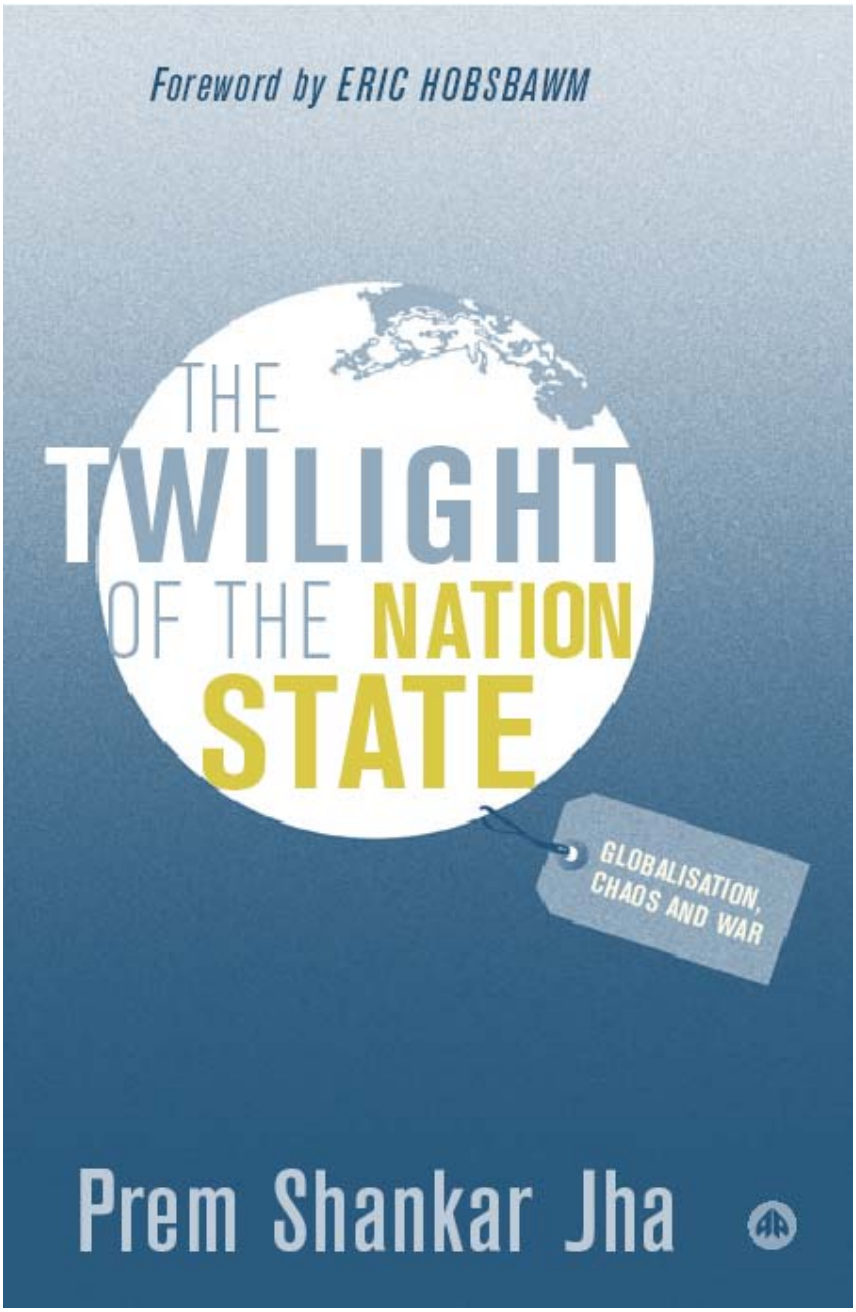
Foreword by ERIC HOBSBAWM
THE
TWILIGHT
OF THE NATION
STATE
GLOBALISATION, CHAOS AND WAR
Prem Shankar Jha

**Preface by Eric Hobsbawm**

In the early years of the twenty-first century it is difficult to remember the optimism, not to say triumphalism, that followed the collapse of communism in the rich countries of the North. Where is Fukuyama's 'end of history'? Today even the politicians and ideologues of that region heavily qualify their forecasts of a peaceful and liberal future for a world which seems in obvious crisis. Yet the test of a book about the current situation of the globe is not whether it is hopeful or disenchanted, but whether it helps us understand it, that is to say whether it shows historical understanding of the present crisis . Prem Shankar Jha's strikingly intelligent, lucid and troubled book passes this test with flying colours. It is essential reading for the first decade of the third millennium.

He sees the present as the most recent of the major crises in the secular development of a, by its very nature, increasingly globalizing capitalism. In his view we are living through the fourth time in which capitalism has broken its economic, political and institutional 'container' in the course of a history which he traces back to the middle ages. As in the past, the end of each of its cycles of expansion has seen the destruction of institutions and prolonged conflict between and within states, and what has been called 'systemic chaos'. In Jha's view the violence released by these destructions has tended to increase with the global growth of the 'container'. He has no time for the comfortable reflection that we may hope to return to a bigger and better version of a globalized economy, such as was familiar before 1914. Modern globalization has an incomparably greater potential for destruction.

Each of the earlier phases, he argues was associated with the hegemony of one major economic centre, linked since the 17$^{th}$ century to a historical innovation, the territorial 'nation state' within an international power system. Following what he sees as the era of medieval city-states, the economic hegemony of the Netherlands, and then Britain, we are at

the end of the 'American century'. But the acceleration of globalisation has gone beyond the relatively stable and flexible framework that capitalism generated, which allowed it to develop without explosion or implosion and to recover from the crisis of the first half of the twentieth century – notably the nation state with its institutions and international system . It does not function any longer. No clear alternative is in sight . Further destruction and a deeper chaos are to be expected, before the internal and external contradictions of the current crisis of globalization are overcome.

Unlike most works on globalisation, written in Europe or North America, Prem Shankar Jha's voice comes to us from India, in the region which will probably be the core of the 21st century world, but whose spectacular development coincides with the "systemic chaos" into which the global economy has been plunging since the onset of the present era of crisis in the 1970s. That is why he is more keenly aware of the problems created by the current phase of capitalist globalisation than the liberal economists who argue the virtues of the market, let alone the brigades of business publicists.

For the negative effects of globalisation on the developed countries, even the consequences of their de-industrialization and the erosion of their welfare systems, are substantial but slow and moderated by their accumulated social wealth. Their earthquakes are tremors at the bottom end of the economic Richter scale. In the 'developing' world they are cataclysmic. When politicians and journalists in the European Union speak of economic crisis, they do not mean what Jha rightly calls the 'melt-down' of 1997-8, of whose South and East Asian manifestations he gives a vivid analysis. They do not mean the seismic explosions that have shaken Brazil , Mexico and Argentina since the 1980s, which were treated by Northern commentators chiefly as proofs of the immaturity of Third World businessmen and governments compared to those of the OECD.

An observer from a country like India is less likely than those in the rich countries to confuse the generally beneficial effects of industrialization and techno-scientific progress and the much more problematic consequences of uncontrolled capitalist globalisation, notably the dramatic widening of the per capita income gap between the developed countries and most of the rest, and within almost all countries, rich an poor. Above all, he cannot but be constantly aware that such phrases as 'I am hungry' or 'I have no work' have a profoundly different meaning in countries with a mean per capita GDP of $ 25,000 from the one they have in one with $ 500. After reading his book, even those of us from countries whose populations are still protected by the wealth and institutions of their past, should be aware of the forces globalization generates "that are impelling the world towards further destruction and darkness."

***Book Excerpts***

This book attempts to give shape to a widely shared and growing unease about the direction in which the world is moving. It argues that contrary to the belief that pervaded most of the intellectual debate about the future in the mid and late 'nineties, and which still survives in an attenuated form today, the world is not moving towards order , peace and prosperity, but towards increasing disorder and violence.

My unease began more than a decade ago, in 1995, when I spent half a year at the Centre for International Affairs ( now the Wetherby Centre for International Affairs) at Harvard University. In those days Harvard was a heady place to be in. The Cold War was over and democracy was sweeping the erstwhile communist and much of the post-colonial world. Trade barriers were going down, currencies were being released from the straitjacket of central bank control, and private capital was flooding into the erstwhile developing countries. It had already transformed a few of them into industrial giants within half a generation. There seemed to be no reason why it could not bring prosperity, at least, to the rest. Prosperity was releasing pressures for democratic reform in formerly authoritarian countries. A wonderful new world was therefore being born, and Harvard was a crucible, perhaps the single most important one, in which the ideas that would determine its shape were being forged.

In this euphoric atmosphere I found myself a bit of an odd man out. Till 1995 I had spent virtually my entire working life writing about India's political and economic development, and its relations with its neighbours. This sudden plunge into the ferment of global ideas was the most electrifying experience I had every had. But as I attended more and more seminars -- on shock therapy versus gradualism in economic reform; state-society relations in a globalised world; the decline of the nation state and the resurgence of ethnicity; the origins

of rogue and backlash states; the justification for and limits of military intervention in defence of human rights; China, the Balkans, US foreign policy after the Cold war, the break-up of the Soviet Empire, the crisis in Russia, the clash of civilisations and the end of history — I grew increasingly uneasy, not about what was being discussed but what was being left unsaid.

If there was anything I had learned from four decades of daily involvement with nation building in the largest and most complex democracy in the world, it was that the political and economic transformation of a society is never smooth. On the contrary, it tears apart existing relationships and creates great insecurity. It sets off struggles between different groups as some try to increase their share of the cake while others struggle to retain theirs. This struggle in turn gives birth to new alliances that tilt the balance of political power and cause sudden and often counter-productive changes of policy.

In the very first book I ever wrote, I had described the political struggle for power unleashed by economic development in India, and ascribed it's very slow economic growth between 1956 and 1975 to the anti-growth policies that developed out of that struggle[1]. I also knew, from a lifetime's experience, just how powerful a force nationalism was. For better or for worse, it was the moving force behind the formation of modern states in the post colonial world. The glib assumption that the nation state was headed for oblivion and nationalism was destined to become a spent force, seemed unreal, to say the least.

But at Harvard, although we were discussing social change, and advocating social engineering on an unprecedented scale, there was a worrying absence of concern for , and therefore of debate on, the perils of the transformation process itself. The underlying presumption in nearly all the discussions and lectures was that the transition the world was going through would be painless. Economic barriers would fall, the nation state would die and a global polity would replace it without too many hiccups along the way.

There would be problems, of course, such as the ethno-national conflict let loose by the break up of the Soviet empire, and the emergence of backlash ideologies and states. But these were aftershocks that would eventually die away. No one remembered, or showed an awareness of, the profound insight articulated by Karl Polanyi half a century earlier, that even potentially beneficial social change can destroy society if it occurs too fast.

My unease crystallised into three articles written for *The Hindu,* in June and July 1995. In them I wrote:

> Discussions of international security after the Cold war are nearly always held within a particular framework of assumptions. These are, first, that the end of the Cold War has eliminated the potential for major global conflicts of the kind that led to the first and second World wars, and the Cold War itself. Second, that the main sources of tension in future years will be sectarian and ethnic violence born out of a worldwide resurgence of such sentiments. Third, that since such conflicts tend to be localised, their resolution is essentially a local matter, preferably pursued bilaterally, or at the regional level. And fourth, that since the older industrialised countries of the West are not embroiled in these conflicts, they are qualified to act as referees, and suggest, or even decree solutions.

These assumptions are flawed. Far from having been eradicated, the seeds of future global conflict have begun to sprout afresh. Neither the form nor the intensity of the conflict can be predicted at this stage. Nor can it be specified whether conflict will be primarily economic, or will spill over into a military confrontation. *What can safely be said , however, is that it will not be initiated by the ethnic-violence prone nations of the 'third world', or the flock of transitional, unstable regimes that have been hatched by the collapse of the Soviet Union, but by the industrialised nations of the West".*

This was written three years before Operation Desert Fox in which two 'industrialised nations of the West' bombed Iraq incessantly for more than a year on the basis of pure, unfounded, paranoia and because they could do so with impunity; four years before NATO bombarded Serbia and Kosovo for two months , and six and eight years before the American and the Anglo-American invasions of Afghanistan and Iraq.

Unlike Huntington, I did not locate the cause of conflict in a clash of cultures. "Ironically", I wrote, " the seeds of future global conflict lie buried in the very development that led to the emergence of a global marketplace, the collapse of the Soviet Union and the end of the Cold War. This is the (re-) emergence, not long after the second world war, of technology as the driving force behind social and economic change. Technology has unified markets, through revolutions in information gathering and dissemination, brought transport costs down to a fraction of what they were in the fifties, and thereby created a global market. Technology has also given countries the means to exploit that market. But since technology only thrives under conditions of fierce competition, it has also rung the death knell of economies that chose to shun competition. These were, notably, the centrally planned economies of the socialist countries.

As the twentieth century draws to a close, it is difficult not to wonder whether the twenty-first will be a century of promise fulfilled or belied: whether it will see the fruits of industrial progress spread across the entire globe , or be wasted away in another even more devastating holocaust than the two that we have seen. [2]

These articles were to become the kernel of the present book. In 1995, I sensed the potential for global conflict and suspected that far from being referees the industrialised countries were likely to be its initiators. But I had only a tentative idea of the shape that the conflict could take. The only cause I was able to identify was the growing social stress in the industrialised countries and the possibility that governments would try to turn the anger it generated among the dispossessed outwards.

I did not realise that trans-national investment would create a powerful new motive to forcibly reshape and eventually destroy the Westphalian state system. I saw, hazily, that global economic integration was bound to be followed by social and political integration, but (in retrospect surprisingly) failed to see just how much resistance that would generate. I also did not make the connection that if the international state system collapsed in the face of overweening military power, terrorism was the only shape the resistance could take. In July 1995, when I returned to India, I had also not delved into the history of capitalism, and therefore did not know that the sudden spread of disorder that the world was experiencing

had happened on at least three earlier occasions and had generated prolonged cycles of disorder and violence. All that came much later.

In the years that followed, developments in the international economy and political system began to lift the haze that surrounded my understanding of the sources and nature of future conflict. The formal adoption of the Uruguay round of trade agreements, the establishment of the World Trade Organisation and the institutionalisation of cross retaliation as a tool for securing compliance, showed that coercion had replaced consensus building as the prime tool for trade liberalisation. Operation Desert Fox in Iraq, the aerial bombing of Serbia, the invasion of Afghanistan and then of Iraq, vindicated my initial surmise that the world would become more violent, and that large scale conflict would be initiated not by rogue or backlash states but by the self-appointed guardians of the international order.

The East Asian financial meltdown, and a succession of economic crises in weaker industrialised countries – Russia, Brazil, Argentina and Turkey -- drew my attention to the similarities between unregulated global capitalism and early, unregulated industrial capitalism in Britain. What had previously happened within the confines of a single state seemed now to be happening across the globe. Finally the seemingly inexorable worsening of economic conditions in most of sub-Saharan Africa and rise in the number of failed or failing states showed that globalisation did not necessarily have to spread to the whole world, and that some countries could get excluded. My attempts to make some sense of the madness that was spreading around the globe led me to examine the history of capitalism, and therefore to Hobsbawm, Arrighi, Wallerstein and Fernand Braudel .

Placing Globalisation within the context of the development of capitalism has made me appreciate how much wishful thinking underlies the belief in human progress. Over the last seven hundred years, with the sole exception of the so-called 'Hundred Years' Peace from 1815 to 1914 in Europe, periods characterised by economic harmony, political stability and international peace have been far fewer than those characterised by turmoil, struggle and war.

Many writers have been tempted to ascribe this to the innately aggressive nature of capitalism. Capitalism made exchange the predominant form of economic relationship, displacing older, more gentle forms, such as reciprocity and redistribution. Reliance on exchange fostered the development of competition till it became the organising principle of society. Competition increased efficiency and multiplied wealth but also multiplied the number of losers and sharpened the conflict between them and the winners.

While they are not wrong, their analysis places too much of the blame at capitalism's door. The roots of conflict lie not in capitalism but in the technological change that drives it. Since technological change is the inescapable product of mankind's intelligence, curiosity and propensity to innovate, it has been changing economic and political relationships for as long as human beings have lived on the earth. The history of humanity is therefore one of a continuous attempt to adjust.

What makes Capitalism as an overall system different from all previous epochs of history is that while old civilisations most certainly developed technology, changes in technology were not driven by profit. Once this happened human society slipped by degrees into a state of constant change. This took the control of social change out of the hands of human beings to

an extent that had never been experienced before. It is therefore mankind's never ending attempt to adjust to the change, and limit its impact upon society, that should be the prime focus of the humanities and social sciences. Scholars who study only the islands of peace that have punctuated this struggle and make light of the decades, even centuries of disorder and violence, sorrow and misery that lie in between them, are either utopian idealists, victims of selective amnesia or, more reprehensibly, purveyors of ideology.

This book attempts to study the disorder that has followed the 'golden age of capitalism' which spanned the third quarter of the last century. It is intended to warn readers that the transition the world is going through will not necessarily end in a new equilibrium – a new island of peace or golden age. On the contrary the disorder could easily deepen till it dismantles the entire edifice of civilised society. It is therefore imperative for decision-makers to recognise the threat and to take concerted action to evade it. The first step on that road is to abandon belief in the self regulatory capacities of the market and the international political system. Concerted action requires multilateral decision making. The present drift towards unilateralism-- towards a global empire backed by military force alone – therefore poses the most serious threat that the world has ever known.

**Two views of the Future – 1. A World without War**

Human beings have been drawn to the idea of Utopia – a cessation of the struggle that characterises their lives, and a permanent state of well-being – in virtually every epoch of history. But only in the 19th century when the industrial revolution created, for the first time, the possibility of producing enough wealth to permit all of humanity to rise above bare subsistence, did the discussion of Utopia move from the realm of the philosophical to the practical.

Liberal political economists wrote at length about the 'stationary state' and Karl Marx's 'classless society', which would follow a transitional 'dictatorship of the proletariat', was only Utopia in another guise. In his *"Principles of Political Economy*" John Stuart Mill, who considered himself a socialist, wrote

> "I cannot, therefore, regard the stationary state of capital and wealth with the unaffected aversion so generally manifested towards it by political economists of the old school. I am inclined to believe that it would be, on the whole, a very considerable improvement on our present condition. I confess I am not charmed with the ideal of life held out by those who think that the normal state of human beings is that of struggling to get on; that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress".

Mill was reacting to the Manchester liberalism of economists like McCullough, whom he singled out in his essay for rebuttal. Today as capitalism enters yet another cycle of explosive growth and neo-liberal economics reigns supreme once again, it is not entirely surprising that the yearning for utopia has resurfaced. This has been given a special sharp edge by the sheer horror and prolonged tension of the century that has just ended.

The philosopher Isaiah Berlin once described the twentieth century as 'the most terrible century in western History'[3]. This was if anything an understatement, for the twentieth century saw two developments that transformed the art of killing and led to slaughter on a

scale that had never been imagined. The first was the application of technologies of mass production to war. The second was the application of the same techniques to the killing of civilians. The first led Germans to describe the First World War as the 'War of Mass Destruction'. The second gave the English language a new word, Genocide.

Technology enabled human beings to streamline and dehumanise slaughter. 'We forget', wrote Eric Hobsbawm, 'that the pogroms in Czarist Russia which ( justifiably) outraged world opinion and drove Russian Jews across the Atlantic in their millions between 1881 and 1914, were small, almost negligible by the standards of modern massacre: the dead were counted in dozens, not hundreds, let alone millions'[4]. Half a century later the Nazi extermination camps took the lives of six million Jews, Gypsies and communists. Primo Levi, a survivor of the camps wrote, "We who survived the Camps are not the true witnesses…. We are those who, through prevarication, skill, or luck, never touched bottom. Those who have, and who have seen the face of the Gorgon, did not return, or returned wordless"[5].

The death camps that Levi survived were set up when the twentieth century was less than half over. In the fifty years that followed many more millions saw the face of the Gorgon in India and Pakistan, Myanmar, China, Indonesia, the Soviet Union, Central America, South Africa, Vietnam, Cambodia, Palestine, Bosnia, Rwanda, and countless other places where tens of thousands of human beings were exterminated without being accorded the courtesy of an epitaph in a history book. According to one estimate, by the early nineties, 187 million people had been killed, or allowed to die, by human decision. This was a tenth of the world's population at the beginning of the century[6]. But even this figure may be an underestimate, for it probably does not include the millions who died during the Cultural Revolution in China and the man-made famines that preceded it. And genocide, in the sense described above, has slowly become commonplace. While civilians made up roughly one in ten of those killed in armed conflicts at the beginning of the century they accounted for nine out of ten deaths by its end[7].

Will the twenty-first be any more humane? In the early 'nineties, as the Cold War ended, the yearning for Utopia burst forth once again. No one doubted that mankind had turned the darkest page in its history and that the future simply had to be a lot better than the immediate past. But a decade later that belief has worn thin. The world seems to be moving away from peace. The frequency of armed conflict, insurgency and attacks on ethnic minorities has increased dramatically.

A decade of unnecessary economic sanctions, a pointless invasion and the death of thousands of Iraqis in the 'peace' that followed, has brought Iraq to the verge of disintegration. Global terrorism, which had been ousted from Afghanistan, has found a new, far more congenial home in Central Iraq. The Israeli -Palestinian conflict has plumbed depths of insensate hate that had never been visited before. The US has announced to the world that it is no longer bound by the rules laid down in the UN charter, and reserves the right to invade any country that it deems a present or future threat to its security.

Suddenly the world is living in mortal fear of what the future might bring. Despite the mounting chaos, the belief that these are only problems of transition and that the twenty-first century will, eventually, turn out to be much better than the twentieth, refuses to die. It is stoked by governments and think tanks in the industrialised countries, in concert with tens

of thousands of transnational corporations which now account for most of the economic activity in the industrialised world. These constitute an emerging international dominant class, that is spreading its ideology, and shaping the minds of the rest of the world, with the help of a globalised media. According to its catechism the debilitating Cold War is behind us, the twenty-first century is likely to see humanity banish hunger and poverty, and control all but a very few diseases. We can even dare to hope that it will, somehow, banish war.

It feeds this hope by harping relentlessly upon two recent developments: the continuing technological revolution, and the apparent end of ideological conflict with the end of the Cold War. Technology has allowed human beings to gain a hitherto undreamed of control over their physical environment. The information and biotechnology revolutions are still gathering pace but have already extended the limits of the possible to a previously unimaginable degree. The information revolution is rapidly meshing together what had previously been separate national economies into a single global economy, and the beginnings of what could become a system of global governance.

It admits that this process is not free from friction but has been accompanied by an increase in inequalities of income within the industrialised countries, and between the industrialised and all but a few developing countries. It has led to the reappearance of permanent, non-cyclical unemployment in the industrialised countries, and of a class of 'new poor', whose existence in the richest countries of the world mocks their claim of having built humanitarian and egalitarian societies. It has also caused an erosion of the international order that was built around the sovereignty of the modern State that emerged after the treaty if Westphalia in 1648.

But these are only problems of transition. Human ingenuity, and adaptability will ensure that, notwithstanding occasional hiccups on the way, mankind will use its increasing mastery of nature and its vastly enhanced capacity to build and operate complex systems, to improve the human condition. Its indispensable tool for doing all this is the Market. The market encourages, indeed thrives upon, competition. Competition maximises efficiency. Efficiency maximises output. Output maximises well-being. Competition in the labour market more or less ensures that people earn according to their capability. As a result, a Market Economy is not only Efficient, but Just. Since it is also self regulating, human intervention, for instance by the State, is largely unnecessary. The role of the state is to remove obstacles to the efficient functioning of the market, and to guard against its occasional failures.

Mankind has thus entered the 21st century with not only the scientific power to eradicate its woes, but a ready made mechanism that will enable it to do so. It is hardly surprising therefore that at least one vastly popular author of the early nineties, Francis Fukuyama, saw in it the 'End of History' and the birth of a rather boring world[8].

Fukuyama's celebrated essay *The End of History*, which was published in the summer of 1989[9], gained instant fame and popularity because it fed the belief that Utopia was finally within mankind's grasp.. But this belief also derived its intellectual legitimacy from another influential but less known work of the same period, Samuel Huntington's "The Third Wave"[10]. Fukuyama used the term 'history' not as it is used in common parlance but in Hegel's sense of mankind's ideological evolution. The endpoint of this evolution, according to Fukuyama, was the 'universalisation of Western liberal democracy as the final form of human government'.

According to him in the last two centuries international conflict had been driven, by and large, by ideology. The end of the eighteenth and the first fifteen years of the 19th centuries saw a struggle between nascent liberal democracy and the authoritarianism of entrenched monarchies. "The twentieth century saw the developed world (again) descend into a paroxysm of ideological violence as liberalism contended first with the remnants of absolutism, then bolshevism and fascism, and finally an updated Marxism that threatened to lead to the ultimate apocalypse of nuclear war". But the century closed with 'an unabashed victory of economic and political liberalism'. 'History' thus came to an end.

The corollary to Fukuyama's conclusion is that if war was fuelled largely by ideological conflict, the end of History meant the end of War. Fukuyama ended by speculating that if war were ever to resurface, it would probably be because mankind got bored with peace.

Huntington's *Third Wave* is much less well known, partly because it was overtaken by his celebrated essay on *The Clash of Civilisations* only two years after it was published. But its main thesis was no less influential for policy makers in the early nineties because it linked democracy, economic development and the end of War in a single, coherent, causal relationship. In brief, his thesis was that the period 1974 to 1990 had seen a 'third wave of democratisation'. No fewer than 34 countries had switched from being authoritarian to democratic. That had happened even before the bastions of communism came crumbling down.

This 'third wave' had been preceded by two others: the first between 1828 and 1926, and the second shorter wave from 1943 to 1962. While Huntington was concerned mainly with explaining why democratisation had occurred in waves, as a by-product of his analysis he pointed out not only that democracies did not wage war against each other (for the obvious reason that they were usually on the same side of the ideological fence) but that most high income countries were democracies. Huntington used World Bank 1989 per capita GDP tables to show that while 21 out of 24 High Income countries (excluding Switzerland)[11] and 23 out of 53 middle income countries were democratic[12], only 2 out of 42 low income countries were democracies[13]. The moral was obvious: rising incomes would unleash democratic forces in a country. As more and more countries became democratic, the likelihood of major conflict would recede.

The belief that democracies do not fight each other is so much a part of the western psyche that it is almost impossible to trace its origins. As far back as the 18th century, Montesquieu , the French philosopher wrote in a book titled *The spirit of the Laws*, "Two nations who traffic with each other become reciprocally dependent; for if one has an interest in buying, the other has an interest in selling; and thus their union is founded on their mutual necessities". Montesquieu observed that international trade had created an international "

Grand Republic" which was uniting merchants and trading nations across boundaries, and would surely 'lock in a more peaceful world'[14]. A century later an entirely new player had entered the scene as a powerful force for peace.

"The nineteenth century" wrote Polanyi, " produced a phenomenon unheard of in the annals of western civilization, namely a hundred years of peace – 1815-1914. Apart from the Crimean War, a more or less colonial event – England, France, Prussia, Austria, Italy and Russia were engaged in war among each other for altogether 18 months.

A computation of comparable figures for the two preceding centuries gives an average of sixty to seventy years of major wars in each….. This triumph of pragmatic pacifism was certainly not the result of an absence of grave causes for conflict…for an explanation of this amazing feat, we must seek some undisclosed powerful instrumentality at work in the new setting… This anonymous factor was *Haute finance*.

Haute finance, an institution …peculiar to the last third of the nineteenth and the first third of the twentieth century functioned as the main link between the political and economic organization of the world in this period…. There was intimate contact between finance and diplomacy; neither would consider any long range plan, whether peaceful or warlike, without making sure of the other's goodwill".[15] Polanyi wrote his book during the Second World War, but he might have been describing the power of global finance capital today.

And five decades after the second world war Thomas Friedman has made the same point in his book *The Lexus and the Olive Tree*. "Today's version of Globalization -- with its intensifying economic integration, digital integration, its ever widening connectivity of individuals and nations, its spreading of capitalist values and networks to the remotest corners of the world…. makes for a much stronger web of constraints on the foreign policy behaviour of the nations which are plugged into the system. It both increases the incentives for not making war, and it increases the costs of going to war in more ways than in any previous era in modern history"[16].

The view that war was on the verge of being banished was immensely reinforced by a spate of optimistic literature on Globalisation. Globalisation is leading to huge and ever expanding flows of capital from the industrialised nations and accelerating their growth till they catch up with the former . Then they too begin to export capital to other capital poor and labour rich countries accelerating their growth in turn. This by no means incorrect assessment of the impact of globalisation has been caught in the celebrated paradigm of the Flying geese, developed by writers like Kaname Akamatsu and T.Ozawa[17].

By far the most pervasive, and comforting, belief is that Globalisation is not a new phenomenon. As Paul Krugman has pointed out, most economists date its onset to the *1840's* when railroads and steamships made the large scale shipment of bulk goods possible[18]. All through the nineteenth century, the pace at which the cost of transport and communication fell, rivalled the pace at which it has done so in the twentieth century. The steamship was as revolutionary a leap over the sailing ship as the airplane was over the steamship. The invention of the telegraph almost certainly speeded up communication by a higher multiple than the invention of the telephone over the telegraph. The Internet bears the same relationship to the telephone as does the telephone to the telegraph. Thus if globalization is the child of technological evolution then it has been going on for almost two hundred years.

The integration of the global economy, measured by the ratio of trade and foreign investment to GDP, has also been rising continuously since the early 1800s. In fact by these and several other yardsticks the world was more integrated in 1913 than it was in 1973, and not much less so than it is today. Globalisation is therefore a 'going back to the future'. It is the resumption of trends in the world economy that had existed for most of the nineteenth century but had been rudely disrupted by the hammer blows of the First World War, the Depression of the thirties and the Second World War. In short, Globalisation is taking the world back to the conditions that had given birth to the Hundred Years' Peace.

Over the years both Fukuyama and Huntington have been subjected to a good deal of criticism. Fukuyama's unabashed Hegelianism has drawn the most flak. (But) Huntington's implied thesis too has come under damaging attack. In an article in *Foreign Affairs* in 1995 Edward Mansfield and Jack Snyder pointed out , on the basis of a statistical analysis of wars from 1811 to 1980, that the thesis that democracies did not go to war against each other needed to be heavily qualified. While stable democracies did indeed not, as a rule, go to war against each other, *so did stable authoritarian regimes*. On the other hand democratising countries were more likely to go to war within a decade of their transition than those that had not undergone a change.

The reason, they surmised, was that democratisation tended to release powerful forces of nationalism and these increased the chances of conflict. The Napoleonic wars, the Franco-German war, and the First World War itself could be traced to the rise of nationalist sentiment following democratisation in France and Germany[19]. The same, or at least similar, forces could be released by democratisation today.

Despite these and other inconsistencies Fukuyama's and Huntington's 1989 theses have become the bedrock of liberal thinking about the post cold war world. Its first and most basic assumption is that democracies will never wage war on one another. The second is that as more and more countries become democratic the areas of the world prone to conflict will diminish. Its third is that economic development automatically leads countries towards democracy. Its last premise is that open market, i.e capitalist, economies are the only ones likely to progressively raise their standards of living. Thus open market capitalist economic policies promote growth, which promotes democracy, which in turn promotes peace. Thomas Friedman has popularised it as his "Golden Arches" theory of conflict prevention. "No two countries that both had McDonald's", he wrote in 1998, "had fought a war against each other since each got its McDonalds."[20]

For about three years after the fall of the Berlin wall, euphoria prevailed. It was not long, however, before developments in the real world began to challenge some of the optimistic assumptions of the first post-cold war years. To begin with, the end of the Cold war and the triumph of capitalism over communism did not lead to a reduction of wars and conflict in the world but seemingly to its opposite.

Early in 1993 the *New York Times* published a list of countries in the throes of violent conflict. They numbered 48, and that was just a partial count[21]! Three years later , by another count the number had risen to more than a hundred.[22] The dream of a new age for mankind began to go sour in other ways as well. Instead of making a smooth transition from socialist

to market economies, the east European countries all collapsed into varying degrees of chaos. Their standards of living fell precipitately, income differentials widened, unemployment and crime grew by leaps and bounds, and far from welcoming their new found democratic freedoms their older people in particular began to hanker for the 'good old days' of communism. By 1995 eight out of nine formerly socialist countries in Eastern Europe had voted the communists back into power or given them a majority in parliament.

Wars broke out all over the globe. One index of their rising frequency was the number of peacekeeping missions that the UN was asked to undertake. Between 1990 and 1992 it undertook 14 missions. This was the same number as it had undertaken in the previous 43 years[23]. This eruption of violence provoked Lawrence Eagleburger, then Deputy Secretary of State in the Bush (senior) administration to observe, "For all its risks and uncertainties the Cold war was characterised by a remarkably stable and predictable set of relationships among the Great powers"[24].

As people began looking for explanations another element in Fukuyama's thesis came in handy once more. This was the notion of lagged ideological evolution. Fukuyama therefore predicted that wars would continue as some parts of the world continued to remain trapped "in History", but die out as the rearguard of humanity caught up with the vanguard.

The powerful fascination that this thesis continues to exercise on peoples' minds was reflected in 2002 by Robert Kagan, a leading neo-conservative thinker and advocate of the invasion of Iraq, who chastised France and Germany for not joining the US and UK, by reminding them that "Europe… is entering a post-Historical paradise of peace and relative prosperity, the realisation of Kant's perpetual peace (because) the United States, meanwhile, remains mired in history , exercising power in an anarchic Hobbesian world where… true security and the defence and promotion of the liberal order still depend on the possession and use of military might.[25].

Out of this view, and its corollary that the industrialised west represents the vanguard of humanity, has been born a belief that the resurgence of ethnicity and the wars that have been, or are being, fought on that account in the former Soviet Union, Turkey, Iraq, Iran, Afghanistan, South Asia, and above all Africa, are primitive and atavistic. The 'vanguard' societies have to bear with them, but if these conflicts threaten them, or threaten the consolidation of the liberal democratic system, they have a duty to intervene and prevent or control them.

All such interventions are morally justified because no matter what pain they may inflict in the short run, and no matter how uncertain or unexpected their immediate outcome, they ultimately force the 'provinces' to catch up with the 'vanguard of humanity'. In short they force the former to be free. By an ironic twist of history, as noted by Anthony Giddens, in its hour of triumph Liberalism is beginning to resemble more and more the totalitarian creeds that it vanquished[26].

*The clash of civilisations*

The only challenge to Fukuyama's thesis has come from Samuel Huntington's *The Clash of Civilisations*. Written first as an article in 1993 and expanded three years later into a book[27], Huntington's starting point, one suspects, was his discomfort with the Messianic overtones in

Fukuyama's *End of History*, and in particular its claim to universal validity. Implicit in it was the belief that in the end the world would become a single homogeneous entity. Cultural peculiarities, no less than political ones, would eventually get blended into a single featureless paste while the global economy turned into a single completely intermeshed market. Huntington believed this would never happen. Attempts to force such homogenisation and the resistance they provoked would draw the fault lines of future global conflict.

He drew a distinction between modernisation, westernisation and universalisation. Societies were getting modernised, in the sense that they increasingly use much the same technologies as the western countries, and were developing political and economic institutions appropriate to the functioning of a modern State. But Modernisation was not coterminous with Westernisation and the process was most certainly not producing 'a universal civilisation in any meaningful sense of the term'.

What was actually happening was that *culture*, i.e. what Huntington referred to more broadly as Civilisation, remained outside the *modernisation* process in each country or group of countries, and provided the frame that gave it a distinct shape. Except in the most superficial sense, therefore, modernisation did not lead to the westernisation of non-western societies. The world that was emerging would therefore be a multi-civilisational one.

At the same time, since economic power was shifting from the old industrial centres to a variety of new ones, and was therefore much more evenly dispersed, it would also be a multipolar one. The core of his thesis therefore was that "The West's universalist pretensions (will) increasingly bring it into conflict with other civilisations, most seriously with Islam and China". "At the local level 'fault line wars' largely between Muslims and non-Muslims (will) generate 'kin-country tallying' and (bring with it) the threat of broader escalation". Huntington concluded that the survival of the West depended on Americans reaffirming their western identity on the one hand and the West accepting that their civilisation was unique but not universal. "Avoidance of a global war of civilisations", he concluded, "depends on world leaders accepting, and cooperating to maintain, the multi-civilisational character of global politics"[28].

It is easy to understand why Huntington's original article, which appeared in the summer 1993 issue of *Foreign Affairs*, has generated more discussion than any article published by the journal, since George Kennan's 'X' article in the 'forties on containment of the Soviet Union. For his hypothesis challenged virtually every premise of mainstream thinking of the post Cold War years:

- Contrary to what Friedman and innumerable other writers thought, the world would not all get McDonaldised. The presence of a McDonald's, an Avis or Hertz, a Coca Cola or Pepsi Cola in every country would not mean that everyone had become western, much less American.
- Cultural (civilisational) identities would not disappear, much less become western clones. In fact onslaughts on them were more than likely to reinforce them.
- The Nation state would not therefore disappear either. On the contrary the defence of cultural-civilisational identity would become a powerful new rationale for its continued existence.
- Backlash states were not transient, but the vanguard of the revolt against cultural homogenisation. Far from being recalcitrant or atavistic they embodied alternate views of

humanity, which the 'provinces of human civilisation' simply would not give up.

- Intra-state ethnic conflict too might therefore not prove a transient phenomenon, to be contained by suppression or accommodation till the homogenising force of modernisation did away with the very rationale for separate identities.
- Thus, most important of all, intrastate conflict and localised war between states would not necessarily diminish in intensity and frequency over time, or become more amenable to control by the 'international system'. On the contrary, given a sufficient degree of pressure from western civilisation on others, what started out as a local conflict could snowball into a larger one between groups of culturally similar states.

To sum up, therefore, War as the twentieth century knew it had not become obsolete. To minimise the chance of its recurrence the West needed to shed its Messianism and to allow local conflicts to , as Luttwak puts it, burn themselves out[29]. It needed to shed the notion that all conflicts anywhere were threats to it because they threatened its 'values'. In terms of international relations theory Huntington made a powerful case for realism. It was hardly surprising that scholars of every other school, be they liberal, neo-liberal, or social constructivist, felt obliged to attack his theories.

In 1993 Huntington's realist insights must have seemed unduly pessimistic. Operation Desert Storm had seen an unprecedented coalition of Christian countries rise to the defence of a small , highly conservative Islamic country, and forge a coalition with other conservative Muslim countries against one that, for all of its other faults was the most secular, technologically advanced, in a word, 'western' of them all. At the other side of the Asian landmass China had opened its doors to foreign capital and was 'McDonaldising' itself with a fervour that few would have dreamed of a few years earlier.

But developments in the second half of the nineties, culminating in the '9 / 11' terrorist attacks in New York and Washington on vindicated at least the first part of his predictions. The Islamic backlash continued to grow. It subverted two states – Afghanistan and Sudan – and seemed on the way to subverting Pakistan in South Asia, and Tajikistan in Central Asia. Another key country that could also fall prey to Islamic fundamentalism was Saudi Arabia. Were these states to go fundamentalist, an extreme Sunni-Wahhaby Islamic fundamentalism would embrace a vast chunk of contiguous territory stretching across more than a thousand miles from the Indian border into central Asia. The ambitions of the fundamentalists did not stop there. They were active in Turkestan, Uzbekistan, Chechnya, Egypt, Algeria and the Philippines[30].

Despite its explanatory power, Huntington's thesis remains unsatisfactory on two counts. The first is that Huntington himself does not seem fully at ease with the full implications of his thesis. . In particular he is unwilling to cross swords with American hegemonism. This is reflected by a contradiction of which he himself seems unaware. On the one hand he argues that global conflict, if it occurs, will be triggered by a civilisational offensive from the West. But on the other he argues that it is western civilisation that is under threat and needs to be defended (by America reaffirming its western identity).

The offensive is therefore coming from the non-western civilisations. This defensive posture has made it relatively easy for the Clintonian ' New Interventionists' to co-opt his ideas into their End of History project. What he ended by advocating was no different from what Madeleine Albright believed to be the prime goal of American foreign policy. In the end all

he did was to provide one more argument for the West, and for America in particular, to maintain a strong defence posture and keep increasing its defence spending in real terms, while insisting that nations outside the perimeter of western civilisation reduce theirs.

**A world headed towards darkness**

This book presents a different, and far less optimistic, view of the future. Stated very simply it is this: Technology, the information revolution in particular, does indeed have the power to transform the world for the better, and indeed, as Jeffrey Sachs has so eloquently argued, to end poverty in our lifetimes.[31] But this will not happen automatically, under the spur of market forces. It will only happen if there is deliberate human intervention to slow down the pace of economic transformation sufficiently to give the social, political and international institutions upon which civilisation depends time to adapt.

Without such intervention, and particularly, if the pace of change is allowed to accelerate continuously under the spur of competition, it will overwhelm the institutions that human beings have built within, and between. nations to moderate conflict between the gainers and losers from change. The danger signal, that this has begun to happen, is hoisted when the social system starts to lose its capacity to generate self-equilibrating responses to new shocks. If the existing institutions are not given time to adapt to the new challenges, and if new institutions are not given time to develop, this process will end by destroying the world we know, without putting anything in its place.[32].

The potential for conflict, and therefore the need for conscious human intervention, arises from a profound asymmetry that lies at the very core of capitalism: while markets tend to restore economic equilibrium after each external shock, they are inherently blind to the distributive effects of their own working. Left to themselves they tend to widen income differences as profits accumulate in some hands while labour saving technology keeps incomes at the bottom of the pyramid from rising in equal measure. Competition also creates redundancy as technology and tastes change. Those who fail to keep up with their more efficient peers are driven out of business. Capitalism therefore constantly creates new gainers and new losers. But the market economy contains no mechanism for minimising or reconciling the conflict between the two.

In *The Age of Extremes* Eric Hobsbawm described the last three decades of the twentieth century as 'crisis decades' that saw the re-emergence of disorder in human society and concluded with the observation that he felt 'less reason to feel hopeful about the future than in the middle 80's'[33]. This book attempts to explore the causes of his instinctive pessimism. It suggests that the root cause of the growing disorder is that in these decades Capitalism burst the confines of the Nation State, and began, inexorably, to convert a large part ( although as yet not the whole ) of the Globe into its new 'container'. The process is highly destructive and fraught with violence. This is the process that we refer to as Globalisation.

Globalisation is perhaps the most extensively used word in the lexicon of the Social sciences. It is also the least understood [34]. This is not surprising, because unlike the natural sciences where the human observer is essentially outside the phenomenon he or she is studying, in the social sciences the researcher is a part of it. His / her perspective will therefore tend to be shaped by where he / is located within the change being studied. One way to extricate oneself from this dilemma is to seek the help of history and see whether similar changes have occurred before and where hey have led to. That is the method that has been pursued in this

book.

The concept of a 'container' for capitalism was coined by Fernand Braudel. It refers to the social, economic and political unit that is large enough to organise and contain all the interrelated functions of capitalism — finance, production and marketing. While the linkages that define this unit are primarily economic, the need for a secure environment within which to operate turns it into a political and military unit as well.

Technology is the engine behind the relentless growth of Capitalism's container over the past seven centuries, for each new development in it enlarges the minimum economic scale of production[35]. This means that the minimum size of an *efficient* self-sustaining network of economic relations, i.e of an efficient 'economy', has also grown in each cycle of capitalism's expansion till it has, in the past quarter of a century, outgrown the political confines of even a very large nation state like the US.

This is not the first time that capitalism has burst its 'container'. Since its birth in the north Italian city states in the 13th century, Capitalism has done this at least three times. In the first cycle Venice, Florence and Milan saw the rise of industrial capitalism and Genoa of finance capitalism. But the scale of capitalist production in the first three was small enough to be contained within the container of the city state.

The city state remained the container of capitalism during its second cycle of expansion when Holland and, more specifically, Amsterdam, became its hub. But by the time capitalism made its next leap, it was too large to be contained within even a hybrid, nation-backed, city state like Amsterdam, and needed to mould economic, technical and political relations in an entire nation state to turn it into its container. That 'container' proved to be England. But by the end of the 19th century Capitalism was outgrowing even the small nation state, which is what England really was, and required a large nation state as its container. The USA filled that need. Today, Capitalism has outgrown the nation state altogether and is turning a large part of the globe into its container. That is the process that the world refers to as Globalisation.

In each of its cycles of expansion, capitalism has gone through its own internal evolution, from early to mature to late capitalism. The early phase is typically one of increasing disorder. In it capitalism has set about destroying the social, economic and political institutions that had been created by human beings to serve its earlier incarnation. In the middle, or mature phase of capitalism, new institutions develop that reflect society's attempt to harmonise the interests of the gainers and losers from competition. These become institutionalised, and often fossilized in late capitalism.

The current cycle of expansion, from the nation to the globe, has brought Capitalism into direct conflict with the deeply embedded institutions of nation state. That is the root cause of the social disorder that Hobsbawm referred to, and the growing violence that is enveloping the world. What the world is going through is not without precedent. Growing disorder, eruptions of violence, and decades of insecurity have accompanied each rebirth of capitalism in the past.

Within states, it has triggered conflict between the new winners and new losers in society. Not just individuals, but entire classes of people that enjoyed an assured status, some degree of affluence and, above all, security, have been robbed of all three, and found themselves scrabbling frantically to retain their place in society. At the same time, ethnic, occupational and social groups, like the Jews of Europe, the Marwaris of India, and the Mafiya in today's

Russia, who were treated with condescension or reviled under the older dispensation, have suddenly shot up in status. Such dramatic changes are bound to be resisted and have often led to rebellion and bloodshed.

Capitalism's tendency to burst its container has also given rise to cycles of conflict between states and a remoulding of the international order at the end of each cycle. The Genoese cycle of capitalism was born out of an Italian 'hundred years war' between the northern city states. The Dutch cycle was born out of the Thirty Years' War and the preceding half-century long struggle of the Dutch against Spain. The British Cycle emerged out of a spate of Anglo-French and Anglo-Dutch wars of the mid-eighteenth century, and the American cycle out of two world wars and intervening economic chaos. In every case, Finance Capital has been on the side of the 'revisionists' who have been bent upon changing power relations within the state system. This is because whenever capitalism has burst one container, it has looked immediately for the security of another. It is the search for security that has both shaped the container and given capitalism its innate aggressiveness.

The conflict between Global and National Capitalism is the root cause of the disorder that Hobsbawm has dubbed the 'crisis decades'. The regular recurrence of such conflict in all earlier cycles of Capitalism's expansion has made Giovanni Arrighi give it a special name — Systemic Chaos. Systemic chaos arises when a political or economic system suddenly loses the capacity to generate equilibrating responses. This happens when 'conflict escalates beyond the threshold within which society is able to generate 'powerful countervailing tendencies', or adapt by developing new norms of behaviour and sets of rules without displacing the old.[36]

On each occasion its arrival has been accompanied by a sudden loss of function of established institutions and relationships, confusion, anger, and eventually prolonged periods of violence. In each successive cycle the contradiction between the old and the new, between what was fashioned before and what has to be fashioned now, has become more pronounced and the conflict more intense. For as the size of the capitalist container has grown it has enmeshed a larger and larger number of people, living in an ever expanding portion of the globe, in tightening webs of interdependence. This has raised their vulnerability to developments that they frequently do not understand, and in any case cannot control. Violence is both a symptom and a product of that loss of control.

Today as Capitalism embarks upon its fifth cycle of expansion, it is breaking the mould of the nation State altogether. In doing so it is beginning to generate enormous pressures for shattering the international State system that served a world of nation states. As a result, literally every human institution, from the welfare state to the nation state, is under assault because these institutions, which were till recently regarded as the crowning achievements of civil society, have become obstacles to the development of global capitalism. Globalisation is, therefore, anything but a 'return to the future'.

In every new cycle of expansion, the task of tearing down old political and economic institutions in order to build new ones has fallen upon one hegemonic power. During the first cycle of its growth, the hegemonic power was Spain, in alliance with the widely dispersed Genoese banking 'nation'. In the second it was Amsterdam allied to the House of Orange. In the third it was Britain, and in the fourth it was the US. In the fifth cycle too it is predominantly the US. What has still to be decided is whether the US will be able to exercise its hegemony alone or will be compelled to do so in concert with other major industrial

powers, through organisations like NATO and the UN.

The twentieth century was exceptionally violent because disorder erupted not once but twice. The first time was when American hegemony replaced British in the final expansion of Capitalism within the framework of the nation state. The second was during the 'crisis' decades', when capitalism burst the confines of the nation state. In contrast to the nineteenth century, therefore, conflict has been endemic in the 20th century. Looking back, it is apparent that for the greater part of the twentieth century mankind was not in control of its destiny.

In only 40 of its years, roughly 1900 to 1913 and 1946 to 1973, did the world know peace, stability *and a measure of tranquillity*. But even the tranquillity of the first period was exceedingly fragile, for the peace upon which it depended was already unravelling. The remaining 60 years were years of crisis and disorder in which human beings led fearful lives; in which they concentrated upon the present because the past was too terrible to remember, and the future too uncertain to contemplate.

Viewed against this dark background, the optimism that makes us instinctively believe that the next century can only be better, is more a fervent hope than an expectation. For deep within us, we know that the current, fifth, cycle of capitalism's expansion has only just begun. It is still predominantly tearing down the institutions that served us so well in the past, not building the institutions we will need in the future. That challenge still lies ahead of us, and no one can be sure that humanity has the sagacity to meet it. W H Auden wrote in the thirties, "We are lived by powers we pretend to understand," That sums up the plight of humanity today.

**Notes**

[1] India: A Political Economy of Stagnation. Oxford University Press New Delhi, 1980.
[2] The Hindu: *The Seeds of Future Conflict*. July 1 and 8, 1995 and a preliminary essay on June 24, 1995.
[3] Paola Agosti and Giovanna Borghese: *Mi pare un secolo: Ritratti e parole di centosei protagonisti del Novecento* Quoted By Eric Hobsbawm: The Age of Extremes. p.1. Michael Joseph, 1994. Abacus 1995.
[4] Ibid.. p. 13.
[5] Agosti and Borghese: Ibid.
[6] Zbigniew Brzezhinsky: Out of Control: Global Turmoil on the Eve of the Twentyfirst century.Prentice hall&IBD. 1993. Quoted By Hobsbawm op.cit. p.12.
[7] "The Responsibility to Protect" Report of the International Commission on Intervention and State Sovereignty. Presented to the United Nations general Assembly on 18 Dec, 2001. P. 13.
[8] Francis.T Fukuyama: The End of History. Published as the Summer issue of the policy journal, the *National Interest*" in 1989.

[9] Published as the Summer issue of the policy journal, the *National Interest*" in 1989.
[10] Samuel Huntington: *The Third Wave. Democratization in the late twentieth Century*. University of Oklahoma Press 1991.
[11] The exceptions were the UAE, Saudi Arabia, and Kuwait.
[12] 25 were non-democratic and 5 were in transition,
[13] Ibid. p.59
[14] Quoted by Friedman. Op. Cit. P. 249.
[15] Karl Polanyi: *The Great Transformation*. Beacon Press, Boston Chapter 1. Pp. 5-10.
[16] Friedman op. cit.. p.250.
[17] T Ozawa : The Flying Geese Paradigm of FDI: Economic Development and Shifts in Competitiveness. Colorado State University mimeo, 1995.
[18] Paul Krugman: Peddling Prosperity W.W. Norton and co. New York and London. 1994.. p.258.
[19] Edward. D. Mansfield and Jack Snyder in Democratization and War. *Foreign Affairs* May-June 1995.pp 79-97.

[20] Thomas Friedman: *The Lexus and the Olive Tree*. Harper Collins Publishers, London Paperback edition 2000. P. 248.
[21] Caplan and Feffer (eds): : "Challenges of a New Era"by Caplan and Feffer, in *State of the Union 1994*. Westview Press, 1994. P. 16.
[22] Jessica T. Matthews: op.cit. p. 51
[23] Stephen John Stedman: The New Interventionists. *Foreign Affairs*. January-February 1993. Pp 1-16.
[24] Speech at Georgetown University. Quoted by Caplan and Feffer, op.cit.p.15.
[25] Robert Kagan: Power and Weakness. Policy Review No. 113. , 18 November 2002.
[26] Anthony Giddens: Beyond Left and Right: The Future of Radical Politics.Polity Press. Cambridge UK, 1994. Chapters 1 and 2.
[27] Samuel P. Huntington: The Clash of Civilizations. Foreign Affairs. Summer 1993, v72, n3, p22-50
[28] Ibid.
[29] Edward Luttwak: Toward Post Heroic Warfare. *Foreign Affairs* May June 1995.( pp. 109-122) p. 111.
[30] See The Los Angeles Times: The Islamic Blowback. 4,5,6, and 7 August 1996.
[31] Jeffrey D. Sachs: The End of Poverty: How we can make it happen in our lifetimes. Penguin Books London 2005.
[32] This profound insight was first provided by Karl Polanyi in his analysis of the reasons for the success of the industrial revolution in Britain. Polanyi pointed out that had the Tudor and early Stuart monarchies not resisted the commercialisation of agriculture and the wholesale displacement of tens of thousands of peasants from the land, the rate of displacement would have been so great that the poor would have overwhelmed the political system. The commericalisation process would then have ruined England instead of laying the foundation for its later rise and pre-eminence. The difference between Tudor England and the global polity today is that there is no global counterpart to the Tudor monarchy that can moderate to moderate the pace of global change. The Great Transformation. Beacon paperbacks, 1957. pp 33-40.
[33] Ibid. p 584
[34] Despite being one of the most frequently used terms in the English language 'Globalisation' is very poorly understood. Although the word 'Global' is about 400 years old, it was not turned into a verb or adjective ('globalise' or 'globalising') till around 1960. The Economists report that 'Italy's 'globalised' quota for the import of cars had increased', on April 4, 1959 may well have been the first such use. Webster became the first dictionary to include the term globalisation in1961, and the conservative Oxford English Dictionary held off till 1989([34] Malcom Waters: Globalisation . Routledge, London and New York 1995, p.2.).. Since then there as been a flood of literature on Globalisation. Despite this there is still no consensus on, what Globalisation is. The following set of definitions, picked almost at random, serves to illustrate this.

Zygmunt Baumann a well-known German philosopher defines, or perhaps describes, it as follows: 'Globalization is on everybody's lips; a fad word fast turning into a shibboleth, a magic incantation, a pass key meant to unlock the gates to all present and future mysteries. For some it is what we are bound to do if we wish to be happy; for others it is the cause of our unhappiness. For everybody, though it is the intractable fate of the world, an irreversible process…..The term 'time/space compression' encapsulates the ongoing multifaceted parameters of the Human condition'.( Zygmunt Bauman -- Globalization: The Human consequences (European Perspectives).Columbia University Press.New York. P 1-2.)

According to Malcolm Waters, who wrote one of the first books that tried to make sense of globalisation for students and non-academic readers, Globalisation is a social process in which the constraints of geography on social and cultural arrangements recede and in which people become aware that they are receding.( p.3). It is a spread of western culture and capitalist society by forces that are beyond human control. He cites three views about when Globalisation began:

"a) It has been going on since the dawn of history but… 'there has been a sudden and recent acceleration'.

b) Globalisation is co-temporal with modernisation and the development of capitalism and that there has been a (still more ) recent acceleration. This recent is not the earlier recent.

c) A recent phenomenon associated with other developments such as post capitalism, post modernism, and the disorganization of capitalism."(p.4)

Discounting his use of the same word for three lengths of time, Waters says it is basically the second. He says that from the 15th – 16th centuries Globalisation was a linear, i.e a continuous process. The date is significant because it coincides with the beginnings of the modern state and the first attempts to construct a national market. Waters explicitly rejects the third proposition. (Macolm Waters: Globalization. Routledge. London and New York. 1995 and 2001. p. 4.

Thomas Friedman, author of another best seller, *The Lexus and the Olive Tree*, defines it as follows: 'it is the inevitable integration of markets, nation states and technologies to an extent never witnessed before-- in a way that is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper, cheaper than ever before. (op. cit. P.9).

Manuel Castells, one of the most profound and thought provoking analysts of the impact of globalisation on human society, defines it as the rise of informational capitalism. "Space and time, the material foundations of human experience have been transformed as the space of flows dominates the space of places and timeless time supercedes the clock time of the industrial era"( Manuel Castells: Capitalism in the Information Age Vol III -- The End of Millennium .Basil Blackwell. p. 1)

Samir Amin characterises globalisation as the breakdown (not the continuation) of classical capitalism. The latter was characterised by two developments. The first was a polarisation of the world between the Centre and the Periphery. The second was the crystallisation of core industrial systems, which were, in his words, 'national and auto-centered'. This second process went hand in hand with the construction of the 'national Bourgeois' i.e industrialised Nation State.

By contrast, he sees globalisation as the industrialisation of the periphery. This has taken place as part of the dismantling of the auto-centred national production, and its reconstitution into an integrated international system of industrial production. In short the key difference is that *industrial production which lay at the core of the classical capitalist organisation of society has ceased to be national and has become international* ([34] Samir Amin: Capitalism in the age of Globalisation. Zed Books. P. 1-2,)

Amin apart, all the above definitions are imprecise. They all describe rather than define. They tell us the symptoms of globalisation, not its cause. All see it as a continuous process stretching back to at least the early 19th century, and in some cases implicitly a long way further back. By implication therefore, they reject the idea that it is something new, or at most concede that incremental change in many fields has created a previously unforeseen synergy that has opened up new vistas for human progress.

Samir Amin is the only one of the above authors who sees globalisation as an overturning of national by global capitalism and therefore as a new epoch in human evolution. To use one of Karl Marx's terms, he sees a contradiction between national and international capitalism, as systems for the organisation of the one must necessarily destroy the other if it is to survive and flourish. What is on its way out is national capitalism. What society. This means that is on its way in is world, or global capitalism.

[35] At least since the development of the water wheel which replaced human and animal power with mechanical power. See chapter 2 below.
[36] Arrighi: op. cit. p.30

*'A strikingly intelligent, lucid and troubling book. ... It is essential reading.'*
*ERIC HOBSBAWM from the foreword*

This groundbreaking book offers an in-depth historical perspective on the rise of capitalism, written by one of the leading scholars of the Global South.

Arguing that globalisation is generally poorly understood, Jha offers a new synthesis of political and economic theory that sheds light on the consequences of rapid industrialisation worldwide. Writing from outside the usual Western perspective, the book challenges many of the usual preconceptions about the impact of globalisation.

Jha argues that capitalism has developed in four major stages. With a foreword by Eric Hobsbawm, the book provides a detailed history of the rise of capitalism from its early days through the industrial revolution until today. Examining the role of the nation state, this book presents a truly unique perspective on globalisation that will be of interest to all students of economic theory and international relations.

*'Prem Jha is one of the few experts on globalization from the developing world. He offers a cogent and valuable account of its grand possibilities but also warns against its pitfalls.' SHASHI THAROOR*

Prem Shankar Jha is a columnist and former editor of the *Hindustan Times*, New Delhi's main morning daily. He has been a Visiting Fellow at Harvard University and a Visiting Professor and Lecturer at the University of Virginia. His books include *India: A Political Economy of Stagnation* (1980), *In the Eye of the Cyclone: The Crisis in Indian Democracy* (1993), *Kashmir 1947: Rival Versions of History* (1996) and *The Perilous Road to the Market* (2001).

ISBN 0-7453-2529-7
9 780745 325293

PLUTO PRESS
London • Ann Arbor, MI
www.plutobooks.com
Cover design: Liz Orme