GLOBALIZATION AND HISTORICAL MACROSOCIOLOGY

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Globalization and Its Contents

History continually makes untidy the neat conceptual frameworks and theoretical speculations with which we endeavor to understand the past and forecast the future of the world we live in. In our attempt to cope with the "chaos of existential judgements" (Max Weber's phrase) engendered by events and processes that challenge our understanding of the world, we tend to deny or exaggerate the novelty of what is actually happening. Denial leads to changes in the familiar meaning of words. Exaggeration leads to the coinage of new words of uncertain meaning. Either way, to paraphrase John Ruggie (1994, p. 553), "[t]imes of change are also times of confusion."

Some twenty-to-thirty years ago the main source of confusion in the study of the global political economy was the persistent use of the term "imperialism" to designate tendencies that in key respects were antithetical to the tendencies that had been the object of classical theories of imperialism, both liberal and Marxist. In a critique of this anachronistic use of the term, I underscored how the establishment of US hegemony after the Second World War had dissolved the very explicandum of classical theories of imperialism, namely, the tendency of intercapitalist competition to translate into open and generalized warfare. The growing tendency of processes of capital accumulation to become organized in multinational corporations undermined the separate and mutually exclusive character of nation-states on which classical theories of imperialism had been premised. Far from leading advanced capitalist states toward open and generalized warfare, this tendency could be expected to lead them toward what the liberal founder of theories of imperialism, John Hobson, had called "experimental and progressive federation" (Arrighi, 1978, p. 148 and passim).

Twenty years after this was written the term imperialism has for all practical purposes disappeared from social-scientific discourse and the problem is no longer one of a theory that has lost its explicandum. Rather, it is the problem of an ill-defined explicandum ("globalization") in search of theories capable of making sense of whatever is brought to our attention by the use of this term. Given the uncertain meaning of the term, the search must begin with an inventory of the processes that go under the name of globalization and actually deserve our attention.

The most widely recognized among these processes is the one I had used in my epistemological critique of theories of imperialism: the growing number and variety of corporations that organize their profit-making activities across state boundaries. The idea that the emergence of a system of multinational corporations undermines the power of states--not just of the smaller and weaker states that never had much power to begin with, but of the larger and stronger states as well--has been around ever since Charles Kindleberger (1969, ch. 6) declared that this emergence meant that the nation-state was "just about through as an economic unit." It was only some twenty years later, however, that this idea was recycled with other ideas under the new name of globalization.

What happened in those twenty years is that the expanding system of multinational corporations had set off two other processes that acquired a momentum of their own and gave credence to the idea that there is only one, indivisible, global market economy. One process is what came to be known as "financial globalization" and the other is the revival of neo-utilitarian doctrines of the minimalist state. In the wake of the Great Depression of the 1930s and of the Second World War, financial markets had become nationally segmented and publicly regulated. The expression "financial globalization" came into use to denote the process of reintegration of these markets into a single, largely unregulated global market. As a result of this reintegration and deregulation, global <u>private</u> finance--"high finance," as it was known in the nineteenth century--"[l]ike a phoenix risen from the ashes... took flight and soared to new heights of power and influence in the affairs of nations" (Cohen, 1996, p. 268).

This resurrection of global high finance was accompanied by the parallel resurrection of long discredited doctrines of the self-regulating market--what Karl Polanyi (1957, chs. 12-13) aptly called "the liberal creed." As the creed spread, vigorous attempts by governments to regulate the production and distribution of world money subsided, thereby adding new momentum to the deregulation and global reintegration of financial markets. The financial system that emerged as a result of this double resurrection was in fact no more "global" than the preceding Bretton Woods system. The term globalization was thus introduced primarily to denote "a shift from one global system (hierarchically organized and largely controlled politically by the United States) to another system that was more decentralized and coordinated through the market, making the financial conditions of capitalism far more volatile and far more unstable" (Harvey 1995, p. 8).

David Harvey confesses that in his more cynical moments he finds himself wondering whether "the financial press... conned us all... into believing in `globalization' as something new when it was nothing more than a promotional gimmick to make the best of a necessary adjustment in the system of international finance" (1995, p. 8). Gimmick or not, the idea of globalization was from the start intertwined with the idea of intense interstate competition for increasingly volatile capital, and a consequent tighter subordination of most states (the United States included) to the dictates of private capitalist agencies. Globalization may be a misleading term with which to denote the shift from a global financial system controlled by a hierarchy of governmental agencies headed by the United States to an equally global financial system in which governments have little control over their finances and compete fiercely with one another for the favor and assistance of privately controlled capital. But whether or not we want to retain the term, we can hardly hope to make sense of what has been going on in the world over the last twenty years or so without paying close attention to the shift itself.

The attention is all the more justified in view of the fact that the shift has been associated with two other epoch-making events: the sudden demise of the USSR as one of two global military superpowers and the more gradual but still extraordinarily rapid rise of East Asia as an industrial and financial powerhouse of global significance. Taken jointly, the two events provide additional evidence in support of the view that the sources of wealth, status and power in the contemporary world are undergoing some fundamental changes.

On the one hand, the sudden collapse of the USSR has demonstrated beyond reasonable doubt what was already implicit in the far more gradual and limited disempowerment of the United States in the financial sphere, namely, how vulnerable even the largest military-industrial complexes in world history have become to the forces of global economic integration. On the other hand, in spite of recent setbacks, the extraordinary economic expansion of East Asia has demonstrated that the forces of global integration do not necessarily disempower states. But the states that have experienced the greatest empowerment do not fit the predominant image of nation-states. Some are city-states--one sovereign (Singapore) and one semisovereign (Hong Kong). Others are semisovereign military protectorates of the United States--Japan, South Korea, and Taiwan, as Bruce Cumings (1997) has characterized all of them. And all are of no global military significance and far removed from the traditional power centers of the Western world. Again, globalization may be a misnomer for whatever is going on. But the sea-change that the use of the term purports to signify poses serious challenges to established ways of thinking about the world.

Historical Macrosociology Meets Globalization

In the same period that globalization transformed the world, North American macrosociology was itself transformed by the emergence of two new schools of thought, one organized primarily in the Comparative and Historical Sociology (CHS) section, and the other in the Political Economy of the World-Systems (PEWS) section of the American Sociological Association. Both schools aimed at mobilizing historical knowledge toward the solution of macrosociological problems. But they diverged radically in the way in which they defined their fields of study.

Under the slogan "Bringing the State Back In," CHS scholarship typically took states as its privileged unit of analysis, and proceeded to analyze them in search of generalizations about common properties and principles of variation among instances across space and time. PEWS scholarship, in contrast, typically took systems of states encompassed by a single division of labor as its privileged unit of analysis, and proceeded to analyze them in search of generalizations about interdependencies among a system's components and of principles of variation among systemic conditions across space and time. Quite a few individuals crossed the methodological divide. By and large, however, the mainstreams of the two historical macrosociologies developed in almost complete isolation from one another and without much awareness of the fact that different problems require different units of analysis.

At first sight it might appear that globalization has challenged more fundamentally CHS than PEWS macrosociology. Is not globalization dissolving the coherence and independence of states, on which CHS macrosociology is premised? And is it not bringing to everybody's attention the transnational interconnectedness of processes of state formation and capital accumulation, on which PEWS macrosociology is premised?

Understandably, PEWS scholars have not been shy in making claims of this kind.

> Today the phrases `world-economy',`world-market', and even `world-system' are commonplace, appearing in the sound-bites of politicians, media commentators, and unemployed workers alike. But few know that the most important source for these phrases lies with work started by sociologists in the early 1970s.... Not only did these [world-systems sociologists] perceive the global nature of economic networks 20 years before such networks entered popular discourse, but they also saw that many of these networks extend back at least 500 years. Over this time, the peoples of the globe became linked into one integrated unit: the modern `world-system.' (Chase-Dunn and Grimes, 1995, pp. 387-8; see also Friedmann, 1996, p. 319)

Just as understandably, CHS scholars have been more reluctant to acknowledge the problems that globalization poses for their privileged unit of analysis. In revisiting the field of the comparative analysis of social revolutions fifteen years after the publication of her highly influential study on the subject, Theda Skocpol (1994) does not even mention globalization as creating (or not creating) problems for the state-centered method of analysis of which she has been among the most forceful advocates. Peter Evans, another prominent CHS scholar, does confront the revival of neo-utilitarian theories of the minimalist state but only to reiterate the centrality of the state in economic development and in macrosociological analysis (1995 and Kohli et al 1995).

Both kinds of claims--that globalization has demonstrated the validity of PEWS macrosociology, or that it has not undermined the validity of CHS macrosociology--are in many ways justified. Nevertheless, neither kind of claim has gone unchallenged from within the school in which it has been made. Far from welcoming the popularity of world-systems terminology, Immanuel Wallerstein has warned his fellow PEWS macrosociologists that this semantic appropriation "for other, indeed opposite purposes [than those of world-systems analysis].... can cause serious confusion in the general scholarly public, and even worse, may lead to confusion on our own part, thus undermining our ability to pursue the tasks we have set ourselves" (1998, p. 108). Charles Tilly, for his part, has warned his fellow CHS macrosociologists that globalization poses a serious threat to their privileged method of analysis, because "the system of distinct, bounded sovereign states that long served as its implicit warrant is rapidly disintegrating" (1995, pp. 3-4).

More important, as a recent exchange between Tilly and Wallerstein shows, each variant of historical macrosociology has its own blind spots and bright lights in recognizing globalization as a macrosociological problem worthy of attention. In the article that prompted the exchange, Tilly defines globalization as "an increase in the geographical range of locally consequential social interactions, especially when that increase stretches a significant proportion of all interactions across international or intercontinental limits." He suggests that over the last millennium at least three waves of political and economic globalization did just that. First, in the thirteenth century, when the formation of the Mongol empire created the conditions for the emergence of the Afroeurasian world trading system analyzed in great detail by Janet Abu-Lughod (1989). Second, in the sixteenth century, "when European commercial and military expansion connected the Indian Ocean with the Caribbean through a dense web of exchange and domination." And third, in the nineteenth century, "when a rush for empire put four-fifth of the world's land area under the dominion of European peoples" (Tilly et al, 1995, pp. 1-2).

Tilly then goes on to list nine items that seem to him to provide strong circumstantial evidence that we may be in the midst of a new wave of globalization. In his subsequent discussion of the effects of this new wave on workers' rights, he contrasts the impact on state capacities of the present wave with that of the previous wave. In the midst of the nineteenth-century wave, that is from about 1850, states (in fact, European and other Western states on which Tilly's contentions are based) acquired enhanced means of influencing technological innovation, employment, investment, and supplies of money by acting more vigorously to monitor and control the accumulation, movement, and transfer of capital, goods, persons and ideas within and across national frontiers. In the present wave, in contrast, states are losing the capacity to monitor and control such stocks and flows, and therefore to pursue effective social policies. "Multinational corporations, international banking syndicates, and large criminal organizations are engineering some of these changes, but so are multinational compacts such as the European Community" (Tilly et al, 1995, pp. 14-18).

In his response, Wallerstein claims to have no major disagreement with the overall picture drawn by Tilly except on two related issues. First, he rejects the idea that "[t]he origin of the decline of the strong state is the rise of the `powerful supranational organizations,' not least of which are the transnational corporations." In his view, powerful supranational organizations like the IMF exist because there are powerful states that support them. More important,

> transnational corporations are maintaining today the same structural stance vis-a-vis the states as did all their global predecessors, from the Fuggers to the Dutch East India Company to nineteenth-century Manchester manufacturers. They both need the states and fight the states. They need the states to guarantee their global attempts at monopolization and hence high profit levels, as well as to help limit the demands of the workers. They fight the states insofar as the states act as protectors of antiquated interests or are overresponsive to workers' pressures. I see nothing fundamentally different in this regard in 1994 from 1894, 1794, or even 1594. Yes, today there are fax machines, which are faster than telegraph wires, which are faster than messengers. But the basic economic processes remain the same.... What has changed of late is not the economics of the world-system but its politics. (Wallerstein in Tilly et al, 1995, 24-5)

This brings Wallerstein to his second major disagreement with Tilly. The shrinking of the state pioneered by Thatcher and Reagan was not a reaction to the decreasing effectiveness of state action in the context of proliferating supranational and transnational organizations as Tilly maintains. Rather, it was a reaction "to the <u>increasing</u> effectiveness of state-induced redistribution by trying to shrink the state and delegitimize redistribution.... It was not that states were wasting money; it was simply that they were spending too much." And they were spending too much because "the combined demands of the Third World (for relatively little per person but for a lot of people) and the Western working class (for relatively few people but for quite a lot per person)" far exceeded what world capitalism could accommodate (Wallerstein in Tilly et al, 1995, pp. 25-6).

As we shall see in the next section of the paper, Wallerstein's first disagreement with Tilly points to theoretical constructs that PEWS scholarship is most in need of "unthinking", while the second disagreement points to the direction in which CHS scholarship has to do most of the "unthinking". Before we proceed, however, let us notice that these disagreements arise in the context of a basic agreement on the assessment that globalization is not as unprecedented a phenomenon as most observers think, and that an understanding of its meaning and prospects requires a temporal horizon that encompasses centuries rather than decades. In itself, this agreement constitutes important common ground on which the two variants of historical macrosociology can join forces to make sense of today's wave of globalization.

Equally promising is the reversal of roles evinced by the exchange. Tilly, whose historical macrosociology has been squarely based on national states as privileged units of analysis, takes the emerging institutions of world capitalism so seriously as to dismiss the continuing significance of national states as movers and shakers of the contemporary world. Wallerstein, whose historical macrosociology has been just as squarely based on the world capitalist system as privileged unit of analysis, upholds the continuing significance of national states to the point of dismissing the novelty of the emerging institutions of world capitalism. We should not make too much of this reversal, because Tilly has long been aware of the importance of world capitalism in processes of state formation, and Wallerstein has always attached to national states an importance in the formation and expansion of world capitalism that is even greater than I think they deserve. Granted this, the reversal can still be taken as evidence of a potential breach in the methodological divide that has long kept CHS and PEWS scholarship aloof from one another.

Making Sense of Globalization

In order to make sense of globalization and gain some insight into the possible and likely outcomes of the interrelated processes and events that go under that name, we need to know three things. First, we need to know what is truly new in the present wave of globalization in comparison with earlier waves. Second, we need to know whether genuine novelties, if any, can be inscribed in some evolutionary pattern that we may be able to detect in the sequence of waves of globalization. And finally we need to know whether and how the novelties that cannot be so inscribed can conceivably lead to a departure from past patterns of recurrence and evolution.

In giving my own tentative answers to these questions, I shall focus on three issues that seem to me to call for some deep unthinking on the part of either or both variants of historical macrosociology. The first two issues correspond to Wallerstein's disagreements with Tilly--that is, first, whether the structural stance of the leading business organizations of world capitalism vis-a-vis the states is today the same as it has been since the sixteenth century, and second, whether the true novelty of the present wave of globalization is the difficulty that the dominant institutions of world capitalism face in accommodating the combined demands of Third World peoples and the Western working classes. The third issue figures only tangentially in Tilly's Controversy article, and not at all in Wallerstein's response, but is probably the most important. This is the issue raised by the seeming relocation of the epicenter of the global economy to East Asia where it was at the time of the first wave of globalization in Tilly's list.

In order to settle the first issue, PEWS macrosociologists must be prepared to unthink what many of them have come to regard as the quintessence of world-systems theory. This is the idea that, in spite of their extraordinary geographical expansion, the structures of the world capitalist system have remained more or less the same ever since they first came into existence in the "long" sixteenth century. This was a useful working hypothesis in the formative stages of PEWS macrosociology. The more I have worked with it, however, the more I have become convinced that the hypothesis does not stand up to historico-empirical scrutiny, and even worse, it prevents us from getting at the heart of the capitalist dynamics, both past and present.

As I have argued and documented elsewhere (Arrighi 1994), we can indeed detect a pattern of recurrence in state-capital relations from the earliest stages of formation of the world capitalist system right up to the present. This pattern consists of recurrent financial expansions in the course of which the leading capitalist organizations of the time tend to withdraw a growing proportion of their incoming cash flows from trade and production and reorient their activities towards borrowing, lending and speculating. In all financial expansions--from Renaissance Florence to the Reagan era--the switch from trade and production to finance was made profitable by an intensification of interstate competition for mobile capital. Except for the scale and scope of the competition and the speed of the technical means deployed in financial deals, the basic political-economic process is in this respect the same in the late twentieth century as it was one, two, four or even six centuries ago.

Financial expansions, however, are not the expression of an invariant structural relationship between states and capital. On the contrary, they signal the beginning of a fundamental restructuring of that relationship. They are, in Fernand Braudel's words, a "sign of autumn" of major capitalist developments (1984, p. 246). They are the "season" when the leading organizing centers of world capitalism reap the fruits of their leadership, and at the same time, begin to be replaced at the commanding heights of world capitalism by a new leadership. Thus, in the Genoese-led financial expansion of the second half of the sixteenth century, city-states like Venice and transnational business diasporas like the Genoese gradually lost their centrality in world-scale processes of capital accumulation. Over time their place was taken by a proto-nation-state (the United Provinces) and its chartered companies, which lost their own centrality in the course of the Dutch-led financial expansion of the eighteenth century. The new organizing center then became the British nation-state with its world-encompassing formal empire and informal business networks. But as soon as these governmental and business institutions experienced their own apogee in the British-led financial expansion of the late nineteenth and early twentieth centuries, they too began to be replaced at the commanding heights of world capitalism by the continent-sized United States with its panoply of multinational corporations and far-flung networks of quasi-permanent military bases (Arrighi, 1994, pp. 13-16, 74-84, 235-8, 330-1).

In this sequence, the recurrent emergence of new leading complexes of governmental and business agencies that are more powerful, both militarily and financially, than the complexes they replace, is the key aspect of the expansion of world capitalism from its modest beginnings in late-medieval Europe to today's all-encompassing global dimensions. The emergence of multinational corporations as key components of the US complex has been part of this pattern. But the issue raised by Tilly is whether in the course of the present, US-led financial expansion they have become a force that undermines rather than buttresses state capacity, the capacity of the United States included.

The most appropriate way of settling the issue is through a comparison of multinational corporations with their closest analog in capitalist history--the joint-stock chartered companies of the seventeenth and eighteenth centuries. In this comparison two differences immediately stand out. First, whereas joint-stock chartered companies were half-business, half-governmental organizations that specialized territorially in the monopolization of commercial opportunities in the non-European world on behalf of the governments that had chartered them, multinational corporations are strictly business organizations that specialize functionally across the boundaries of sovereign states. Second, whereas joint-stock chartered companies depended for their very existence on exclusive trading privileges granted by their metropolitan governments, multinational corporations have established and reproduced themselves primarily on the basis of the competitiveness of their managerial hierarchies.

Taken jointly, these two differences have channelled the development of the two kinds of corporate capitalism along opposite paths in so far as their respective relations to Western states is concerned. Owing to their territorial specialization and exclusiveness, viable joint-stock chartered companies of all nationalities were always few in numbers (probably no more than a dozen or so at any given time), and all were and remained an instrument of European states in the non-European world at a time when European states were still weak by global standards. Although most of them did not accomplish much, the imperial heritage left behind by the English East India Company, for example, in itself became a decisive factor in the nineteenth century global expansion of British and Western dominance.

The number of multinational corporations operating under US hegemony, in contrast, has been incomparably greater owing to their transterritoriality and functional specialization in a greatly expanded world-economy. Moreover, their number has been growing very rapidly in recent years--according to some estimates, from over 10,000 in 1980 to three times as many in the early 1990's (Stopford and Dunning, 1983, p. 3; Ikeda, 1996, p. 48). Originally this new species of corporate business played a role in the maintenance and expansion of the global power of the United States that was not unlike the role played by chartered companies in the seventeenth and eighteenth centuries in relation to Dutch and British power (Gilpin, 1975, pp. 141-2). Soon, however, their proliferation backfired on US power. This happened exactly when the US government most needed a "cut" on the claims that the US multinationals had established on foreign incomes and resources--at the time, that is, when the fiscal crisis of the US "warfare-welfare state" became acute under the impact of the Vietnam war and the US civil rights movement. As the crisis deepened, a growing proportion of the overseas cash flows of US corporations, instead of being repatriated, flew to offshore money markets, precipitating the collapse of the US controlled Bretton Woods system (Arrighi, 1994, pp. 300-8).

In short, <u>pace</u> Wallerstein, there is plenty of evidence to support Tilly's contention that the ongoing expansion in the number and variety of multinational corporations constitutes a novelty in state-capital relations. Whether or not multinational corporations "need the states" like their global predecessors, and in many respects they undoubtedly do, the <u>unintended</u> result of their proliferation is a disempowerment of Western states, in sharp contrast with their empowerment before and during the nineteenth century wave of globalization. Nevertheless, it does not follow that this disempowerment has been the main driving force behind the offensive against workers' rights pioneered by Thatcher and Reagan through a revival of neo-utilitarian doctrines of the minimalist state. On the contrary, on this second issue it is Tilly's rather than Wallerstein's contention that does not stand up to historico-empirical scrutiny, and it is CHS rather than PEWS macrosociology that has to do most of the unthinking. Three main considerations seem to me to tilt the scales of the evidence against Tilly.

First, the revival of neo-utilitarian doctrines cannot be attributed to a novelty of the late-twentieth century precisely because it is a revival. What's more, it is a revival of doctrines that first became hegemonic within the Western world in the second half of the nineteenth century--at a time, that is, when by Tilly's own account Western states were experiencing an empowerment rather than a disempowerment. And finally, 100 years ago these doctrines neither were, nor were they perceived by workers, to be an attack on their rights and living conditions, as witnessed by the support that the British working class and Labor Party granted to Britain's unilateral free trade. Clearly, either the neoliberal creed that was revived in the 1980's means something completely different than what the original creed meant 100 years ago, or the revival cannot be attributed to historical circumstances (a disempowerment of Western states) that are the opposite of what they were 100 years ago.

Second, the massive flight of capital to extra-territorial financial markets that in the late 1960s initiated the disintegration of the US-controlled Bretton Woods system, occurred in the context of escalating demands for high mass consumption in the First World and for national self-determination and development in the Third World. In leading the flight, multinational corporations were expressing a vote of no confidence in the capacity of the United States and its European allies to prevent these combined demands from seriously undermining the profitability of their global operations. The unintended result of this vote of no-confidence was a further weakening of that capacity and a consequent generalized perception that the US world order was in a serious crisis. For most of the 1970's, however, the dominant force in the dynamics of crisis remained First and Third World social movements that sought delivery on the promises of the global New Deal that undergird the US world order (cf. Arrighi, 1982; Arrighi, Hopkins and Wallerstein, 1989; Arrighi, 1994).

Finally, in spite of its state minimalist rhetoric, the Thatcher-Reagan response to the crisis of the 1970's was not to "shrink the state" in reaction to "the decreasing effectiveness of state action," as Tilly maintains. Far from shrinking, the US government under Reagan accumulated a larger national debt than at an time during US history; and it is this debt, more than anything else, that today ties the hands of the US government both domestically and globally. The main thrust of the Thatcher-Reagan response was instead the use of a bloated state to deflate the social power of First World workers and Third World peoples in an attempt to regain the confidence and support of an increasingly transnationalized and volatile capital. The attempt was largely successful but at the cost of a further disruption of what was left of the Cold War world order. This disruption included the proliferation of forms of war involving forces other than disciplined national armies--a proliferation that Tilly correctly identifies among the most important signs of a general weakening of state capacity (Arrighi, 1994, Epilogue; Tilly et al, 1995, pp. 17-18).

In sum, the offensive against workers' rights that has characterized the present wave of globalization is rooted in world-historical circumstances that are radically different from those of the nineteenth century wave of globalization. Although the presence of a large and growing number and variety of multinational corporations is one of the circumstances that are different, this is not the difference that has prompted the offensive. In order to understand the offensive and its prospective consequences, we must focus on the difference in power relations not between states and capital but between Western states and non-Western peoples. We must focus, that is, on the fact that in the nineteenth century wave of globalization, the power of Western states vis-a-vis non-Western peoples was high and still rising, whereas in the present wave it is lower and declining further.

This is a difference that CHS macrosociology is not well-equipped to deal with, unless it is prepared to do its own share of unthinking. For its entire research program has been premised on the assumption that states--including and especially the European states that have constituted the program's overwhelming concern--are distinct and bounded units whose properties are primarily determined by what goes on inside of them or, at most, by their mutual competition. Useful as it has been in the identification of common properties and principles of variation among states across space and time, this assumption has made CHS macrosociology oblivious to two among the most basic facts of state formation in the modern era: first, that throughout the modern era power relations within and among Western states have been thoroughly shaped by power relations between Western states and the non-Western world; and second, that what Western and non-Western states have become is largely the outcome of a process of violent conquest of the world by European states. This is the process that materialized most conspicuously in Tilly's second and third waves of globalization, and the reversal of which is responsible for the most important peculiarities of the present wave. How can we make any sense of the nineteenth century, British-led wave of globalization without focusing on the relationship of Britain to its Indian empire? And conversely, are not many of the problems faced by the United States in the present wave of globalization due to the fact that, unlike Britain in the nineteenth century wave, it has no Indian empire to cover its balance of payments deficits and to supply the military manpower needed to police the world?

Envoi

Let me conclude by pointing to a final issue that the Tilly-Wallerstein exchange does not raise, but is probably the most critical to understanding the prospective consequences of the present wave of globalization. The issue figures prominently in Andre Gunder Frank's latest book (Frank 1998) but it was first raised within PEWS macrosociology by Janet Abu-Lughod's study of what Tilly lists as the first wave of globalization of the past millennium. In the concluding pages of her book, she suggests that the thirteenth century wave of globalization, loose and tenuous as it was, may be as relevant to an understanding of our future as anything that happened ever since (1989, pp. 369-72).

What happened since is that European states gradually conquered the world and turned it into a new, denser and stronger system centered on Europe itself. Although the center of the expanding system "migrated" from country to country and eventually to North America, "it remained within a common cultural zone that excluded African, Latin American, and Asian powers. And even though the economic and political institutions of the core underwent significant transformations, they remained within a tradition which was culturally Western." The social sciences have been part of this tradition and became so fixated on "studying the persistence and evolution of <u>the</u> 'modern' world-system that we are unprepared to understand what we sense may be its break-up or at least its radical transformation" (Abu-Lughod, 1990, 281-82).

The perception that something radical may be happening in this respect is obscured by the fact that "many of the former colonies of Europe in Africa and the Middle East, after gaining their independence in the wake of World War II, have actually been demoted in the world system" (Abu-Lughod, 1989, p. 370). After this was written, the perception was obscured further by the self-proclaimed "triumph of the West" in the Cold War--a claim that forgets that the USSR was no less part of the Western cultural tradition than the USA and that the Cold War was primarily a Western civil war. Nevertheless, as previously noted, the deflation in the power of many non-Western states, and further centralization of the power resources of the historic West, has been accompanied by an economic empowerment of states far removed from the traditional power centers of the West that has no precedent in the modern era. The empowerment is still surrounded by much uncertainty, as witnessed by the ongoing East Asian financial crisis. But crises of this kind have been typical of all emerging centers of world capitalism, including the United States during and after the Crash of 1929-31 (Arrighi, Silver et al, 1999).

As Abu-Lughod (1989, pp. 370-1) herself suggests, embryonic as this change still is, it may well be a sign that "the old advantages that underlay the hegemony of the West are dissipating". Although the centralization of means of mass destruction in US hands is unprecedented, the United States has neither the human nor the financial resources needed to translate that centralization into effective global power. And while none of the East Asian states that have grown rich under the carapace of US hegemony can even remotely challenge the US militarily, neither are any of them prepared to "write a blank check", let alone spill blood, to ensure the continuation of US military supremacy.

Instead of witnessing the usual fusion of a higher order of military and financial power that has characterized all past replacements of one leadership by another at the commanding heights of world capitalism, we are witnessing a fission that leaves global military power heavily concentrated in the hands of the declining Western hegemon and concentrates global financial power in East Asian hands (Arrighi, 1994, Epilogue). Under these circumstances, to paraphrase Abu-Lughod (1989, p. 371), it is indeed hard to imagine that the era of Western hegemony will be superseded by a new form of world conquest. And it does indeed seem more likely "that there will be a return to the relative balance of multiple centers exhibited in the thirteenth-century world system". Such a return would inevitably require "a shift to different rules of the game, or at least an end to the rules Europe introduced in the sixteenth-century."

Both variants of historical macrosociology have remarkably little to say on what these rules may look like and on how to monitor the process that may eventually bring them into existence. I suspect that this is because both variants have tried to fit the present rise of East Asia into theoretical constructs that are ill-suited for the purpose. Maybe the time has come to try the opposite strategy, that is, unthinking these constructs in the light of the recentering of the global economy on East Asia.

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