peripheral.

The Growth of the World-System

The differences between monists and pluralists, then, arise at all levels and at all points: over the conceptualisation of the whole; over the conceptualisation of the parts; and over the nature of the relationship between the parts and the whole.

The point of departure is the assumption on the part of the monists that the world-system is a *capitalist* world-system. For myself, *per contra*, though I accept that the world did indeed only come into being as a single social system only during the period beginning with European mercantilist expansion and ending with modern imperialism, it did so as a system in which production for the market was conducted on the basis of non-capitalist relations, for the hallmark of mercantilist colonialism was the establishment of a mode of production in which forms of coerced labour persisted or were introduced which depended upon the direct use of force, and in particular upon the power of the State, which intervened directly in both constructing and operating the economy.

I would have liked to have called this the 'colonial' mode of production, had this term not been preempted (indeed invented) by Alavi and used in a different sense." Alavi calls the initial, 'political' phase of colonialism that I am describing 'pre-capitalist'. Since this is a negative or residual designation—and to avoid confusion—I will call it, rather, 'mercantilist'. It is later displaced, at points in time that varied from the late eighteenth century for India to the Independence period for Latin America—by a dependent capitalism that he labels the 'colonial' mode of production. In his discussion of India, Alavi shows clearly the centrality of the political coercion of labour in the 'mercantilist' phase:

'the social relations of production were reconstituted on the basis of ownership of the land that was conferred... under the authority of the colonial state, the state of the metropolitan bourgeoisie. The landlords no longer exercised direct coercive force over the peasant. Their class power was now articulated through, and by, the colonial state'."

'The landlord became landowner' (p. 24) and the conformity of the producer was ensured by one of the East India Company's servants, 'a man with a cane who would watch over the weaver and beat him "to quicken his deliceries".'

Panikkar painted a similar picture for Java, twenty years ago:

It was a silent but far-reaching revolution that the plantation-system introduced. . . Previously the Dutch had only been merchants buying the spices and rice. . . and selling them at a profit. True, they used their powers to establish a monopoly, but beyond this the trading activities did not interfere with the life of the people. But the change over into a plantation economy involved the actual exploitation of labour, a control of the economic activity of the population and an effective supervision. . . in fact "estate management" over a whole country. The island of Java became a plantation of the Dutch United East India Company. . . The relations between the sovereign [the Company PW]. . . and its subjects were in substance those of planter and coolie, in which the former was not merely the employer of labour, but also the authority vested with the rights of life and death. . . A whole people was. . . converted by the exercise of sovereignty into a nation of estate coolies, with their own **natural** aristocracy reduced to the position of foremen and superintendents. (Panikkar, *loc. cit.*)

After this initial period of colonial transformation through the exercise of the direct political power of the East India Company, for example, the Industrial Revolution in Europe stimulated a second-stage transformation of the colonies. Now, Alavi emphasises, 'the peasant was. . . driven to work for the landowner', not by 'direct [i.e. "extra-economic" PW] coercion', but by economic necessity—the threat of **starvation**.¹³ By the late eighteenth century, then, the 'freedom' of the dispossessed—capitalist relations—was being substituted for the political compulsions of the mercantilist phase. Nevertheless, the new phase of capitalism was still 'colonial', he insists, in that 'the colonial economy. . . is only completed via the imperialist centre' and because it has been thenceforward 'distorted', since 'surplus value is realised only by and through the imperialist capital **accumulation**'.¹⁴

Today, the dependent economies originally implanted by political force can continue to work according to the logic of the world capitalist market, because they have become capitalist in their internal constitution; not merely because they are articulated to a world capitalist market. Yet political force is still needed because the dichotomy between the capitalism of the centre and the capitalism of the periphery creates new contradictions. The first of these is that the world was not simply integrated by imperialism. It was divided at the same time, between several major imperialist powers. The second was the resistance and counter-attack provoked in the colonised countries. And the third was the decisive breach in a capitalist world-system that had only very recently become established: the Bolshevik seizure of power in 1917.

Today, despite increasing differences between socialist states, then, the 'principal contradiction' that has developed since then has been the **polarisation** of the world as between two different kinds of social system, the capitalist and the socialist respectively. World-system theorists, how-

ever, discount this difference as subsidiary, if not an illusion. For them, the fundamental divisions are those of core, periphery and semi-periphery. To my mind, this simply ignores the qualitative differences not only in the way communist countries organise their economies, but also the distinctive features of the entire political and cultural life of those societies.

The discounting of these differences of social system is not peculiar to world-system theorists. Various *non-Marxist* 'Third Worldists', for example, in a spirit of 'a plague on both your houses', most explicitly and militantly expressed during the *Bandung* era of 'non-alignment', contrast their backwardness with the technological and economic levels obtaining in both the capitalist and the communist industrialised societies.

For Wallerstein, Russia possesses a productive system in which 'private ownership is irrelevant,' a negative formulation which he amplifies elsewhere more positively: the communist state is merely a 'collective capitalist firm so long as it remains a participant in the market of the capitalist world-economy' (*ibid.*, pp. 68-9). Since there can only be one world-system at global level, and since existentially that system is a capitalist one, 'there are today no socialist systems in the world-economy' (*ibid.*, p. 35), and the USSR is merely a 'core power in a capitalist world-economy' (*ibid.*, p. 33, Wallerstein's italics).

This treatment of what to me is the central division in the world derives from a methodological assumption that capitalism is a system in which 'production is for exchange, that is. . . determined by its profitability on a market'.¹⁶ In my view, this mistakenly locates the defining properties of capitalism in exchange and not in the relations that govern the way commodities are produced: in trade rather than in *production*.¹⁷ A 'capitalist' system for Wallerstein is merely one in which the producer receives less than he produces. All then, are 'objectively proletarian', even peasants: 'Africans working on the land in the rural areas should be thought of as "peasants" who are members of the "working class", that is who sell their labour-power even when they are technically self-employed cash-crop farmers'. (*CWE*, p. 176).

Slaves, too, are 'proletarians'. In the literal, etymological sense the proletariat are those who ~~have~~ have nothing but their children. Historically, they didn't even necessarily labour much, but were supported by State handouts—the panes that were coupled with *circenses*. But the term has come to be used to refer to those who produce (labour) but own no means of production. Because they work for those who do own these means they 'yield part of the value they have created to others'. Of course, there are variations in the amount yielded—all or part—and the forms which the surplus takes. 'Proletarian', in this sense, simply means any exploited producer. Wallerstein distinguishes eight varieties of proletarians, only one of which meets the classical model, and instances the wage-worker, the 'petty producer' (or 'middle peasant'), the tenant farmer, the *share-*

cropper, the peon and the slave.

Rather than 'clarify' the phenomenon of exploitation (p. 290), what he acknowledges to be 'great differences between the various forms of labour'—the modes of social control entailed; the legitimating ideologies; the relative extent of reliance on force, persuasion, etc.—are reduced to a lowest common property: exploitation-in-general. The analogue, at system level, would be simply to treat capitalism, feudalism, slavery, etc. as variants of class society. Undoubtedly they are, but the analytical problems we face require going beyond this level of abstraction to the specific properties of each *type* of social relationship and institution.

Finally, I consider the model over-deterministic. It rightly emphasises the impressive historical power of capitalism, which swept all existing political and economic competitors before it. But at the level of conceptualisation, it depends upon 'the teleological assertion... that things at a certain place and time *had to* be a certain way in *order to* bring about later states of development... [that Wallerstein's] model of the world capitalist economy required and **predicts**'.¹⁸ And at the level of implications for social action, it is a picture of a world *so* determined by capitalism, and particularly by those who control the core capitalist states, that it leads logically to fatalism and resignation, for it becomes **difficult** to see how any part of such a tightly-knit system can possibly break away. Indeed, movements which purport to do so, or already to have done so, are, we are told, either deluding themselves or those who believe in them, or both. But I say 'logically' because there is, happily, a contradiction between this 'managerialist perspective' and the 'metaphysical pathos' implicit in it, on the one hand, and the recognition that since the parts always stand in conflictful relationships, exploited classes and countries have always struggled to improve their position *vis-à-vis* the core countries and at times even tried to break out of the system altogether. Frank and Wallerstein not only recognise this, but laud it. Nevertheless, the model they use does not accord with their political stance.

For it is a model which emphasises the capacity of the ruling classes to manipulate the system, and others in it, as they wish, whilst underplaying resistance to their domination. 'The system', at times, is as endowed with a logic, power and even quasi-personality as it is in that other major variant of Marxist system-theory, **Althusserianism**.¹⁹ But systems do not take decisions. Ruling classes do. They try to run the system in their own interests. In this, overall, they succeed—by definition, otherwise they wouldn't continue to rule. But those they rule also try to **maximise** their interests. Such models therefore underestimate agency, especially resistance to domination. In the colonial context, they also underestimate the role of the 'collaborators'—those who possess or develop local political power and who use it actively to assist the colonisers, firstly, in establishing

colonial institutions and then in participating in their operation as junior partners.

Of course, primary resistance did not prevent the onward sweep of capitalism and its final consolidation. In the dialectic of opposition between rulers and ruled, the rulers of the core countries had their way. But the triumph was long in the making, and the hegemony of capitalism has been a very uneven process along the way, in different zones, at different times, and with differing degrees of penetration and success.

The spread of capitalism is also discontinuous, not linear. The operations of mercantile traders; the establishment of colonies with predominantly non-capitalist production-systems; then of capitalist relations; the final integration of the world under capitalism; and the replacement of colonial political institutions by independent states constitute its main phases. Wallerstein has indicated that he distinguishes four phases in the development of world capitalism. So far, he has dealt in detail only with the epoch in which mercantilist trade and the implantation of colonies began. Yet even these represent two distinct kinds of economic activity, not some generalised, linear diffusion of something called 'capitalism'.

The two systems are respectively typified by Portugal-in-Asia, on the one hand, where trade was conducted via the (to modern ears, oddly-named) 'factories—fortified and other trading-centres, where indigenous products were purchased, not produced—and the Spanish pattern in the Americas, on the other hand, where colonies were established ab *initio*, though run on quite non-capitalist lines.

In the mercantilist phase, trade usually involved a contract between State and private merchant venturers commonly granted a monopoly. Where they encountered strong polities with developed economies—as in early nineteenth century China—they were obliged to stick to peaceful forms of trading. Where it was possible and necessary to use superior military force, this was freely done—by Cortes and Pizarro in the Americas, and by the Portuguese in a series of military campaigns which culminated in the repulse of the Egyptian fleet at Diú in 1509. Hence the 'mercantilism', which may seem to some redolent of pacific exchange between buyer and seller freely interacting in the security of the market-place, in reality routinely involved the use of force, with or without the direct backing of the State, in order to open markets and drive out rivals. Further, what Weber called 'booty capitalism' and ordinary people 'piracy' were normal ways of acquiring commodities which were 'ready-made', either through seizing stores of goods by main force or by compelling others to produce them. The gamut ran from attacks on treasure fleets to the despoliation of pre-colonial population centres or of settlements established by other colonial powers. Its most dramatic expression was the enforced delivery of Inca gold to the Spanish conquerors: the 'ransom' of Atahualpa.

Further, much 'trade' took the form of what both Wallerstein and I have called 'hunting-and-collecting' (or 'gathering')—albeit with a more advanced technical equipment than the Bushmen or the Australian aborigines possessed (guns instead of spears) or, more accurately, indirect hunting-and-collecting—forcing others to collect what Nature provided: sandalwood in Melanesia, bird-of-paradise feathers in New Guinea, *pau-de-Brasil* in the Amazon, and, above all, men in Africa—rather than 'production' in the sense of transforming raw materials by human industry. Whether collection or production, the process Marx looked at in terms of its consequences for capital formation and labelled 'primitive accumulation' (note: '*primitive*', not just 'primary'), depended, of course, on the actual amassing of commodities, including gold and silver, which were at first only commodities, and only capital *in posse*. Before they could become capital, they had to be both produced and sold. But the ways in which they were accumulated had little to do with capitalist ways of *producing*. Rather, it depended upon the exercise of political power.

'Booty capitalism' and hunting-and-collecting did not necessarily call for the establishment of colonies at all, though these were, in fact, commonly established at the outset. Within the colonised areas, in both towns and countryside, new forms of production soon emerged, though collecting continued in the Brazilian Amazon, for instance, for rubber and wild chestnuts into this century. The transformation of production, however, was not just an *economic* transformation, for economies do not exist 'in themselves'. It depended, rather, upon the radical reworking of entire cultural orders, sometimes via incorporating or adapting aspects of existing structures, at other times smashing them and replacing them with quite novel institutions, the most striking instance in the New World being the dismantling of the central machinery of the Inca and Aztec states while retaining something of the lower structural levels. But the new institutions included novel forms of agricultural enterprise—the *encomienda*, the *hacienda*, the slave-population, etc.

In this process, the State—both that of the metropolis and the local apparatus—played a key role, providing the *sine qua non*: the backing of force which paved the way and which guaranteed the viability of the whole system. The establishment of colonies, therefore, was a process of *political* economy, not a 'purely economic' process governed by the play of the market. It entailed the construction, not just of systems of production, but of government and taxation; a total racist social order; and a strong machinery of ideological control in order to suppress existing cultural values and institutions where these could not be accommodated to the new order, and, where necessary or feasible, replacing them by imported ideologies, especially Christianity, and the institutions—the Church and the religious orders—with which to enforce them.

The whole colonial order, then, is hypothecated upon the forceful

construction of socio-cultural categories which were institutionalised and built into the structure of State and civil society. The fundamental components of the edifice were certainly classes, in terms of their respective roles in a division of labour and system of exploitation. But they were classes in which membership was ascribed by birth and descent and sanctioned by law and custom. They were, in fact, *estates*, brought into being and maintained in being by the exercise of colonial power. Before, there had not been any such thing as 'the Bantu', or 'the African', 'the Indian' (Indian Indian or Amerindian). As Bonfil has insisted,** the category 'Indian' is a colonial category. For Indian labour to be exploited, the Indian had first of all to be created as a legally-exploitable category: *economic* exploitation had to be *socially* institutionalised. And since his status was defined according to physical criteria; it was to stimulate an obsession with the *genetic*²¹ and with ethnic identity. But the consequences were not only availability for economic exploitation. Membership of an estate, as distinct from membership of a class, determined the whole of one's social being. It determined, for instance, whom one might and whom one might not marry; whether one was allowed to leave one's natal village or whether one was forced to; whether one came under a different legal code from townsmen; a totality of rights and duties, codified as civil status.**

The divergence in the trajectories of the two Iberian empires reflects the qualitative differences in the kinds of colonial economies they developed. For the Portuguese in Asia, despite their forceful irruption onto the market, their economic role remained restricted to the niche formerly occupied by Arab and other traders, but in which they now articulated Asia not only with Europe, but also with the New World through the exchange of bullion for spices. Yet however great their military power, this trade was not part of the *European* world-system, as Wallerstein acknowledges, but of another zone outside Europe: what he calls an 'external arena'. Within this arena, the volume and value of trade with Europe was not as significant for Asia as it was for Europe, and only centuries later, with the growth of European demand for raw materials after the Industrial Revolution, did the capitalist mode of production become directly *implanted*.²³

On the margins of the world-system, in a country like Ecuador, though early in the nineteenth century landowners and merchants might take power from the metropolis and create an independent state under their control, not until just before World War I would the now-dominant coastal agro-exporting commercial bourgeoisie take power from the 'feudal' *Sierran* hacienda-owners after the Liberal victory in the lengthy Civil Wars; not until the inter-War period were beginnings made on 'bourgeois' political and economic institutions: a Central Bank and a modern bureaucratic machinery; not until after World War II was the

'administrative revolution' completed under Galo Plaza; and not until the military revolution-from-above were the new industrial bourgeoisie put into power. And not until the capital—without which modern capitalist development would remain merely an abstract idea—actually arrived in the oil-bonanza of 1972 could Land Reform begin, as landowners were assisted by the State to turn their haciendas into capitalist estates, and unfree labour was replaced by wage-labour.

The 'rational kernel' of dualist theory is that pre-capitalist labour-relations, based on extra-economic coercion, and the persistence of a formally autonomous 'peasantry' tied to the haciendas (a system constructed under colonialism), did in fact continue for so long. To the mass of the population, it has been said, the arrival of Independence a century and a half earlier, only meant the 'ultimo día del despotismo y primero de lo mismo', as a cynical popular saying of the time put it.²⁴ Capitalist relations in agriculture grew only with painful slowness in the Sierra. Real political power was local power: that of the landowners on their estates. They had little need of the State, for they were the State, and the effective formal central State in any case had little to offer. But once exporting became dominant, the new owners of the plantations had to take over and modernise the State. To do so necessitated civil war with the older landowning class.

The persistence of non-capitalist relations has been the central fact of life for over three centuries in such countries. But this has not been the case universally. Because of the lateness of the penetration of European capitalism in other parts of the globe, when it did penetrate it did so, not as mercantilism, but in its most modern form. Hence the rapidity and thoroughness of the process Alavi describes as the implementation of the 'colonial mode of production' in India in the late eighteenth and early nineteenth centuries.

Even so, as I pointed out fifteen years ago,²⁵ the consolidation of the entire world-edifice as a completed system has been of very *short* duration: no more than the very few decades between the final scramble for Africa which only began in the 1880s and the Russian Revolution of 1917. And even then Japan, Ethiopia, Afghanistan and Thailand preserved their independence; and China, Turkey and Persia were only 'semi'-colonies.

The process that led up to this final consolidation certainly did begin in the sixteenth century. But it was not unambiguously a capitalist process, firstly, because the early leading countries were themselves feudal societies; secondly, because what they implanted was based upon pre-capitalist, unfree labour. Hence accounts of colonialism which present it as the story of 'capitalism', without qualification, are profoundly unhistorical. Not only do they underplay the non-capitalist dimensions; they also underplay the quite distinctive kinds of capitalism and the phases of its development.

The model is also a one-way model in that it discounts the consequences for colonialism of the profound differences in the nature of the *pre-capitalist* societies and cultures the colonisers encountered. The social space that became the colonial world was inhabited by many different kinds of society, each possessing a variety of institutions and cultural codes which can only residually be labelled 'pre-capitalist', since this merely tells us, negatively, what they were *not*, not what they were. In fact, there were many different *kinds* of society, which differed from each other and not only from capitalism: acephalous bands and bureaucratic empires, to name but two extremes, and the differences of cultural logic, of social structure, of sheer scale of organisation were to impose themselves on colonial institutions, too, since those responsible for constructing colonial political institutions had to come to terms with them. As Frank has reminded us, criticising Rostow's concept of 'the traditional', some areas were emptied of their exiguous populations by wiping them out and subsequently repopulating them with immigrants, as in Argentina, Australia or North America, giving rise to a quite distinct set of countries from those with large pre-colonial populations.²⁶

The legacy of the pre-colonial heritage tends to get neglected if we concentrate on only one side of the colonial question: the undoubted success of capitalism in imposing its cultural logic upon what it was to turn into the 'periphery' and upon the people it was to turn into 'natives'. So does the resistance offered to invasion and continued after defeat. Even if in the encounter between colonisers and colonised, the power of the colonisers was superior, their victims never ceased to try and maximise their own interests.

But as various writers have shown, e.g. Ranger for Africa, resistance was not the only form of reaction to conquest. There were also those who went along with the conquerors from the beginning—the allies of Cortes and Pizarro, for instance. Left-wing and liberal scholars have tended to tackle the important task of chronicling the story of *resistance*, rescuing from the obscurity of the archives the record of piecemeal, small-scale resistance by hunting-and-collecting bands; reminding us of the creation of new forms of organisation among peoples lacking centralised political institutions: the Araucanian military reorganisation that enabled them to fight off the Spanish and the Chilean State for 300 years; the prophets who emerged to mobilise peoples like the Nuer, or the more dramatic and public victories over British armies by the Ashanti, the Zulu and the Afghans.

But reaction to conquest also included despair, resignation, fatalism and defeatism. Further, there were many individuals and groups who collaborated with the new authorities and who manipulated new institutions to their own advantage in ways both left-wing and liberal writers do not approve of: the *comprador*, the collaborating chief, the feudal lord, even

the enterprising peasant who became a capitalist farmer, and so on. The colonised, then, whether they resisted or collaborated, were not simply inert objects pushed around by some impersonal 'logic of the system', or, more concretely, by government and settler.

It is also important not to over-emphasise the continuity of capitalist expansion. It was in fact discontinuous politically, involving successive re-organisations of political relations between centre and periphery of which the most important, politically, were the initial establishment of direct colonies and their subsequent emergence as new, independent, nation-states. The crucial economic transition was the shift from trade with the centre in goods produced along non-capitalist lines to production based on wage labour. In the core countries themselves, the crucial watersheds were the industrial revolutions which occurred at different times at different rates in different countries, when the feudal agrarian pre-eminence of landowning classes was replaced by the new bourgeoisies. The process was not simply one of political transformation *following* economic differentiation, and the consequent struggle between old and new classes for supremacy. Rather, the development of the economy depended upon the *prior* conquest of political power, which then afforded opportunity for economic entrepreneurs to innovate and *expand*.²⁷

But in the colonies, no such economic transformation occurred. And it was the political power of the metropolis that doomed their economies thenceforth to underdevelopment in the interests of London and Madrid. Even with the establishment of political independence, they remained obdurately economically dependent states, restricted to the role of *suppliers* of primary commodities to the metropoli and, except where the needs of the core countries called for capitalist innovation (plantations, mines, etc.), non-capitalist in their production systems. Pre-capitalist patterns of obligation to render dues in kind or in labour continued right up to our own times in the Andes, for instance, and outright slavery persisted in Brazil until 90 years ago (not to mention the southern states of the USA). To say this, as Laclau remarks, 'does not necessarily involve maintaining a dualist thesis'—that 'no connections exist between the "modern" and the... "traditional" sector'—for 'the modernity of one sector is a function of the backwardness of the other'. Rather, it entails distinguishing between an 'economic system' which involves 'mutual relations between different sectors of the economy' but in which the 'constitutive elements' may be different 'modes of *production*'.²⁸ Production along capitalist lines, in response to metropolitan industrialisation, and particularly in sectors devoted to exports, became widespread even in the colonial period, in some parts, as mines and plantations were developed ultimately on the basis of wage labour and not forced labour, and as wage labour was increasingly used to produce cash crops for the world-market and handicrafts for the internal market. But the stranglehold

exercised by the world-system was not absolute. Some colonies did make the breakthrough not only to political independence, but also to a thoroughly capitalistic economy, notably the 'first new nation'. It *was* therefore possible for some to escape from dependence. Further, how some countries became core countries, others regressed to semi-peripheral status, and yet others climbed to semi-peripheral or even core status is often well described by Wallerstein. Why they did so is less well explained by his model, except, as we shall see, in sub-sociological terms, where technology, geography, etc. seem to function as the *deus ex machina*. The reasons why have rather to be sought in the variability of the relations between economic, political and other social orders, their interplay and relative autonomy, and cannot be explained by models which over-emphasise the all-determining nature of 'the economic'.

The metropolitan stranglehold normally, however, proved decisive. And it led to a special kind of capitalist production: a *colonial* mode, in which State power was deployed initially to induce the production of commodities wanted by Europe. That State power might later be wielded by local landowners and merchants, rather than by agents of Madrid or London, but production still depended upon the direct coercion of labour to produce, in forms ranging from slavery to serfdom, from debt-peonage to indentured labour. Even manufacturing, as in the *obrajes*, depended upon compulsory obligations to deliver, backed by extremes in violence. The State too, intervened in the form of taxes which had to be paid in cash rather than, as with traditional tribute, in kind or in labour, and in greater amounts. Cash could only be obtained by working in mines or on plantations, or factories, or by selling agricultural and handicraft products on the market. 'Extra-economic' sanctions then were the norm until very recently in most parts of the globe; the cash-nexus the exception.

These differences in modes of controlling labour are fully recognised in Wallerstein's schema. That labour was normally coerced in the periphery is central to his model. The differences between slavery, serfdom, wage labour or indentured labour, however, are all forms, for him, of *capitalist* labour relations, dictated by the different *technical* needs of different products, e.g. different kinds of crops. *Per contra*, I am arguing that capitalist relations of production based on wage labour—which requires the dispossession ('freeing') of the producer from the means of **production**—are a late development, and that slavery, serfdom and unfree, coerced labour in general are not modes of capitalist *production* at all. The beginnings of the implantation of those relations could not occur until the centre itself had been transformed along capitalist lines. Only then did the parcelling-out of the world get completed; only then did the capitalist organisation of production get under way, though only a very little of this was in manufacturing. In this process, it was inevitably the leading industrial countries which also became the leading colonial powers. That

general process of capitalist expansion is therefore highly uneven and occurs chronologically at quite different times in quite different parts of the world, due to a double determination: the nature of the colonising core country, and the nature of the zone being colonised; not as something 'allotted' by some reified functionalist 'logic' of a system.

It may be objected that all this dispute about the definition of capitalism in terms of production as against capitalism in terms of the market is simply a matter of arbitrary definition. But the importance of making these distinctions, and the greater heuristic power of the latter kind of definition become evident when we face the problem of why it was that colonial expansion was initially pioneered by countries which were by no means the farthest advanced along the road to industrialisation, to wit, Spain and Portugal (the latter so marginal in the capitalist development of Europe that Anderson, in his magisterial survey of the transition from feudalism to capitalism, country by country, includes many backward states—Austria, Russia and Poland for instance—but omits Portugal, which plays a leading part in Wallerstein's model).²⁹ The 'deep' reason for this difference is that Anderson's model is overly Eurocentric, scarcely alluding to colonialism as a significant factor in European capitalist development. To this, Wallerstein's model is a healthy corrective.

But the reason why capitalism failed to get implanted in the colonies, does, in the end, have to be sought in Europe. It lies in the success of some countries, not in developing *trade*, but in transforming their systems of production along capitalist lines. Capitalism reorganises all the factors of production—land, labour and capital—in such a way as to build in a dynamic of expansion. Other systems—merchant guild-production, feudalism in agriculture—restricted productivity and production in the interests not only of monopolising economic opportunities through the prevention of competition, but also because these economic advantages depended upon and underpinned an interlocking system of political and social relations. Only with the removal of these social constraints could expansion on the dramatic scale of the Industrial Revolution begin. From thenceforth, the capitalist firm would plough back profits so as to enable it to maintain its competitive edge in a market where all others were doing the same.

Such a system emerged in Holland and then in England, and it was the latter that was to become the leading modern imperialist power. The reason why capitalist production relations were so belated in becoming implanted in South America now becomes clearer: not simply because that part of the world was allotted a peripheral role in the world-system but because the countries which did that allotting, however politically absolute, were themselves backward in terms of capitalist economic development. It is this, then, that is at the root of the world-historic failure of Spain to maintain herself as the leading colonial power, culminating in her successive

bankruptcies in 1557, 1575, 1596, 1607, 1627, 1647, 1653 and 1680, by which time, 'two thirds of the silver of the treasure-fleet went straight to foreigners without even entering Spain'.³⁰

The failure was not due to the unsuitability of her political institutions—the structure and size of the Empire ('Spain was an empire when what was needed. . . was a medium-sized state')³¹—for competing in a world-system of trade. What was needed, rather, was the centralisation and modernisation of the internal market along capitalist lines (something impeded by an economy in which the Mesta was pre-eminent).

Spain, Wallerstein tells us, 'did not have the energy to create a large bureaucracy in the Americas because of limited resources, human and financial'.³²

But despite the 'slowness' of the Spanish bureaucracy, it can scarcely be described as 'no indigenous state authority at all' (*ibid.*, p. 31). It was capable, for instance, of suppressing settler revolt effectively on at least two occasions in sixteenth century Peru, despite problems of distance. And it certainly *tried* to regulate everything from Madrid. Indeed, Elliott remarks that 'no states were more governed in the sixteenth century than those of the King of Spain'.³³

The Spanish colonial service was probably no thinner on the ground than, say, the British in Nigeria or the Australian in New Guinea early in this century. But in the end even the local bureaucrats and even the Church—consider Hidalgo and Morelos—and the humanist-liberal religious orders shared with landowners and merchants (to whom many were related anyway) resentment of Spanish control. Quite early, they were able to obstruct Madrid's efforts to protect the Indians against the settlers. The bureaucrats' defiance was beautifully expressed in the formula 'Obedezco pero no ejecuto' (I obey, but do not execute [Imperial directives]). In the end, it was Spain which lacked the muscle to discipline them. As for the Portuguese, in the sixteenth century 'the most impressive fact. . . is the remarkable manner in which the fleets in the East were kept reinforced by the Portuguese home government. Armada followed armada in unending succession. . . Even in the most difficult of circumstances they could therefore hold out'.³⁴

The financial failure can certainly not be attributed to lack of capital, for the annual treasure-fleet at times brought back as much as a quarter of Spain's annual revenues, between 1503 and 1660 'enough to triple the existing silver resources of Europe, and to increase its gold supplies by one-fifth'.³⁵ Capital *was* available, but was not invested in promoting capitalism. Eventually, much of the annual bullion supply had to be used to pay off debts to the more advanced capitalist countries, notably England. The reasons for the loss of leadership by Spain and Portugal, then, are to be found primarily in terms of their backward metropolitan economies, their failure to develop capitalism in the homelands, *vis-à-vis*

more dynamic core countries, and the parallel attempt to maintain mercantilist forms of control over colonies that themselves were developing indigenous export-agriculture, mining and sizeable internal markets.

Otherwise, it becomes logically difficult to explain why, given Wallerstein's belief that 'slight edge' can turn into a 'large disparity', Spain fell behind at all. Logically, too, given the notion that the centre determines the periphery, it is in *Spain* that we should look for the causes of the debility of the Spanish Empire. Spain and Portugal did not fail in America and the East; they failed in Iberia.



The World Today

Let us turn now to the implications of this kind of model for understanding the world of today. If the world constitutes a system, what kind of system is it? How systematic is it? What, in other words, is the nature and relationship of the parts?

We have seen that the colonial mode of production did not prove, as Marx thought it would, to be a re-run of capitalism back in Europe. Rather than the whole world being made over in the image of metropolitan capitalist development, the colonies became a dependent, distinct sector within the capitalist world-system, allowed or forced to stagnate or even regress at some times and in some places—to 'underdevelop'; at others, to be forcibly and intensively transformed—but always in the interests of the 'mother' country.

The triumph of capitalism on a world scale, however, seemed to presage the displacement of pre-capitalist, including colonial-mercantilist modes of production, and the ultimate fulfilment of Marx's prophecy, as coerced labour began to be displaced by wage labour in textile factories, mines and plantations in the nineteenth century. But the dependence of the colonies did in fact persist, still determined by the political and economic supremacy of the core countries. To the pioneer thinkers who tried—from very different theoretical positions—to make sense of the process of imperialist consolidation as it was happening around them, like **Hobson** and Lenin, it was the triumph of imperialism that was the most immediately striking fact, and especially the pre-eminence of the leading industrial power, Britain. Yet central to their analyses were the built-in conflicts *between* rival empires, which offered some leeway for the colonised to play one off against the other. These theorists did note the protracted primary resistance offered to the armies of imperialism. But such resistance seemed doomed. Nevertheless, they themselves did not accept that victory. **Hobson**, a classic liberal, shared with Spencer, **Hobhouse** and others a fierce objection to the 'extra-economic' establishment of colonies in the first place, since this ran counter to *laissez faire* dogma, according to which

economic development should properly be left to the entrepreneur and the market. It was not the proper function of the State to create colonies, even less to intervene so as to foster the development of mines and plantations, to turn the peasantry into cash-crop producers for the world market, and to force a proportion of them to provide labour for those mines and plantations. Resistance to this 'political' capitalism was the last shining intervention of Liberalism upon the world-scene. It took the form, in Britain, of principled opposition to the Boer War. But it was a limited critique from within capitalism that was soon to be eclipsed by a challenge to capitalism's very existence.

As Marx was fond of quoting, 'the owl of Minerva only flies at dusk'. For no sooner were these accounts of the completion of capitalist mastery of the globe written than the first major defection from that system occurred, in 1917, together with the first major stirrings within the colonised world of a new kind of future-oriented rejection of imperialism in China and India. Hence after the white-hot experience of those few years which saw the establishment of a Bolshevik regime in Russia, and the new growth of nationalism in the colonies, Lenin, whose Imperialism, written in 1916, had charted the irresistible expansion and ultimate hegemony of capitalism as a world-system, was, within a few years, predicting that world revolution would triumph, not in the heartlands of imperialism, as Marxists had hitherto asserted, but in what we now call the Third World.

Since that time, one-third of humanity has come to constitute a world-alternative to capitalism, dedicated, indeed, to 'burying' capitalism. Hence for most of us, the distinction between 'capitalism' and 'communism' is the first pluralist distinction with which we commonly operate. The second is the distinction between the core countries of the capitalist world and the exploited segment of that world. The assumptions underlying these two polarities, however, are quite different, implicit rather than explicit, and sometimes contradictory. Further, they cross-cut each other.

What is usually taken for granted is not so much the mere number of 'worlds' identified as the nature of the underlying rationale which generates the typology itself as well as the component worlds. The first dichotomy has as its main criterion differences in 'social system' or 'ideology'; the second, differences in levels or kinds of technological development (e.g. in Marxist versions, 'levels of development of the productive forces'). These are usually measured in terms of production, productivity, output, etc., using 'indicators' such as GNP per head, income, etc.

In the former, the differences of social system usually identified—and rightly so—are those between capitalist and socialist (or communist, according to taste) societies respectively. For Pierre Jalée, for instance, the world is 'sliced into two' in this way.³⁶ But those who think in terms of

technology/production divide the world into 'agrarian' and 'industrialised' or into 'rich' and 'poor', rather than capitalist and communist. Note that Marxists are to be found in both camps, Jalée adhering to the ideological model; Frank and Wallerstein to models in which level and form of development (underdeveloped/developed) is more significant than social system or ideology.

Technology/output models are also characteristic of circles far removed politically from Frank and Wallerstein, notably the 'aid lobby', which embraces a wide liberal spectrum of Christians, non-Marxist socialists, pacifists and humanists who see differences between capitalist and socialist countries as insignificant in comparison with their respective statuses as either developed or underdeveloped countries. These are not, we should note, what are often called, for shorthand, 'class' models—based on differences between capitalism and socialism.

The most important specimen of this class of theory, surprisingly, is the Chinese world-model, which sees the First World as constituted by the Superpowers; the Second World by a set of technologically developed intermediate countries; and the large Third World (which includes China)—the majority of mankind—the backward countries. This model thereby conflates the USA and the USSR together (though pride of place in the hierarchy of enemies of mankind is now given to the latter); puts Hungary and Switzerland in the same bed; and makes no distinction between Haiti and Cuba. All this, of course, has implications for policy: China finds it perfectly acceptable to ally herself with Mrs. Bandaranaike, with General Zia or with Chancellor Schmidt, or with 'feudal' or military allies, whilst at the same time directing its fiercest fire at the largest and pioneer communist power.

To explain the apparent paradox of Chinese 'convergence' with technological (non-class) models, we have to turn to the ways in which they are located within wider systems of values. For the aid lobby, the implications are, firstly, that what is needed is 'aid' or 'development'; ideology and social system are secondary, if not irrelevant, or even barriers to growth; secondly, that the poorest and/or the non-aligned need/deserve it most. The Chinese, of course, don't accept *that*. Though they see themselves as a poor country, potentially leading the mass of humanity, the Third World, against the two super-imperialisms (First and Second Worlds), to do this they have to defend and promote socialism, of which their country is the only uncorrupted exemplar.

Yet socialism, as Wallerstein rightly insists, is based upon the nation-state. As a world economic system, on the other hand, socialism, he claims, does not exist. Yet he never examines the considerable degree of interdependence and trade within COMECON, or the pattern of aid to countries like Cuba and Viet Nam. If he did, there would seem no logical reason, according to his own criteria, for refusing the communist trade

bloc the title of a 'world system'. Nor—because his model is one in which 'the economic' is abstracted and given causal priority—does he consider the persisting political and military dependence of the communist world, China apart, on the USSR.

This refusal of the status of world-system to the communist world is, in fact perfectly consistent with his neo-Trotskyist world-view. Capitalism is, for him, a system of production for profit on the market; socialism, in principle, a system of production collectively organised, at world level, for the satisfaction of human wants. This is an implicit criticism of those socialists who think that internationalism (and equality) have to be deferred until the effective majority of nation-states go socialist, and the 'forces of production' then become fully developed. As against that scenario, pragmatists reply that socialism can only be developed within nation-states at present, and that even if this falls short of the ideal, it is the only practicable 'transition'. To that riposte the world-system theorists retort that the 'transition' will be permanent if international economic planning between socialist states does not begin, however cautiously, now.

However, basically all can agree that the current reality is not internationalism: not even 'socialism in one country'—true when there was only one socialist state, but not now, when there are many 'socialisms in one country'. Hence the distinguishing feature of all these socialist states today is their fierce nationalism, however much it may be discounted in the formal ideology of 'proletarian internationalism', but as characteristic of socialist states today as it was of the capitalist countries during their internal consolidation and mobilisation for development, whether from the absolutist period onwards, or in the nation-building of Third World countries today.

State socialism, in the absence of world revolution, is, then, national socialism, oriented, internally, to consolidation and mobilisation for development, and, externally, to the defence of the nation, not to cooperation with other like-minded countries to coordinate their economies through collective decision-making.

Unequal development has left them, too, with a heritage of disparities, commonly culturally consolidated as national and ethnic superiority and inferiority, which make for potential conflicts, especially between advanced and backward countries, above all, between the Superpowers and the rest. Hence, not only do socialist states not 'converge' with capitalist ones; they increasingly—'polycentrally'—diverge from each other.³⁷

In the development of the USSR, that country, endowed with abundant human and natural resources, was able to opt for a policy of largely autarkic development. Such an option is impossible for the smaller communist states that have emerged subsequently. Hence only China has had a similar endowment which permitted her to found her economic

development, too, on thirteen years of virtual autarky, and only China has had the resources to stand up to the Soviet Union. The rest, especially micro-countries with a legacy of monocultural economies like Cuba, are forced into a new dependence, as the Chinese rightly point out, on the communist Superpower, as are those countries where newly-victorious Marxist regimes have inherited a devastated economy (Angola, Mozambique, Viet Nam, Cambodia). Since the establishment of communist power has everywhere been *both* a struggle to establish a new kind of social system *and* a *national* liberation struggle, nationalism is at flash-point in precisely those countries that have just—proudly and paid in blood—established their communist regimes. It is between them that actual war has broken out.

In the last resort, then, the socialist state is not only a state, but a nation-state. Like *any* state, it resorts to force in defence of its interests if necessary. The phenomenon unthinkable to the pioneers of Marxism—of actual war between socialist states—was naturally delayed until after World War II, before when a plurality of socialist states to have war between did not exist, but the first near miss did not take long—Yugoslavia's defiance of the Cominform, followed by actual invasion of Hungary and Czechoslovakia (leaving aside 'internal war' in East Germany and Poland). Socialist countries, living in a world-system of nation-states, have, therefore, to distinguish, politically, between their friends and their enemies (and those in between), and geo-politically, between those zones on their borders, remote countries and intermediate zones. It is this logic that informs Chinese foreign policy, and which explains their formal convergence with technologicistic models of the world.

The two modes of 'slicing' the world, then, ideological and technological, can be diagrammatically and ideal-typically represented as follows (only the more important or typical countries being shown):

	Superpower	Developed	Underdeveloped
communist	USSR	Eastern Europe, North Korea	China Vietnam, Cuba, Mozambique, Angola
capitalist	USA	EEC and other Western European countries, Japan, Australia, South Africa	rest of capitalist world

Ideological models read across the rows, treating all communist and capitalist countries as falling into one or other of two great opposed 'camps'.

Technical-economic models read down the columns, separating industrialised countries, whether capitalist or communist, from agrarian. (China is separated by dots from the rest of the Third World, for those who wish to distinguish her for either sheer size or ideological heterodoxy.) But since both polarities reflect real properties of the world, all models in actual use inevitably combine elements of both. Analytically, two bipolar models, in any case, cross-cut each other so as to yield not *three* worlds, but four. This was not so serious when only two countries, China and Cuba, awkwardly aligned themselves with the 'non-aligned' capitalist Third World. Now that there are many under-developed communist countries, that box becomes more important. Now we have both industrialised communist states and underdeveloped ones. I have already mentioned the dire consequences of trying to squeeze four worlds into three boxes. Four, because communist countries, merely by virtue of being communist, are not thereby necessarily either industrialised or agrarian, though historically, nearly all (East Germany and Czechoslovakia apart) began as agrarian societies, and backward ones at that. Leaving aside the capitalist 'newly-industrialising countries' (NICs), it has been the historic role and achievement of communism to have carried out the industrialisation which capitalism had previously refused and continues to refuse to the majority of Third World countries. The whole of Eastern Europe (except Albania), plus North Korea, is now industrialised, as UN agencies now recognise. But the newer communisms remain agrarian and underdeveloped.

A framework based on bipolar extremes by definition excludes anything between those extremes, and forces them into one or other of the polar Procrustean extremities. This is not so problematic for the capitalist/communist polarity, but awkward for those important intermediate countries ('semi-peripheral', in Wallerstein's terminology), which are 'newly-industrialising': Brazil, Mexico, Taiwan, Singapore and Hong Kong and for the 'capital-surplus' oil countries. I freely acknowledge the limitations of the schema. No diagram can encompass reality, and if this one has limitations, it is still heuristically more useful, because it is more differentiated than overly-monistic world-system models. A model of double oppositions, too, avoids the infinite multiplication of 'worlds' which otherwise tends to ensue.³⁸

Hence the two cross-cutting axes in the above diagram generate four logical and real boxes: capitalist-industrial; capitalist-dependent (underdeveloped/agrarian); communist-industrialised; and communist-agrarian.

The use of such categories, of course, implies a rejection of any model of the world-system which postulates merely one dominant world-system, one 'world'. Lest anyone object that such taxonomies are mere scholasticism, I would remind them that the world is complex, and that schematically forcing simplicity upon it 'by fiat' is dangerous, for ideas are real in their consequences and bad ones can lead to ineffective and

mistaken behaviour in the real world, as the above discussion of Chinese foreign policy shows. Most inhabitants of the globe recognise that these are *not* mere academic abstractions but real differences in the nature of the world around them, the stuff of their lives, and therefore find the categories meaningful. To them, differences between capitalism and socialism or between developed and underdeveloped are not just verbal games, but significant realities. For those who, like refugees and migrants, have actually lived under more than one of these systems, say, the three million who fled the German Democratic Republic or the twelve million migrant workers from the peripheral Mediterranean countries working in Western Europe, the proposition that they are living within a world-system is something they would readily recognise and endorse. But they have also moved because the differences between the four worlds were real to them.

The Turkish migrant is experiencing the logic of the capitalist world: the difference between development and underdevelopment—as have millions who constitute 'cheap labour' and have sought out its *opposite*—capital—either by going where the capital is—to 'runaway' zones and richer countries—or who have been sought out by capital in their own countries. The East German refugees, too, were reacting to the pull of superior development. But they were reacting even more to the second polarity: differences of social system.

At the risk, therefore, of boring Turkish migrants and East German refugees, and because world-system theory accords so much more importance to level of development rather than differences of social system, we now need to explain the nature of the parts of the world system: their *internal* constitution.

The First World consists of those advanced capitalist countries (with a few thoroughly capitalistic satellites closely dependent upon their markets for the export of primary products: Australia, New Zealand, Canada, in part, Denmark), in all of which the fundamental institutions of private ownership of the means of production and the operation of the economy according to the logic of market competition persist, but are now combined with heavy State intervention in the economy; in the political sphere, with parliamentary and institutional pluralism (separation of powers and legitimate opposition); and socially, with a developed Welfare State, all of which qualify the primary ideology and practice of competitive possessive individualism.

The Second World cannot be treated simply as a component or set of components of the capitalist world-system. 'Genotypically, stratification in Soviet society is significantly different from stratification in the West', because it is 'subject to political regulation' in which the central goal of the leadership is 'a future Communist society' . . . characterised by a high level of social welfare, and indeed eventually by private affluence, while

still under the undisputed dominance of the Party'.³⁹ Many labels have been used to describe the specificity of these social systems (and, I insist, *social* systems, not just economic): 'socialist', 'communist', 'state socialist', 'state communist', 'deformed workers' states', 'social imperialism', and so on. (I restrict myself to Marxist usages since it is with Marxist theoreticians that we are here debating.) Now it does matter what label we use, for labelling implies not only a cognitive statement, but also an evaluative one about the nature of the social system in question. Such statements are also 'real in their consequences'. But even those who use different labels can probably agree on at least certain central characteristics of those societies.

Economically, the means of production are not privately owned, and the economy is planned. Politically, they are run by an all-powerful Party, entry to which is determined not by ascription or wealth, but by meritocratic performance. Conformity to the official ideology and value-system is of course, a *sine qua non* in that performance, and its role becomes ever more important as monopoly of the means of opinion-formation and communication increasingly replaces terror as the decisive instrumentality of social control.

Both these worlds, as the Chinese insist, are dominated by a Superpower—with decreasing effectiveness.

The Third World consists of a sub-set of underdeveloped capitalist countries, which, in Robin Jenkins' mordant formula, are 'owned, run and underdeveloped by the First World'.⁴⁰ The main political forms in these countries have been variants of demagogic populism, on the one hand, and repressive authoritarian right-wing regimes on the other, both strongly monocentric. Culturally, apart from such important trans-societal, but not universal 'world-religions' such as Islam, Christianity, Buddhism and Hinduism, they only share a common experience of imperialism and the pervasive influence of capitalist consumerist values.

The Second World, then, is distinct in *kind* from the First World. It is not, *pace* world-system theory, simply a part of the capitalist world-system, but a social system of a different order which constitutes a rival and an alternative to capitalism. Of course, this social system is no longer a disciplined bloc, as it was under Stalin. It is now 'polycentric', and the two largest communist powers are at each others' throats. The smaller ones, as we have seen, depend heavily upon the USSR, but also resist the pressures coming both from that Superpower and the pressures of their fellow-communist regimes.

The most fundamental differences, however, exist between the two social systems. The antagonisms between nation-states are either epiphenomenal 'spin-offs' of these more fundamental conflicts, or historical legacies of unequal development. The 'principal contradiction', then, should not be obscured either because of *rapprochement* or because communist

powers can have capitalist allies. That the Soviet Union once allied itself with the leading capitalist countries against the Nazi invasion (and the obverse—that the capitalist powers allied themselves with, to them, unspeakable communists) does not make either any the less communist or capitalist.

It is with no desire whatsoever to revive the Cold War, therefore, that one must point out that between the two social systems there is a built-in antagonism. That they have long entered into more positive **relationships**—'co-existence' in the Soviet case; olive-branches all round in the Chinese drive to isolate the USSR—should not blind us to the extremely limited, situational, and provisional nature of these 'reconciliations'. There would be no poverty on earth today if all the proportion of world output now going into the primary conflict—the **capitalist/communist** arms-race—were not as great as the proportion devoted to productive investment. Hence, despite real *détente*, despite polycentrist tendencies within both worlds, the Chinese formula 'contending and colluding' to represent the nature of the 'class collaboration' is exaggerated—too even-handed and **conspiratorial**—for it is still **contending** that predominates.

All that has happened—but it is a big 'all'—is that under the threat of mutual nuclear annihilation, co-existence (a very **negative** formula, meaning agreement not to wipe each other out) has led to the replacement of a previous readiness to contemplate the unthinkable—in the American case, 'roll-back'—in favour of more limited confrontations, preferably fought by proxy. These still include hot wars and ideological battles. In the space created by this limitation upon the freedom of manoeuvre of the Superpowers, especially their freedom to resort to the ultimate 'deterrent', smaller countries have been able to exploit the partial power-vacuum, above all Viet Nam. Hence co-existence is primarily an outcome of military considerations, a facet of international relations left out of so many models. Trade between the capitalist and communist worlds is in any case very limited, and involves no basic reformation of relationships. Indeed, as we saw, what is striking about both Soviet and Chinese development has been not their dependent position within a world-capitalist economic system, but their independent, for a long time quite **autarkic** development 'in one country'.

The world-system, as a system of trade, still plays a minor part in communist development. It is the capitalist countries that dominate world trade, the USA consuming at least a third of the world's scarce resources. Moreover, at a time of world inflation, and in an epoch of trans-national corporations, we are only too aware of the **inter-connectedness** of the world economy and of the power of the institutions that dominate the capitalist economy thereby also to influence profoundly what happens in the non-capitalist world. To the extent that foreign trade forms a part of the total Soviet economy, the world-system model is

correct: capitalist domination of the world market does have serious consequences for the internal economy of socialist countries to the extent that they even have internal 'hard currency' markets for the privileged. And for all, privileged or otherwise, living standards in Irkutsk and Harbin are to that extent determined by decisions taken in Washington and London, by the necessity to sell food and other commodities on the world market, and by the nuclear and space arms-races which impoverish the masses everywhere. World military expenditure is now roughly equivalent to the entire income in cash and in kind of the poorest half of the world's population.⁴¹

In world-system theory, it is the universal processes that are emphasised, and rightly so. Nor do differences of social system pass unnoticed. But they occupy a quite different place within their models. Whether a country is capitalist or communist, for them, is not of first importance. What is important is whether or not they are core, peripheral or semi-peripheral countries: the position they are allotted in a 'hierarchy of occupational tasks' (MWS, p. 350).

Thus Wallerstein, as we have seen, follows the earlier Marxist and later Trotskyist tradition of dismissing 'socialism in one country' as a 'logical and actual impossibility', since socialism can only, in this view, be instituted on the basis of egalitarian, collectivistic political and economic decision-making between countries, which would eventually necessitate world-government. But, Wallerstein observes 'world-government does not exist' (*ibid.*, p. 348); therefore, logically, neither does socialism. There are not even 'socialist economies', only 'socialist movements controlling certain state machineries'. Hence, the claim that they are socialist 'needs to be treated with circumspection' (p. 351). 'It is', he declares, 'merely a variant of classic mercantilism' (CWE, p. 90); the communist state merely, as we saw above, a 'collective capitalist firm' because 'it remains a participant in the market of the capitalist world-economy' (*ibid.*, pp. 68-9).

This theory shares the common view that whatever it is, it isn't socialism, or the cognate view that it may have begun as such, but went wrong somewhere along the line. In my view, this is an idealist, stipulative defining-away of the problems of socialist construction, for the fact of the matter is that these countries are organised on quite different lines from capitalist societies in every institutional sphere and it is these internal arrangements that constitute their distinctive character. The crucial defining property is that they are 'command economies', based on collectivistic production and oriented to an ethic of 'social' distribution, an alternative world-system in which both the ends and the politically monistic means are based on an interpretation of Marxism, not of laissez-faire economic theory or bourgeois-democratic constitutional theory. Hence the notion that they are not 'really' pure Marxist states ('deformed') and that the human costs of using these means—including

twenty-five million dead—cannot be charged against socialism constitutes both a philosophical sophism and a political evasion, an evasion that commonly takes the form of the argument that 'socialism (like Christianity) hasn't even been tried yet'. These are, however, states constituted precisely upon a 'reading'—not the only one possible—of Marx.



The Disintegration of the Third World

Models of three worlds were a response to the emergence of a whole series of newly-independent countries, largely in Africa, in the 1960s, which, although still economically dependent upon the metropoli—like their predecessors in Latin America—were so conditioned by the recency of the colonial experience that they came together to form a loose grouping of 'non-aligned' powers, anxious both to complete decolonisation, at home and abroad, and not to lose their newly-found independence: to steer their way between the Scylla of Washington and the Charybdis of Moscow in a world in which Cold War in the core countries was matched by very hot war in a series of confrontations in the shatter-zones between the two geographical blocs. These wars were often fought indirectly, and on the territory of Third World countries.

Internally, 'non-alignment' was paralleled by a rhetoric of **populism**⁴²—usually, it was to turn out, *only* a rhetoric, institutionalised in the form of the single mass party and an official ideology, and tricked out with a mythology of direct rapport between Leader and people or Party and people, the reality of which, despite its emphasis on the poor (the *descamisados*, etc.) was an updated version of the traditional system of vertical links of patronage for those individuals and groups which toed the Party line. Nor were the agricultural and industrial bourgeoisies deprived of their power. But the masses were mobilised, and became a force on the political scene. Further, one or two industrialising countries, notably Argentina under **Perón**, did possess the economic wherewithal with which the rhetoric of populism could be turned into actuality, via **income-redistribution** in favour of the working class (or favoured segments of it) and via the political involvement of the working class, especially the trade unions, in public life for the first time, albeit in the form of incorporation as a segment of the single party. But since the working class could not be made to confine its demands within these limits, rising militancy began to threaten profits and stability to such an extent that a counter-offensive by the ruling class became inevitable, and took the form of military repression—and the end of practical populism.

Not only has internal populism disappeared, but also the expression of it at the international level, between States. Since the **Bandung** epoch, the Third World has disintegrated as an international power-grouping. The

'non-aligned' group is now 'non-aligned' only in the most Pickwickian of senses. Weakened in numbers and activity, it no longer possesses credibility. This weakness is the outward manifestation of the failure of the ideology which provided it with a social content and dynamic—the 'third way' which would be neither communist nor capitalist. The Third World has increasingly become a hollow shell, and it is precisely the centre which has been eroded away most, as one country after the other has gravitated to one or other of the polar alternatives in the world social system in their search for a **development** strategy.

Most, naturally, have opted for a fierce commitment to the most powerful system, that of capitalism. In a few cases, communist regimes have won out. Since the **very** blocs they have become attached to have themselves become less totalising the fear of domination has thereby diminished. The Second World has been shattered by the challenge of China, in Western Europe by the rise of various kinds of Eurocommunism, by unorthodoxies within Eastern Europe and by national conflicts in South-East Asia between communist states. True the economic strength of the USSR has ensured that most new mini-communist states (Cuba, Viet Nam, Mozambique, Angola) are forced into dependence upon the communist Superpower. Only a country which, like the USA and the USSR, is virtually a continent, China, has been able—whatever its **poverty**—to develop independently of Soviet (or American) aid, despite the extra burden created by military confrontation with the USSR.

Following its world-historic defeat in Viet Nam, the other Superpower has been unable to retain its authority even over its most closely-controlled satellites—in Iran and Nicaragua, to take only the latest instances.

The political disintegration of the Third World has been accompanied by economic disintegration also. The two processes, it should be noted, are not neatly related in some one-to-one way. The growing economic power of the oil-producing countries, and their challenge to the hegemony of the First World, does *not* result in their identification with the major system-alternative to capitalism. Rather, since there is no effective working class in Saudi Arabia or Kuwait, and what there is is composed of immigrants, and now that populism is no longer on the cards, they have usually expressed their rejection of Western political and cultural hegemony via a reassertion of pre-colonial identities, suitably updated. Thus, the 'traditions' of Islam—in which *sunna* (custom) and *hadith* (narrative statements of the usages set by Mohammed himself) have always been sources of legitimation second only to the **Koran**,⁴³ are appealed to and reinterpreted both by radical internationalists like Gadafy, and by the Ayatollah Khomeini, who purports to find Koranic justification for the quite un-traditional overthrow of monarchy and its replacement by priestly rule.

But the rise of the OPEC countries has also had particularly fateful

consequences for the unity of the former Third World. Unity, of course, is always relative and situational, depending upon the issue and the occasion: one's allies in one situation may be, in the extreme, one's enemies in another. The non-industrialised countries, even the richer ones, do still act in concert as an economic pressure-group at UNCTAD meetings, both *vis-à-vis* the First World, and—one should note—also *vis-à-vis* the industrialised countries of the Second World, since these, between them, dominate world trade. But they have been able to achieve virtually nothing, and in other contexts, the '77' (actually over 120) evince no such solidarity. Above all, rising oil-prices hit the agrarian Third World even more disastrously than they damage the industrial West.

Finally, the solidarity of the '77' is fractured by the fact that some of them have actually made the 'take-off' to industrialisation, as Marx originally predicted. So committed are left-wing thinkers to the notion that underdevelopment is created and maintained in perpetuity (a notion not shared by Wallerstein, who notes the replacement of former core countries, down-graded to semi-peripheral status, and the similar graduation of some former peripheral countries to semi-peripheral status), that it is only slowly and painfully that most of them have begun to recognise one of the major transformations of our time: the rise to industrial status of the ex-colonial NICs, albeit often on the basis of technologies that the 'North' has largely left behind. Hong Kong is now number 9 in world trade, Brazil produces 11½ million tons of steel per annum, and Mexico City is bigger than London. It is not satisfactory, therefore, simply to go on parroting the term 'underdevelopment' when, as Booth puts it, 'the end product' may be either 'the *sertão* or *Venezuela*'.⁴⁴

These are not economic 'miracles'. They have depended upon the severe political repression of working-class demand, both economic demand and every other kind of demand. Hong Kong is juridically still a colony, and South Korea and Taiwan have been described by Jon Halliday as 'semi-militarised societies', the abundant military force being directed at their own working class and not just at China and North Korea. In the Mexican case, following a popular revolution seventy years ago which cost the life of every tenth person, cooption has had to take different, more skilful forms of political incorporation not only of the working class but of any other alternative power-centre to the dominant Party. Brazil, then, and, say, Bhutan, Burundi, or Bolivia, are worlds apart, no longer part of the same Third World, dependent as both still are on the capitalist core countries. The difference has been wryly expressed in V.S. Naipaul's designation of the Caribbean as 'the Third World of the Third World'.

Economy and Society

We noted above that the phases of development in the colonial world reflected the changes going on in the metropoli, where the growth in power of the absolute monarchy signified an increased security for internal trade, a consolidation sealed by the development of a national culture: the invention of a new history, tradition and identity. But the new bourgeoisies were still only islands within predominantly feudal agrarian systems, and were not strong enough to take over the State for another century and a half after the political Revolution in England, and machinofacture was only to become dominant another century after that. Ruling classes themselves, moreover, are long in the making. Their coherence is therefore itself problematic and changing, and the 'fit' between political institutions and economic systems has never been one-to-one. As Hill has remarked: 'The absolute monarchy was a different form of feudal monarchy from the feudal-estates monarchy which preceded it; but the ruling class remained the same, just as a republic, a constitutional monarchy and a fascist dictatorship can all be forms of the rule of the *bourgeoisie*.'⁴⁵

In the transformation of the economy along capitalist lines, the two crucial mobilisations are the mobilisation (accumulation) of capital and the making of a working class. In world-system models, the domination firstly of the core-zone, then of the rest of the world, is the crucial mechanism in the genesis of the capital that fuels the industrialisation process. Nationalist versions of the general model of course emphasise the crucial contribution represented by the exploitation of their particular country: Caribbean and African writers emphasise 'how Europe underdeveloped' those countries via the triangular trade, sugar plantations and slavery; Indian historians the looting of India by the eighteenth-century nabobs and its deindustrialisation; sinologists the trade in opium and tea, and so on. But the general thrust is clear. Wallerstein cites Marx's pronouncement that the emergence of modern capitalism could be said to date 'from the creation in the sixteenth century of a world-embracing commerce and a world-embracing market',⁴⁶ and again:

Direct slavery is just as much a pivot of bourgeois industry as machinery, credits, etc. Without slavery you have no cotton, without cotton no modern industry. It is slavery that gave the colonies their value; it is the colonies that created world trade, and it is world trade that is the precondition of large-scale industry.⁴⁷

The contribution of colonial primitive accumulation is easy to exaggerate, even the vast wealth pouring in from the Indies: 'Less than a quarter of the Spanish King's revenues came from remittances of American silver.'⁴⁸

By 1700, 'colonial trade... amounted to 15 per cent of [British] commerce [and] by 1775 to as much as a fifth'.⁴⁹ By themiddle of the

nineteenth century, 'between E200 and E300 million of British capital investment—a quarter in the USA, almost a fifth in Latin America—brought back dividends and orders from all parts of the world'.⁵⁰ [The British] industrial economy grew out of commerce and especially... commerce with the underdeveloped world'.⁵¹

But it is not the relative importance of the internal market, or the European market, as against the rest of the world, that is really the issue. Rather, it was the use of capital in such a way that 'for the first time in human history, the shackles were taken off the productive power of human society, which henceforth became capable of the constant, rapid and up to the present limitless multiplication of men, goods and services'.⁵² For that to happen, political revolution had first to occur; not only the act of seizing State power, but also the remaking of the State. 'The most decisive single event in the whole of British history', Hill has remarked, was 'the destruction of the royal bureaucracy in 1640-41'—over a hundred years before the climax of the Industrial Revolution.⁵³

The distinction between the 'external' and 'internal' generation of capital soon becomes metaphysical, in any case, once profits repatriated from India and invested in British industry, after the initial investment, become 'internal'. Whatever the significance of external trade and overseas profits, it is ultimately the transformation of the mode of production at *home* that was decisive. In the mercantilist period, absolutist centralisation and cultural integration, the ending of what Anderson has termed 'parcellised sovereignty', reflect the initial importance of the internal economy, rather than the external market. And the external trade that mattered then was in Europe. Only very much later did the world outside Europe become more important.

Hence the explanation of how it was that certain countries successively acquired and lost the leading 'edge' remains crucial. In Wallerstein's system, Brenner has argued, 'technological advance and innovation function as a *deus ex machina*', particularly the 'quantitative... expansion of the division of labour which makes possible *specialisation*'⁵⁴—specialisation, that is, in terms of organising labour 'best suited for particular types of production' (MWS, p. 87). 'Free labour is the form of labour control used for skilled work in core countries... coerced labour... for less skilled work in peripheral areas. The combination thereof is the essence of capitalism' (MWS, p. 127). But there is a tendency to resort to other kinds of pre-sociological explanation as well: to geography—'natural geography... posed fewer obstacles' to a centralising monarchy in England than elsewhere (p. 231); 'with sugar went slavery' (p. 43); Portugal, 'because of its geography', had to expand overseas (p. 47); and to demographic explanations: 'demography played the critical role' in explaining why 'labour was contractual in northwest Europe and coerced in eastern Europe' (p. 112).

But as Hill remarks, 'geography provides conditions "without which"; it does not offer a causal explanation of why. . .'.⁵⁵ This is not to dismiss altogether the importance of location, climate etc. in understanding why some areas are better-favoured for certain kinds of production, particularly agriculture, than others. But the tendency is to accept these kinds of explanations at the expense of explanations in terms of social institutions or cultural orientations. Brenner emphasises the absence of emphasis upon new modes of class relationships that permitted the readier growth of capitalism in England than elsewhere, 'the already favourable social-productive or class relations, marked by the dissolution both of serfdom and entrenched peasant property' (*ibid.*, p. 76). Macfarlane has now suggested a whole range of other predisposing factors in Britain.⁵⁶ None of these are restricted to geography or technology, but facilitate the growth of kinds of social relations that ultimately generated a pressure for the more strictly political changes that writers like Wallerstein and Anderson, following in Weber's footsteps, rightly emphasise: the monopolisation of force by the monarch (standing armies), the creation of an effective national system of taxation, of an efficient bureaucracy, the imposition of a hegemonic national culture, etc.

The growth of both trade and production stimulated by these changes in political and social institutions, the growth of market-security, security of transport, contracts, weights and measures, coinage, etc., has been amply documented by historians. But this was not the kind of capitalism which was to usher in the Industrial Revolution. Rather, mercantilist capitalist production-systems, through monopolistic merchant and artisanal guilds, not only controlled commerce, but also restricted it, inhibiting the free play of the market and the innovator at home just as much as it was to do later in the colonies. Hence, in Marx's remark cited by Brenner, 'commerce. . . is incapable by itself of promoting and explaining the transition from one mode of production to another'.⁵⁷ The rise of *modern* capitalism had to await the formation of an entrepreneurial bourgeoisie oriented to expansion, and not just to rural-urban trade but to innovation in production and especially in manufacturing. It was to be a very long time before they became strong enough to challenge the absolutist State and the entire range of social institutions that supported it, from the Church to the system of feudal obligations. These class struggles, which ended in political revolution, are obscured if we direct our attention primarily to the outside world in looking for an explanation as to why it was that capitalism first took off in certain Western European countries.

The transition to capitalism, as Weber insisted, involves more than changes within the polity and the economy. It involves correlative changes in the entire system of social institutions and cultural orientations, of which Weber's discussion of the relationship between Protestantism and capitalism

is the best-known instance. That insight has been revived recently in Macfarlane's powerfully-argued and documented charting of individualism as an economic, familial, and legal phenomenon many centuries before the triumph of the bourgeoisie. (His account of feudalism—omitting the feudal lord—is much less impressive.) The growth of capitalism in England, then, may well be as much due to the presence of non-economic institutions and values favourable to capitalist production and enterprise and not simply to economic and political structures *per se* because, in the phrase Weber was fond of quoting, the former had an 'elective affinity' with the latter. This is not to say that either caused the other. It is interesting to observe, therefore, that after an impeccable Marxist beginning, in treating the transition from feudalism to capitalism in terms of modes of production and social formations, Anderson goes on to emphasise the correlative importance of two 'cultural' institutions: the Roman Catholic Church—'extraordinary' in its persistence, 'indispensable' as a bridge between Antiquity and the Middle Ages; and the revival of Roman law, adapted so as to strengthen 'the idea of absolute private property in land' and 'the concentration of aristocratic class power in a centralised State apparatus'.⁵⁸

'The economy', of course, is an analytical abstraction which in reality never exists 'in itself'. It is the observer who, by analytical 'fiat', compartmentalises social behaviour and dubs this or that aspect of it respectively 'political', 'economic', 'psychological', and so on. In the eighteenth century that process of decomposition had not gone so far, and was not yet built into the thought-system of the pioneer social scientists, including Marx. In various ways, they tried to retain the notion of the interdependence of ways of producing and consuming with other social and cultural institutions and values, whether by using 'political economy' in a way that was coterminous with 'social science', or by distinguishing between the State and 'civil society', the latter including the economy.

Yet that enlightened perspective was on the way out: classical bourgeois economics was soon not only to abstract 'the economic', but also to make it determinant. Capitalism was rational, it argued, insofar as it was governed by 'purely' economic principles of supply and demand, articulated only by the market. Everything else—the totality of 'non-economic' institutions and values—ought not to influence the economy: to allow it to do so was 'irrational'.

Marx was just as mystified, at times, in swallowing this aspect of laissez faire ideology which, as Sahlin's has put it, 'installs one. . . cultural logic as the definition of everyone's material necessity'.⁵⁹ So have generations of subsequent Marxists.

As against the myth of the 'nightwatchman state', Wallerstein is correct in arguing that

no free market has ever existed, or could have existed within a capitalist world-

economy. The hypothetical free market is an intellectual construct which serves the same intellectual function as frictionless movement, as a standard from which to measure the degree of deviation (*CWE*, p. 149).

Far from being a system of free competition of all sellers, it is a system in which competition becomes relatively free only when the economic advantage of upper strata is so clear-cut that the unconstrained operation of the market serves effectively to reinforce the existing system of stratification (*ibid.*, p. 16).

But this is still too absolute and ahistoric a statement, for the state does not always intervene or play the same role. The absolutist State did arrogate power to itself, turning 'landlord' into 'landowner'. It intervened powerfully to assist the birth of the new industrial order. The State then let the bourgeoisie—the economy—have their head in the lengthy epoch 'before the socialists'. And in the colonies, the new 'landowners' were able to turn to what Alavi calls 'economic coercion' in lieu of direct State intervention in the management of the economy.

The relationship between polity and economy is thus historically variable. But there are important differences in modes and degrees of coercion, which Wallerstein's model recognises, but at times departs from, as in the formula that the producer who receives less than he produces is 'objectively' a 'proletarian'. In this model, all exploitation becomes capitalist exploitation, as long as it is oriented to profit on the market. Feudalism, slavery, bureaucratic despotism, capitalism simply dissolve into a generalised exploitative 'class society'.

A dialectical historiography and sociology, however, has to treat the relationship between 'the economy' and 'the rest' as problematic, not as if it were absolute and self-evident. Thus, it is just not true that 'the basic linkage' between the 'parts' of the mercantilist world-system was 'economic' (*MWS*, p. 15), for Wallerstein has immediately to qualify this by adding 'although this was reinforced to some degree by cultural links and eventually by political arrangements'.⁶⁰ What he actually shows in his excellent analysis of Portugal-in-Asia (pp. 317-344) is that trade depended upon the military capacity to force open markets and that the establishment of colonies was the initial act—a political one—by Spain, not some post-economic ('eventual') reinforcement.

Wallerstein, at other times, adopts a resolutely political-economy position:

Not only is the capitalist system not properly described as a system of free enterprise today, but there never was a moment in history when this was a reasonable descriptive label. The capitalist system is and always has been one of state interference with the 'freedom' of the market in the interests of some and against the interests of others. (*CWE*, p. 121).

This is excellently put, though it needs to be pushed even further. For

we have all been victims of reductionist materialism, a classically bourgeois conception antithetical to a *dialectical* social science. Some twenty years ago, Denis Wrong argued that modern social science was afflicted with an 'over-socialised' conception of man.⁶¹ Today, we are tempted by 'over-integrated' conceptions of society and of world-society. As Gouldner has insisted, Parsonian functionalism formulated a model of 'the social system' which accorded too little autonomy to the constituent sub-systems.⁶² So today there are 'systems' Marxisms which are equally over-integrated, the most formalised of which in the West has been Althusserianism, and in the communist world, Soviet functionalist Marxism.

It is true that economic requirements impose a logic of necessity upon society: people must eat and produce, and society has to be 'provisioned', in Sahlins' term, via technical and social apparatuses they have inherited for such purposes. But this necessity does not 'determine' what is produced, how the technical division of labour is distributed, what kinds of things become valued, the nature of wants, whether things become commodities, the ends to which production is devoted, the distribution of consumption and ownership. These are not, somehow, inherent in the mode of production, certainly if this is conceived of—as all too often it is—mainly in terms of the logic of the 'labour process', for these things are never just aspects of a mode of production, but always a mode of production *and appropriation*, and further, of the range of social and cultural systems in which these are embedded.

Capitalism, like any other social system, is faced with trying to impose its cultural logic on the whole range of institutions inherited from the past. It need not do so absolutely, making everything anew, only at decisive points. Nor is it always *able* to uproot or transform everything: it has to come to terms with deeply-entrenched structures and values, 'reworking' the old so as to be at least minimally consistent with the requirements of the new. These include not only the socio-cultural legacy inherited from the *immediate* past, since societies typically embody a number of coexistent and conflicting modes of production and institutions which persist across whole epochs: 'Rather than presenting . . . a cumulative chronology, in which one phase succeeds and supersedes the next . . . the course towards capitalism reveals a *remanence* of the legacy of one mode of production within an epoch *dominated* by another. . .'⁶³

In the colonies, equally, modern colonial capitalism was stamped with the legacy not only of the immediate past epoch—that of mercantilist capitalism—but of the precolonial heritages that preceded it.

What is produced and who gets what, then, are culturally and not just economically determined. The crassest forms of reductionist materialism, we might note, are not those of Marxists, but of non-Marxist technological determinists and anthropological 'materialists'. And some Marxists have, at last, become aware of the concept of culture.

The myth of the 'nightwatchman' state has now been definitively exploded by Foster's analysis of the crucial role played by the State in England's Industrial Revolution. Moreover, despite his retention of 'base/superstructure' language, he has also demonstrated that the Industrial Revolution entailed, certainly economic and political class struggle, but also total confrontation of class *cultures* in every sphere of life, from schools to friendly societies, pubs and churches:* the enclosure of the land through parliamentary legislation; the dispossession of those who worked it; the making of a working-class; the deportation of their leaders to England's Siberia, Australia, when they resisted; the counter-terror and espionage visited upon trade unions and popular organisations; in general, the removal of a proto-revolutionary threat in an England that saw cotton operatives drilling nightly on the moors outside the mill-towns, and in which there were more troops quartered on the population than were used to defeat Napoleon in the Peninsular War; the mounting of a concerted campaign to undermine the independent political and social institutions built up by the working class, from churches to pubs; and the provision of charitable relief for some at least. In all this, the State played a central role. Within thirty years the threat of revolution had been removed.

Nevertheless, it is not ever thus: the extent and manner of state intervention have still to be taken as problematic, as matters for empirical historical investigation, for ruling classes are not often or always obliged to mount that kind of cultural counter-offensive. These relationships between polity, economy and the rest of the social order varied from epoch to epoch, just as they vary from society to society. They cannot be reduced to some schematic formula about '*the* role of *the* state' under capitalism, when, as we have seen, 'capitalism' underwent successive transformations. What proved distinctive about capitalism in the end, however, was its built-in drive toward infinity, (a drive which is today evoking the counter-philosophy of 'limits to growth'). This dynamic is equally typical of state socialism, devoted as it is to the raising of living-standards as its primary goal, a contrast most vividly seen when contrasted with those societies which possess what Sahlins had called 'Zen economies' or those he labels the 'original affluent societies',⁶⁵ those peoples who produce individually and appropriate socially.

Capitalism, then, is not prototypical of human society. It is the most developed form of class society based on private property in the means of production. To understand it, the concepts of 'elective affinity' and of 'culture' would seem more adequate than over-integrated base/superstructure or world-system models. For these always require running repairs, leading to casuistical distinctions between the 'determining' and the 'determinant'; about 'the economic' only being 'determinant' 'in the last instance', 'juridico-political' and 'ideological' 'superstructures', and the rest of it.

Rather than 'economies' or systems which appear to determine human development independently of human agency, we might get back to the humanistic ('Promethean') notion Marx inherited from the Enlightenment: that people 'make their own history'—even if not 'under circumstances chosen by themselves, but. . . given and transmitted from the past'.

Althusser, on the other hand, tells us that history is 'a process without a subject'. For Marx, despite Althusser, there *was* a subject: a human, social agency: 'The history of hitherto existing societies is the history of *class struggles*'. But only 'hitherto'. Engels, referring to pre-class societies, ended his own *Origin of the Family* by quoting from the concluding lines of Morgan's *Ancient Society*: 'A mere property career is not the final destiny of mankind. . . The next higher plane of society. . . will be a revival, in a higher form, of the liberty, equality, and fraternity of the ancient gentes'.

Hence a truly human society would not reduce people to the role either of producers or consumers, but allow them to enter the 'realm of freedom', which, as Marx put it, begins 'only where labour which is determined by necessity and mundane considerations ceases. . .; in the nature of things. . . beyond the sphere of actual material production.'

NOTES

1. Weidenfeld and Nicolson, London (revised 1967).
2. A good account of the debate is provided by Philip J. O'Brien in his 'A Critique of Latin American Theories of Dependency', *Beyond the Sociology of Development: economy and society in Latin America and Africa*, (eds, Ivar Oxaal, Tony Barnett and David Booth), Routledge and Kegan Paul, London, 1975, pp. 7-27. See also the article 'André Gunder Frank: an introduction and appreciation', by David Booth, in the same volume (pp. 50-85).
3. K.M. Panikkar, *Asia and Western Dominance: a survey of the Vasco da Gama epoch of Asian history 1498-1945*, Allen and Unwin, London, 1954, p. 88.
4. Aidan Foster-Carter, 'Marxism versus Dependency Theory? A Polemic', *Occasional Papers in Sociology*, No. 8, Leeds University, p. 13.
5. Originally in *Catalyst*, University of Buffalo! republished in *Latin America: Underdevelopment or Revolution*, Monthly Review Press, New York, 1969, pp. 21-94.
6. *The Modern World-System: capitalist agriculture and the origins of the European world-economy in the sixteenth century*, Academic Press, New York, 1974, p. 15 (hereinafter 'MWS').
7. Immanuel Wallerstein, *The Capitalist World-Economy* (hereinafter 'CWE'), Cambridge University Press, 1979, p. 220, (Wallerstein's italics). This is not the second volume in Wallerstein's tetralogy, but a separate volume of collected essays
8. *CWE*, pp. 68 and 53.
9. *Op. cit.*, p. 38.
10. I discuss some typical instances in my 'How Many Worlds?', *Third World Quarterly*, Vol. 1, No. 2, 1979, pp. 100-107.
11. 'India and the Colonial Mode of Production', *Socialist Register 1975*, (eds.), R. Miliband and John Saville, Merlin Press, London, 1975, pp. 160-197.
12. 'The Structure of Colonial Social Formations', (for publication); my italics.

13. 'The Structure of Colonial Social Formations', pp. 21, 22.
14. 'India and the Colonial Mode of Production', p. 192.
15. *CWE*, p. 34.
16. *CWE*, p. 159. Though elsewhere in *CWE* capitalism is characterised not in terms of the market, but as a system oriented to 'endless accumulation' (p. 272); 'the only mode of production in which the *maximisation* of surplus creation is rewarded *per se*' (p. 285, his italics).
17. A line of criticism first developed by Ernesto Laclau in his 'Feudalism and Capitalism in Latin America'; *New Left Review*, 67, 1977, pp. 19-38, and by Robert Brenner in his 'The Origins of Capitalist Development: a critique of neo-Smithian Marxism', *New Left Review*, 104, 1977, pp. 25-92. My intellectual debt to both of them will be obvious in these pages.
18. Theda Skopcol, 'Wallerstein's World Capitalist System: a theoretical and historical critique', *American Journal of Sociology*, Vol. 32, No. 5, p. 1088 (my italics).
19. On which see the definitive philippic by E.P. Thompson, *The Poverty of Theory*, Merlin, London, 1978, pp. 193-397. The resort of 'system-maintenance' arguments, and *ad hoc* 'repairs' where the historical evidence does not support the model; and the replacement of one inadequate form of 'outmoded theoretical category' by another (i.e. 'system' in its functionalist version) are noted by Skopcol (pp. 1088-9), since 'national system' has merely been displaced by 'world system'.
20. Guillermo Bonfil Batalla, 'El Concepto de Indio en América: una categoría de la situación colonial', *Anales de Antropología*, Vol. IX, Medico City, 1972, pp. 105-124.
21. Gonzalo Aguirre Beltrán, *La Población Negra de México: estudio etno-histórico*, Fondo de Cultura Económica, Mexico City, 1976, Part III, 'Premisas Biológicas', p. 153-194.
22. Excellently described by Gerald T. Robinson for the Russian peasantry, in *Rural Russia Under the Old Regime: a history of the landlord-peasant world and a prologue to the peasant revolution of 1917*, Mamillan, New York, 1932.
23. See J.C. van Leur, *Indonesian Trade and Society: essays in Asian social and economic history*, W. Van Hoeve, The Hague, 1955: 'Western trade was always a one-sided movement of goods.. in that costly merchandise was exchanged for coin and certain metals in ingot'. [Asian] handicrafts 'never left any important place for European craft goods And European factory products found no admittance in Asia before the advent of.. . mass production of consumer goods in Western Europe', (p. 281).
24. Agustín Cueva, *El Proceso de Dominación Política en Ecuador*, Soliterra, Quito, 1977, p. 7.
25. *The Third World*, p. 15.
26. See Darcy Ribeiro, 'The Cultural-Historical Configurations of the American Peoples', *Current Anthropology*, Vol. II, No. 4-5, 1970, pp. 403-434.
27. This disjunction between economic and political power is important, in particular, for Wallerstein's 'attempts to equate the strong core state and the absolute monarchy.. . for the strongest states were not always in the core.. . in fact, equally strong or stronger states can grow up in the periphery.. .' (Skopcol, p. 1086). She instances the relative weakness of governments in seventeenth century England and Netherlands, 'the center of the nascent capitalist commercial economy'. By contrast, Sweden, Prussia and Spain were much more absolutist.
28. *Op. cit.*, pp. 31, 33.
29. Perry Anderson, *Lineages of the Absolutist State*, New Left Books, London,

- 1974, and the companion *Passages from Antiquity to Feudalism* (also 1974). A more sustained comparison of Anderson's work would require an examination of his use of the **country** (Spain, France, England, etc.) as his **unit** of analysis in *Lineages*, within a framework, established in *Passages*, of modes of production and a typology of 'social formations', themselves set against the legacy of Antiquity and a division of Europe into 'West' and 'East'. The contrast with Wallerstein's framework is self-evident. Nevertheless, and 'curiously enough for a theory that sets out to de-emphasise the nation-state' (Skopcol, p. 1080), the main unit of analysis in the latter work remains the nation-state or the colony. To explain the emergence of these centralised polities would require analysis of the formation of the internal market, not of foreign trade.
30. J. H. Elliott, *Imperial Spain 1496-1716*, Penguin, Harmondsworth, 1970.
 31. MWS, p. 179.
 32. MWS, p. 187.
 33. Elliott, *op. cit.*, p. 177. The elaborate system of Councils, *audiencias*, *corregidores*, *oidores*, *visitas generales*, and *residencias*, is well-described in John L. Phelan's *The Kingdom of Quito in the Seventeenth Century*, University of Wisconsin Press, 1967.
 34. Panikkar, *op. cit.*, p. 35.
 35. Elliott, *op. cit.*, p. 183.
 36. 'The Pillage of the Third World', *Monthly Review Press*, New York, 1968, Chap. 2.
 37. See the incisive critique of 'convergence' theory by John H. Goldthorpe, 'Social Stratification in Industrial Society', in *The Development of Industrial Societies*, Sociological Review Monograph, No. 8, Keele, 1964, pp. 97-122.
 38. As in the case of Woolf-Philips' 'linear' model, or J.E. Goldthorpe's use of no less than nine major different categories of 'poor countries' (see my 'How Many Worlds?', p. 102-6).
 39. John H. Goldthorpe, *op. cit.*, pp. 110, 112, 113.
 40. *Exploitation: the world power-structure and the inequality of nations*, Macgibbon and Kee, London, 1970, p. 18.
 41. Richard Jolly, 'Why the poor still bite on bullets', *Guardian*, London, 8/5/78.
 42. See Chapter 4 of *The Third World*; the further debate in G. Ionescu and E. Gellner (eds.), *Populism: its meanings and national characteristics*, Weidenfeld and Nicolson, 1969; and the introduction to the Brazilian edition of *The Third World*, (in press).
 43. See H.A.R. Gibb, *Mohammedanism: an historical survey*, Oxford University Press, London, 1962, Chapter 5.
 44. In Oxaal, Barnett and Booth (eds), *op. cit.*, p. 77. Hence 'dependence' is a more powerful concept term than 'underdevelopment', for **colonialism** entailed both massive innovation and transformation and the utilisation of older institutions for new ends in new ways. Old or new, both contributed to the formation of dependent economies even after formal political independence. 'Underdevelopment', however, is acceptable if it is used—as it often is—to signify peripheral status in the world economy.
 45. Christopher Hill, 'A Comment', in *The Transition from Feudalism to Capitalism*, New Left Books, 1976, p. 121.
 46. From *Capital*, Vol 1, Chapter 4, cited in MWS, p. 77.
 47. From *The Poverty of Philosophy*, cited in CWE, p. 147.
 48. Elliott, *op. cit.*, p. 147.
 49. E.J. Hobsbawm, *Industry and Empire*, Penguin, Harmondsworth, London, 1969, p. 53.
 50. E.J. Hobsbawm, *The Age of Revolution 1789-1848*, Mentor, London, 1964,

p. 72.

51. *Industry and Empire*, p. 54.
52. *Age of Revolution*, p. 45.
53. Christopher Hill, *Reformation to Industrial Revolution*, Penguin, Harmondsworth, London, 1969, p. 98.
54. *Op. cit.*, p. 57, Brenner's italics. For example: 'What products are exchanged in this "unequal exchange" are a function of world technology' (*CWE*, p. 71). I have not **emphasised** the implications of the functionalist language: of 'tasks', 'allotted', 'functions', 'hierarchies' and so forth: but this could be done.
55. Hill, *op. cit.*, p. 82.
56. Alan Macfarlane, *The Origins of English Individualism: the family, property and social transition*, Blackwell, Oxford, 1978.
57. From *Capital*, Vol. III.
58. Anderson, *Passages*, pp. 131-7; *Lineages* pp. 24-9.
59. 'Anthropology and Two Marxisms: problems of historical materialism', Chapter 3, *Culture and Practical Reason*, Aldine, Chicago, 1976, p. 165.
60. On p. 77 of *MWS*, sixteenth century capitalism is defined as the 'dominant mode of *social* organisation of the economy' (my italics), but the implications of the word 'social' are not theoretically spelled out, other than in the chapter on 'statism'.
61. 'The **Over-socialised** Conception of Man in Modern Sociology', *American Sociological Review*, Vol. 26, No. 2, 1961, pp. 183-93.
62. Alvin W. Gouldner, *The Coming Crisis of Western Sociology*, Heinemann, London, 1971, pp. 215-6.
63. Anderson, *Lineages* p. 421.
64. *Class Struggle in the Industrial Revolution: early industrial capitalism in three English towns*, Weidenfeld and Nicolson, London, 1974.
65. Marshall Sahlins, *Stone Age Economics*, Aldine, Chicago, 1972.