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THE SPIRAL OF CAPITALISM AND SOCIALISM

Toward Global

The Spiral of Capitalism and Socialism

TOWARD GLOBAL DEMOCRACY

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BOULDER
LONDON

Published in the United States of America in 2000 by
Lynne Rienner Publishers, Inc.
1800 30th Street, Boulder, Colorado 80301

and in the United Kingdom by
Lynne Rienner Publishers, Inc.
3 Henrietta Street, Covent Garden, London WC2E 8LU

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Library of Congress Cataloging-in-Publication Data

Boswell, Terry.

The spiral of capitalism and socialism: Toward global democracy
Terry Boswell, Christopher Chase-Dunn.

(Power and social change—studies in political sociology)

Includes bibliographical references and index.

ISBN 1-55587-824-5 (alk. paper).

ISBN 1-55587-849-0 (pbk. : alk. paper)

1. Economic history—1990— 2. Economic forecasting.

3. Socialism. 4. Capitalism. I. Chase-Dunn, Christopher K.

II. Title. III. Series.

HC59.15.B67 1999

330.9—dc21


99-16269

CIP

British Cataloguing in Publication Data

A Cataloguing in Publication record for this book
is available from the British Library.

Printed and bound in the United States of America

 The paper used in this publication meets the requirements
of the American National Standard for Permanence of
Paper for Printed Library Materials Z39.48-1984.

5 4 3 2 1

Preface

We gazed upon the chimes of freedom flashing.
—*Bob Dylan*

This book is about the decline of state socialism and the future of the world-system. Our main point is that, though the word “socialism” is widely held in disdain in the current discourse about the world’s past and its future, the idea of socialism as collective rationality and popular democracy is far from dead. Indeed, we argue that this idea is necessary if the human species is to survive and progress. It may emerge under a new name and surely will take on new forms. We contend that the new form must be global, and call it “global democracy.”

We see the history of the modern world-system as a history of struggles. The struggles have been class struggles between capital and labor and political struggles between core and periphery—the so-called developed and underdeveloped countries. Our point is that the evolution of the modern system has been shaped both by the techniques of power constructed by dominant states and classes *and* by peoples, classes, and nations that have constructed organized forms of resistance to domination and exploitation. The interaction of these conflicts has produced a sequence of well-known major wars and a less recognized but equally important tandem of world revolutions. War and revolution periodically reset the rules of international politics and global exchange. This set of rules forms a “world order.” States, corporations, and others break these rules quite frequently, as is true of any order, but they do so at the cost of sanctions, conflict, and loss of trust. Since the world revolution of 1848, “antisystemic” social and labor movements have been strong enough to rule out some of the worst forms of domination (such as slavery and colonialism) and to set minimum limits of humane conditions that rise with the level of development. The result is

a spiral of economic expansion and social progress by which the modern world-system has expanded and intensified to become the global political economy of today.

For the last 150 years, antisystemic movements have coalesced around the vision and principles of socialism. The spiral of capitalism and socialism has produced the world in which we live. We contend that it may also produce a better world in the future if the peoples of the Earth understand the structures and processes of the modern world-system and act to transform the current system into a collectively rational and democratic global commonwealth. We present a model of how the world-system has worked in the past. In addition, we present an interpretation of the history of antisystemic movements, including the socialist states, that contains lessons for the present and the future of progressive politics.

Our theory of the modern world-system is based on the scientific comparative method. We reject teleological claims about the inevitability of progress or anything else. In social relations, nothing important is inevitable. But, some things are more likely than others. We employ a structuralist and materialist theory to explain social change, but we also recognize the importance of cultural factors and theories of individual decisionmaking. Our analysis and program are not intended as some final word, even from us. We want to start a conversation that uses social science and political sensibility to formulate a response to the current ideological hegemony of neoliberalism. We are not Old Leftists recycling their vision of the working class as the sole agent of history, nor are we willing to simply jettison all the ideas of the socialist past. Our considered splicing of the ideals and organizational strategies of popular movements of the distant and recent past is presented as a proposal to be discussed.

To the charge that socialism is part of the Eurocentric ideology that has been used to oppress the peoples of the world we say this: The ideas of the Enlightenment were used to legitimate European domination, but they were not the cause of this domination. The main cause was rather the powerful military and economic techniques that the Europeans deployed. People with superior power will find justifications for expansion and domination. In order for these justifications to resonate with influence beyond the powerful, they have to be expressed in universalistic terms about the way the world works or about the content of human nature. In so doing, they sometimes ironically provide ideological arguments against domination. This was the case with the notions of equality and justice that were part of the European Enlightenment.

To abandon the Enlightenment because of the evils of its progenitor would be like forgoing one's pay because the boss is a capitalist. The notions of social justice, democracy, and freedom that are contained in

the idea of socialism do not derive exclusively from the European experience, just as institutional democracy was not invented only by Greeks. Many stateless societies had institutional mechanisms for producing equality and consensual decisionmaking. People all over the world have long resisted hierarchy and sought autonomy. The problem for human societies is how to have large-scale social organization without great inequalities. The political theories of democracy and socialism have drawn on the cultural heritages of peoples from all regions of the Earth for ideas about how to structure an egalitarian human society. It would be folly to exclude the traditions of the European Enlightenment from the corpus of democratic ideas because the Europeans temporarily dominated the world.

We are sociologists who regularly trespass on the disciplines of others. In the case of this book, we are trodding on the turf of philosophers, political scientists, anthropologists, geographers, and historians. Both of us have a predilection for quantitative methods for analyzing large-scale, long-run institutional structures, but this does not prevent us from addressing questions that are not easily quantifiable. We are also persons of the left, but we realize that it is necessary to know what is true before we decide what to do about it. Thus, we value the effort to be objective even though this is fraught with difficulty. Our social science and our politics have been influenced by many friends, colleagues, and comrades. Among these, we need to mention especially the following: Giovanni Arrighi, Al Bergesen, Fred Block, John Boli, Patrick Bond, Volker Bornschier, Randy Collins, Bill Dixon, April Eaton, Michael Elliot, Andre Gunder Frank, Jonathan Friedman, Barry Gills, Wally Goldfrank, Peter Grimes, Tom Hall, Alex Hicks, Susanne Jonas, Edgar Kiser, Barb Larcom, Bruce Lerro, Kelly Mann, Kristin Marsh, Phil McMichael, John Meyer, Joya Misra, Val Moghadam, Craig Murphy, Ralph Peters, Bob Ross, Nikolai Rozov, Rick Robinson, Stephen Sanderson, Roberta Schulte, Beverly Silver, Dimitris Stevis, Tieting Su, Peter Taylor, William Thompson, Warren Wagar, Immanuel Wallerstein, Katherine Ward, and David Wilkinson.

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Introduction: Global Democracy

The Myth of Sisyphus Is a Myth

Among the punishments in hell, the most famous belongs to Sisyphus. He is condemned to roll a boulder up a hill, only to have it roll down again just before the summit. Sisyphus perpetually struggles and is always defeated. Such is the fate of humanity, says Albert Camus in *The Myth of Sisyphus* (1991 [1942]). Camus proclaims that humanity's struggle itself gives meaning to life even if we know that the summit, or heaven, or socialism, is unreachable.

Over fifty years after publication of *The Myth of Sisyphus*, we are not only still pushing the rock but the summit is now obscured from view. Contemporary theories of the modern world, including world-systems theory as well as Marxist, feminist, and ecological perspectives, much less liberal or realist ones, appear to offer no solution to Camus's condemnation. To be sure, we now know much more about the operations of modern capitalism, especially about its history and dynamics at the global level. Decades of research on capitalist development have substantiated the reality of a world-system with steady structures, repeating cycles, and one-way trends. To change the cycles or structures would be to alter the fundamental dynamics of capitalist accumulation and interstate competition. Yet every national state is involved in accumulation and competition; every state that tried to exit the system has failed. No matter how "revolutionary," no state or bloc of states has ever had the leverage to fundamentally alter the system or to escape from it. The impression we are left with is one of the impermeability of the global capitalist system to the actions of individual states, much less of social movements or revolutions from below.

The collapse of the Soviets' self-proclaimed "second world" of state socialism reinforces the seeming impossibility of changing the capitalist

world-system. While Stalin soon betrayed the socialist principles of the Russian Revolution, there was always Trotsky's hope, and Dulles's fear, that genuine democratization could restore it to a viable alternative. Trotskyites and other anti-Stalinist communists supported political revolution to overthrow the Soviet dictatorship, but opposed the destruction of the Soviet Union itself. It had to be defended because the USSR proved that socialism was possible, if only it could be made democratic. The CIA under Dulles and his successors sought to destroy any democratic socialist states, the latest being the Sandinistas, as their success would prove that democratizing socialism was possible. Regardless of whether those hopes and fears were reasonable possibilities in the past, they simply no longer exist. The "second world," which never existed in reality, is now also gone as myth.

Disillusionment with the possibility of fundamental change can be found in the following tragicomic definitions of socialism:

"Socialism is the path from capitalism to capitalism."

"Lenin defined socialism as all power to the Soviets and a program of electrification—the Soviets had all the power, but the people were still waiting for the damn electricity."

"Capitalism is the exploitation of humans by humans; socialism is exactly the opposite."

These definitions of socialism were popular jokes in Eastern Europe prior to the revolutions of 1989.¹ Given the widespread antipathy toward Communist Party rule, along with the deterioration of economic conditions, the derision of the "actually existing" state socialism as experienced in Eastern Europe is not unexpected. The initial, perhaps less expected, response was an embrace of unfettered market capitalism, including fondness for the likes of Margaret Thatcher, Milton Friedman, and even Augusto Pinochet in some circles. As the capitalist market worked its miracle of creative destruction and capital concentration, revulsion against growing poverty, crime, and inequality has tempered the amour. Former Communists are now winning the elections that they formerly opposed. Nevertheless, most of the former Communists coming back into power are nationalists first, closer to Pat Buchanan than to Karl Marx.

By "state socialist," we refer to countries with a sustained sole rule by a Communist Party (CP) whose "party/state" (Bunce 1989) held most productive property (and we will use the term "communist states" interchangeably). This includes the former Soviet bloc, which along with Yugoslavia and Albania discarded the "party/state" in 1989–1992. Of the remaining state-socialist countries, China, Vietnam, and to a lesser extent Cuba have become market-driven export promoters. The Communist Party remains in control, but it is also the spearhead of the

market reforms. China seems bent on becoming the next Taiwan, a fast-growing one-party state led by bureaucratic entrepreneurs with egalitarian rhetoric. Vietnam has also taken this path. Cuba has similar aspirations, although more egalitarian, but also less successful economically (in no small part due to the U.S. embargo). All three retain CP rule, but court foreign investors and encourage internal entrepreneurs. Only North Korea, perhaps best described as a communist monarchy, remains true to its Stalinist heritage. As such, it illustrates plainly that state socialism has become an imperiled and isolated residue of a failed past rather than a glimpse of the unfolding future.

Since the fall of the regimes in Eastern Europe, there has been a great deal of shouting about the triumph of liberalism, as well as a heavy dose of talk about the "end of ideology." How different this is from the demands for "real socialism" found in the uprisings of Eastern European workers in 1956, 1968, and as late as *Solidarinosc's* demands in 1980. Nor is the antipathy confined to the former Soviet bloc. Eurocommunist parties have changed their names and endorsed social democracy. Communists in Africa are also disappearing everywhere except South Africa, where they too are becoming social democrats. Gorbachev, to his credit, tried to steer a similar path to social democracy in Russia. He failed. Yeltsin failed to offer an alternative and the destruction of the Russian economy has yet to yield to creativity, except that offered by criminals. Perhaps a social-democratic path is still possible, but only if the former Communists abandon their imperialist ambitions to rebuild the Soviet Union.

Social democracy has not reaped a windfall from the disappearance of its erstwhile competitor on the left. Without the Communist alternative, social democrats have lost much of their hold on moderates seeking a party of reasonable compromise. The "third way," which once referred to democratic routes to socialism, is now the label for British Labour's move away from socialism orchestrated by Tony Blair and Tony Giddens. Socialist rhetoric has become suspect and social democrats endure derision and despair by association, despite the long-ago break with the Stalinist path and critique of Soviet tyranny. "Socialism is dead," shout even the likes of a Ralf Dahrendorf.²

Against this backdrop, it may seem foolhardy to write a book about global democracy and world socialism. We are not so foolish as to ignore the tragedies of the communist states or to advocate any sort of command economy, no matter how "new and improved." The purpose of this book is to begin to develop a global politics from a *world-systems perspective*. A world-systems perspective (i.e., Wallerstein 1974, 1984a; Chase-Dunn 1998; Arrighi 1994) starts with viewing the world economy as the unit of analysis, with its own systemic trends and cycles that are

discernible only over the long term, and whose major inequality is between an industrial core and an underdeveloped periphery of former colonies.

How does the world-systems conceptualization of socialism differ from the socialism that has heretofore been understood as the transformation of national societies? We hold that none of the efforts to construct socialism at the level of national societies were successful in building a self-sustaining socialist mode of production. Given the strength of larger forces in the capitalist world economy, this was never feasible in practice. Is it necessary to rethink the basic idea of socialism in order to envision it at the world-system level? This is a question we will address below.

Revolutionaries of all stripes have long faced the conundrum of seeking to overthrow a particular state when the politico-economic system as a whole is global. Attempting to transform the system through revolution seems pointless, as revolutions only change one state at a time, and because no state or bloc of states has been able to change or exit the system, transformation of the world-system has been thwarted before it could be reached. In attempting to build a "second world," the Soviet bloc found it could not separate itself from military competition or economic influence from the West, and where it did find autarky, it was cut off from scientific and technical innovation that feeds on open and wide exchange. Like Sisyphus, the struggle for social justice may in itself give life meaning and purpose for those revolutionaries who choose to shoulder the burden. But, if fundamental global change is not possible, then the goal of world revolution is absurd. We would do better to seek self-fulfillment, including that which comes from helping others, and leave the trajectory of human history to the invisible hands of uncontrollable circumstances.

Is revolution absurd? That is, are the parameters of the world-system so structurally determined as to be impervious to social action from below? Our answer is no. This answer requires seeing how socialist and other progressive movements have changed the system in the past and what the possibilities are for the future. World revolutions have repeatedly challenged and eventually changed the political rules that govern capitalist relations over the five hundred years of their existence. Abolishing slavery, liberating colonies, and winning democracy have been the three most progressive changes in the world order.

Socialists have long envisioned that each national revolution would give inspiration and support to the next until every state was socialist—a progressive domino theory. A truly new world order would then be created a piece at a time. The problem with the state-socialist countries, from our perspective, is that *they went down the path backwards*. Rather

than socialist states cumulating until they produce world socialism, the institutions and relations at the global level must be changed in order to foster equality and end exploitation in every state.

Marx always conceived of socialism in global terms. In one of his last writings he condemned the program of the German Social Democratic Party for inadequate internationalism that failed to place the state within the framework of the “world market” and the “system of states” (1867, pp. 544–545). The same idea can be found in his first scientific work. He was prophetic of 1989 in the following:

Without this [world socialism] (1) Communism could only exist as a local event; (2) The forces of intercourse themselves could not have developed as universal, hence intolerable powers: they would have remained home-bred superstitious conditions; and (3) Each extension of intercourse would abolish local communism. Empirically, communism is only possible as the act of the dominant peoples “all at once” or simultaneously, which presupposes the universal development of productive forces and the world-intercourse bound up with them. . . . The proletariat can thus only exist *world-historically*, just as communism, its movement, can only have a “world-historical existence.” (Marx 1846, pp. 178–179)

The unanswered question is: How is communism created “all at once”? The answer comes in part from understanding the uneven progress of past world revolutions, which more often than not were *societal* failures. Recognizing the global progress, rather than only the societal failures, requires a conceptual leap. Contemporary progressive thinkers present convincing portrayals of the injustice of poverty and discrimination, and the evils of social, economic, and ecological crises. They also present inspiring accounts of local resistance and individual heroism. Rarely, however, is there any discussion of actually changing the world-system. None offer anything more than local resistance, marginal reforms, or anachronistic revolutionary slogans. For many progressive movements, the focus on grass-roots organizing proceeds in a theoretical context in which “globalization” is a novel event understood solely as a source of evil, something to be protected from rather than to be transformed or superseded. What is needed is a long-term historical worldview.

Our fundamental starting point is one of *global democracy*. Global democracy has a dual meaning—democracy at the global level, with democratic institutions governing the ever more integrated world economy, and local democracy, with economic management and social administration as well as politics and the state open to democratic participation. Democracy includes civil and individual human rights, without which democratic institutions are meaningless. Charles Tilly (1995)

points to the importance of broad and equal definitions of citizenship for democracy, and we agree that these aspects are central. We add that rights in the economy, and links between the economy and the polity, are also fundamental to any conception of democracy that can actually produce social justice and equality. For us, democracy encompasses political, social, and economic realms, rather than posing an artificial separation among them. However, we realize that democracy, and socialism, are contested concepts.

To some, democracy only means the effective functioning of popularly elected government and political rights. This institutional definition explicitly excludes economic democracy. In highly unequal, class-divided societies the result is an elected polyarchy. This is the kind of democracy that exists in the United States and is promulgated worldwide by the U.S. Endowment for Democracy as the political basis for the neoliberal globalization project (Robinson 1996). Wealthy elites compete with one another at enormous cost to engineer popular support to elect political leaders. Engineering popular support involves massive advertising, but we recognize that it also requires economic growth and social insurance for the electorate. Popular influence on the state and real benefits to the populace are undeniable, even if those who own most of the economy and fund most of the electoral campaigns have far greater influence and receive far greater benefits than the rest. Found in varying forms throughout the core, this kind of democracy is thus greatly superior to the more authoritarian regimes that have predominated in the periphery and semiperiphery. It is nonetheless greatly inferior to substantive popular democracy in which the people actually have powerful influence over the decisions that affect their lives.

As a political and theoretical concept, the term "global democracy" is a global analog for the societal term "social democracy" as it was understood prior to the rise of the communist states. Before World War I and the Bolshevik Revolution, "socialism" and "social democracy" were interchangeable terms. Our definition of socialism is a theory and a practice of progress toward the goals of steadily raising the living standards and ensuring the basic needs of the working class, expanding the public sphere and community life, and eliminating all forms of oppression and exploitation. Global democracy assumes a democratic and collective rationality that promotes greater equality between as well as within countries, greater international cooperation and an end to war, and a more sustainable relationship with the biosphere. Such a system must be democratic because social justice can only be conceived as an expression of the will of the people. Undemocratic socialism is simply not socialism regardless of the good intentions of its creators. Our conception of socialism contrasts with the common one that defines it as

collective ownership of the means of production, with the state usually understood as representing the collective will. This is a societal conception of socialism, which we will argue did not work in part because it *was* a societal conception of socialism. We will contend that it is neither desirable nor applicable at the global level.

Even with societal conceptions of socialism, state ownership was in theory never a goal in itself, only a (supposedly temporary) means for achieving socialist goals in the face of hostile opposition. With the advent of the communist states and parties, progressive movements took several different paths, with the main distinction being between reform and revolution. We will discuss the historical twists and turns of socialist politics at a later point. What is important here is to note that, from a world-systems point of view, the split between the Second and the Third Internationals that accompanied the Russian Revolution should have been merely a tactical difference, not a strategic one. Building socialism in the core can proceed legally because core politics are usually democratic. Building socialism in the semiperiphery usually requires the revolutionary taking of state power because semiperipheral states have rarely been democratic (although this is changing). This difference of means evolved into a difference of ends in which the revolutions in the semiperiphery that gave us communist states never achieved democracy, either political or social. They instituted a centralized command economy, based on a military model that was justified, if at all, by geopolitical necessity and the desire to catch up with the capitalist core states, but bore only a rhetorical resemblance to socialism.

In the core, socialists exercised power through the combination of electoral politics and union bargaining in a "democratic class struggle" (Korpi 1983). The best examples are found in Sweden and Norway, to a lesser extent in Germany and Austria, and in some odd ways, France. Although far from constructing complete socialism, of all the countries in the world, they have come closest to attaining socialist goals listed above. In this sense, social democrats have come closer to achieving socialist goals than did any of the countries in which communist parties took power. Even in classic Marxist terms of "surplus value," rates of class exploitation were higher in the former communist states than among the social democracies. To be sure, social democracy fails to change the logic of global capitalism and is limited to marginal reforms within it (and we will contend that those limits have grown tighter of late). But what may be marginal differences among states would be a major transformation of the world-system as a whole. It is in this sense that global democracy is the most desirable and possible at the level of the whole system.

An enduring distinction within social democracy is whether it is

possible to achieve socialism through progressive reform of a society or whether reformed capitalism is the best that can be achieved. The latter position has been in the ascendance since World War II (with an added boost since 1989). This has led to the use of the term “democratic socialists” by those who hold to the possibility of a truly socialist system. From a global perspective, we agree that reformed capitalism is the best one can hope for within a single society as long as it exists in the context of the continuing predominance of the world capitalist system. But, democratic socialism is a real possibility for the world-system as a whole. National states are inherently limited in any attempt to fully exercise democratic control over their slice of the world economy. Only world socialism is possible because only a global democracy can govern transnational relations. As a global phenomenon, we will argue that world socialism is inherently limited to very broad parameters of directing capital investment and economic development within a *market* framework. While a command economy has proven to be a societal failure, globally it would be absurd. Both the means and the goals of socialism are important. Basic needs, sustainable development, social justice, and peace are the goals. Global democracy is both a means and goal.

What Is Possible?

Much of this book is about the future of the system, not so much as a prediction of what will happen, although we speculate accordingly, but primarily on what futures are possible. This involves understanding the prospects and possibilities for global change. The collapse of the former state-socialist countries in Europe, along with the rejection of Marxist-Leninist parties throughout most of the rest of the developed world, has left the impression that defeating capitalism and eliminating exploitation is utopian. For socialism of any type to be a reasonable topic, one must not only demonstrate that capitalism is exploitative and that socialism would be a better alternative, but also that achieving world socialism is *possible*.

Goran Therborn's (1980) classic study of ideology explains that any worldview is defined by the answers to the following three questions: “What exists?” “What is good?” and “What is possible?” Determining “what is possible” is the ultimate defense of the status quo. One can empirically demonstrate that exploitation exists and that it is unfair even by capitalist standards of justice, but the goal of eliminating exploitation is irrelevant if that is not possible. The “end of ideology” does not occur, as Fukuyama (1992) suggests, because the evils of capitalism have been muted (quite the contrary) or because the class strug-