The world capitalist economy, its interstate system, and its class structure seem to be pursuing a development that may, like Frankenstein, have been created by man (and not by woman?), but which seems no longer to be subject to his/her control — least of all through the formulation and implementation of conscious political policy. Indeed, political and economic policies seem more and more to be an ineffective response to developments on the world stage that are largely beyond anyone’s control. They are minor determinants of these developments within the nation state, and are even less significant in the world at large. This uncontrolled economic, political and social development has generated and continues to generate situations and events whose contradictions of expectations and intentions can appropriately be called ironies.

We will examine some important ironies below for the period since the end of World War II, but they may be illustrated by a minor contemporary irony that was reflected in the International Herald Tribune under the title, “Reagan Sending New Signals to Moscow.” There it says: “It was ironical that President Jimmy Carter who came to office without any anti-Soviet bias, ran for re-election in 1980 after having virtually cut off all high-level contacts with Moscow. Mr. Reagan, known for his strong anti-Soviet views, will now be campaigning for re-election offering to put new life into most of the ac-
cords worked out by President Richard M. Nixon during the period of detente. Of course, it was also ironic that the American politician who had built his entire political career on anti-communism (beginning with his first election campaign against the liberal Helen Gehagan Douglas in 1948) had become the initiator and architect not only of U.S. detente with the Soviet Union, but also a U.S. alliance with the Peoples’ Republic of China — not to mention the inglorious end of the U.S. war against Vietnam. These are illustrations of the extent to which domestic or international political policy is far more a response to, rather than a determinant of, events. They indicate especially the almost total irrelevancy of political ideology and political leadership (not only in the United States, but in the Soviet Union, China and elsewhere).

If the stream of history obeys any laws or even observable regularities of historical development, it should be subject to scientific analysis and theoretical explanation and prediction, which could in turn be used to formulate policy with which to ride the stream. But in that case we must admit that most of our theoretical task still lies before us. Received social theory and its predictions, without even mentioning its capacity to guide political intervention, has time and again been dumbfounded by historical development. A renewed attempt to construct more-adequate theory — synthetically out of the observation of events — has only begun again just recently. In these pages, our purpose is not to construct such theory, but to call further attention to the need for theory by reviewing some of the ironies of recent history — those developments that contradict expectations and confound political attempts to influence history.

It may nevertheless be appropriate to begin by suggesting a few ideas about some of the constituent elements such theory would need to have — some of the criteria that it would need to meet — and to return to the same elements at the end of our historical review.

The first element or criterion is that such theory should be historical. That is, theory and analysis must be capable of examining the historical process of development. Secondly, such theory must be world-embracing — able to encompass the historical process on the world scale on which it takes place. Even if the objective is to understand only a particular time and place, or to formulate practical political policy for that time and place, the whole of which the particular event is but a part, and the history of which it is only a moment, can be left out of the account only at the risk of total scientific failure and political irrelevance. The reason is that whether we like it or not, each place or event in the world is part of a single world system (whose whole is more than the sum of its parts) — a world
system that has a long history. Both the system and its historical development are highly influential determinants of events at all times and in any of its parts.

A third essential element of such theory, because it is a determinant element of social reality, is the economic process — whether political voluntarists among us like it or not. Indeed, it may be that the most determinant motor force of the world historical process — and through it, of the social and political process in any national, cultural or other unit — is the single world-wide process of capital accumulation. The formation and behaviour of the many different nations, states (especially nation states), classes, cultures, and ideologies — not to mention political groupings and their leaders — would seem to be far more the manifestation of the single world-wide economic process of capital accumulation than constituent elements or determinants in their own right (as their spokesmen would voluntaristically, but unrealistically, have it). As we will observe below, the recent and continuing spectacular rise of nationalist, ethnic, religious and other movements in many different parts of the world does not contradict but rather expresses these dominant (if not determining) world-wide economic processes. Moreover — and this is the fourth constituent element in our social theory — the world economic process of capital accumulation appears to combine long cycles and trends that result in periodic economic crises. There is a world economic crisis right now, and it is generating many forms of cultural, ideological and political movements which seek (but do not have) autonomy from the economic process and its present crisis.

I. Ironies of International Political Relations in the World Economy

Central/Eastern Europe

World War II started in Central Europe, as did World War I and several wars before that. It is possible that another war may start there, but this seems unlikely despite the post-war creation of political blocks and the increasing build-up of military defences in Europe. Two of the traditional enemies in Europe, France and Germany, remained enemies through three major wars in the last century and several before that; but now they have become secure if not entirely trusting allies. Ex-Chancellor Schmidt of West Germany even proposes the unification of French and German conventional armed forces, and President Mitterand has broached the subject of a French nuclear defence of West Germany (although the thought of any reunification of West and East Germany still generates fears in France and in quite a few other places in Europe). Yet another war in Europe
— even one between East and West — is not now likely to start in Europe or to be about European issues. More plausibly, it might start somewhere in the Third World, and then escalate into another European and world war. The main reason is the development of economic relations within Western Europe and between Western and Eastern Europe as parts of the process of world economic development since the last war.

At the end of World War II, Central Europe, now called Eastern Europe, was intentionally transformed by the Soviet Union into a political buffer zone controlled largely by the Soviet Union. The purpose was to keep influences from the West away from the Soviet Union and, most particularly, to protect it from another military threat. What is ironic is that this buffer zone has become instead a transmission belt of economic, political, social, ideological and other influences between West and East. That is, Eastern Europe increasingly plays the role of intermediary between West and East — especially between Western Europe and the Soviet Union. That is just the opposite of what Eastern Europe was designed to do.

The Soviet Union intended to be dominant in Eastern Europe for a long time, and substantially retains that dominance today. It is often thought that for anything to change in Eastern Europe, the Soviet Union must initiate it or at least permit it. Ironically, reality tends to force the opposite conclusion: it is Eastern Europe that initiates economic, political, ideological, and social changes. Poland is a recent example observed by all. Increasingly, circumstances beyond its control — especially economic developments — oblige the Soviet Union to accept these changes and eventually will oblige the Soviet Union itself to change.

The Soviet Union's Warsaw Pact and Comecon allies are supposedly under the Soviet thumb on one hand and friendly allies on the other. Yet the Soviet Union is increasingly using its military power to blackmail its East European allies into making political and in some cases economic concessions, on pain of losing Soviet military protection and/or suffering a Soviet military invasion, as occurred in Hungary and Czechoslovakia, and was threatened in Poland. The two statements are not contradictory: change is initiated in Eastern Europe, and the Soviet Union tries to limit that change through blackmail, but with decreasing effectiveness.

The socialist countries have been increasing their economic integration within the world capitalist market during the 1970s. This integration was intended as a way out of internal economic difficulties, and as a way to take advantage of the changes in the international division of labour that were occurring during the 1970s. But this economic
integration and the increasing reliance on the world market — first and foremost in Hungary, now also increasingly in Poland and elsewhere in Eastern Europe, and most recently in China, Vietnam and Cuba (and foreseeably in the Soviet Union) — far from being a simple solution for old problems, is becoming a major source of new problems.

East-West/Soviet-U.S.

During World War II, the Soviet Union and the United States were allies (though perhaps allies of convenience) against Nazi Germany. Ironically, the allies have become the major enemies (perhaps also enemies of convenience). The Americans claim correctly that the Soviet Union is economically very weak relative to the United States, so it does not pose an economic threat and does not offer much economic competition to the Americans. As well, the Soviet Union poses a declining ideological threat and offers little ideological competition. Even its political challenge is relatively limited. So the Soviet Union requires military might, not only for its defence, but also because it provides the only basis for Soviet political influence in the world.

The United States formed an alliance with the Europeans after the war, and its enemy, Germany, became its main ally in Europe. On the other side of the world, the same thing happened with Japan. But increasingly, the relationship between the United States and its West European allies is becoming analogous to that of the Soviet Union and its allies in Eastern Europe: although the United States remains economically more powerful than the Europeans, its relative economic and political power has been declining. So the United States, like the Soviet Union, is relying increasingly on its military power — and particularly on its so-called nuclear umbrella — to blackmail its West European allies into making economic concessions as the Europeans become increasingly independent.  

East-West/West-West and East-East

To a significant degree, the Soviet-U.S. conflict, or the East-West conflict (in which the Soviet-U.S. conflict is the main focus), is a conflict of convenience in that it provides each side with a cover: one for intra-socialist conflicts in the East, and one for conflicts within the Atlantic alliance in the West. The Soviet-U.S. conflict is a matter of convenience to the extent that it helps each of the superpowers exert pressure on or blackmail their respective allies. The Soviet bogeyman is used in the United States and the West for internal political purposes, while the Imperialist bogeyman is used in the
East for a whole series of political, economic and other domestic purposes.

The U.S. became dominant, or hegemonic, after World War II, and its German and Japanese enemies have become the main pillars of strength of the Atlantic and Pacific alliances. But at the same time, these former enemies have also become the principal economic competitors for the United States. It was some years ago that West Germany displaced the United States as the principal industrial exporter in the world and the growing Japanese challenge to the United States is known to all. This is a reflection of the limits of the so-called Pax Americana. A century ago Britannia ruled the waves under Pax Britannia. How long she did so is subject to interpretation, but Britain was dominant essentially during the period of economic expansion between 1850 and 1873. After that, Britain's power began to decline relatively during the 1873-95 crisis; and during the crisis of the 1930s, Britain's power declined absolutely and was replaced by that of the Americans. This turning-point was to be the beginning of the American century, but the American century lasted less than a quarter of a century.

The decline of American hegemony had already started by 1967. Politically it was manifested by the Tet Offensive in 1968 in Vietnam and ultimately by the loss of the war in Vietnam. Economically, the relative U.S. decline was expressed by the rise of Western Europe and Japan as economic competitors and challengers. Moreover, there was an important connection between these two trends. The war in Vietnam and the expenditures that it involved benefitted the American economy in some ways, but in the long run became prejudicial to the American economy and its place in the world. First of all, the deficit expenditure of so many new dollars forced the United States to devalue the dollar after cutting it loose from the gold standard in 1971. In 1973, the dollar was also de-pegged in relation to European and Japanese currencies, so that the post-war Bretton Woods monetary agreement and U.S. financial dominance unravelled.³

Similarly, while the U.S. was spending a high proportion of its gross national product on military hardware, the Europeans and the Japanese were not; they were spending money on civilian technology instead, and began to out-compete the Americans. All through the 1960s, the rate of productivity growth in Europe was nearly twice that in the U.S., and in Japan it was nearly twice that in Europe, or nearly four times that in the U.S. An irony, indeed a contradiction, is that the Americans are now pressing both the Europeans and even more so the Japanese to spend more on armaments (read
American armaments). General Bernard Rogers's air-land battle plan for the North Atlantic Treaty Organization, which involves relying more on conventional weapons and less on nuclear ones in Europe, is first and foremost a proposition that the Europeans should buy American conventional weapons, which are much more expensive than nuclear ones. The Americans also want the Japanese to spend more money on arms, beginning of course with American arms. The reason is that the United States wants the Japanese to spend less money on the technology with which they are increasingly out-competing Americans. It is the Americans, ironically, who keep pressing the Japanese to change the American-imposed constitution, which prohibits nuclear arms and an army with offensive capabilities. If the Americans succeed, then of course the Japanese will spend more money on arms, but they may start spending more money on their own arms as well. So the Japanese will increasingly escape from the main thing that the Americans still have to blackmail the Japanese with, namely, their nuclear supremacy. So here too the Americans are damned if they do and damned if they don't.

The Americans and the Japanese are allies, but increasingly they are competitors — particularly in China. This is so despite the presence of what is in effect a Washington-Tokyo-Bejing political axis. It is not accidental, of course, that even Taiwan lobbyist Ronald Reagan has gone to Bejing and signed a major deal for the sale of nuclear reactors to China. This development is especially ironic for environmentalists, since not a single nuclear reactor has been sold in the United States and hardly any elsewhere in the West over the last ten years.

Sino-Soviet
Another irony, although hardly anybody considers it ironic anymore, is that the two major socialist states in the world are each other's enemies and that one of them is effectively an ally of the United States. Not so many years ago, the principal danger of war came not from intra-capitalist conflict but intra-socialist conflict between the Soviet Union and China. There was the Chinese invasion of Vietnam (in the words of Deng Xiaoping, to teach Vietnam a lesson) and the Vietnamese invasion of Cambodia. In the latter case, Pol Pot and company had introduced the most far-reaching changes. They had abolished money, and they really de-linked themselves from the rest of the world. Now Pol Pot says that socialism, let alone communism, is not on the agenda in Cambodia or Kampuchea for the rest of this century. The only thing that is really on the agenda is to get the Vietnamese out. So Pol Pot has made an alliance with Son
Sann and with Prince Sihanouk. So here we have a few more ironies — in this case of "socialism."4

**Neo-Colonialism**

The European and Japanese colonialism of the pre-war era was largely displaced by what some call U.S. neo-colonialism or neo-imperialism. The Americans said that colonialism was bad — that everybody should open their markets to anybody. Of course, free trade was a particularly attractive proposition for the Americans at the time since they were industrially dominant and could penetrate the Third World markets of the old colonial powers. Britain had also been a free trader in the mid-nineteenth century when it was industrially dominant. Now, the Europeans and the Japanese have become the principal challengers to the U.S. in the previously American-dominated, neo-colonial Third World.

The last depression and the last war set the stage for substantial decolonization in the world. But decolonization did not lead everywhere to the liberation that had been anticipated; instead it led to neo-colonialism in many parts of the Third World. National liberation became an important movement against colonialism in the colonial regions, and it continued and in some cases also grew as a movement in neo-colonial regions like Latin America, where national liberation continues to be an important political policy and movement. The reason is that accession to formal political independence is a long way from the achievement of real economic independence, as bitter experience has taught many people.

**National Liberation**

In this regard, whatever else Washington and Moscow may disagree on, they do seem to agree that what some call a movement of national liberation and others call the opposite is advancing by leaps and bounds. Concretely, both Washington and Moscow count fourteen different countries in the Third World that since 1974 have become either socialist or what the Soviet Union calls socialist-oriented, or to use the old terminology of the Americans, have fallen under the Soviet domination and have been lost to the Soviets. The Americans think that this is a very bad thing, and the Soviets think that this is a very good thing; both think that this is a process that will continue. The Soviet Union thinks that this process must be supported and promoted; the Americans want to contain this process and now, under Reagan, want to roll it back. The Kissinger Commission report on Central America makes it clear that in the eyes of the Reagan administration, Central America is not a North-South
issue nor one of internal responses to internal problems; instead it is an East-West problem.

Ironically, it is American policy in Central America and more specifically in Nicaragua that is forging a relationship and to some extent an alliance between the Nicaraguan Sandinistas and the Soviet Union. The same thing happened when Vietnam, after 1974, wanted immediate normalization of relations with the Americans, with diplomatic recognition, economic aid and foreign investment — especially in oil. It was the Americans who said, “No, none of that.” The Americans responded negatively, partly on their own volition, and partly because they were blackmailed into this policy by the Chinese, who in effect said to the Americans in 1975: “Okay, you’ve got to choose between Peking and Hanoi.” The Americans chose Peking and abandoned Vietnam to the Soviet embrace. The same process is now being repeated in Central America, although it is not being done at the behest of the Chinese the way it was in 1975. Of course, this policy does not favour the anti-Soviet interests of the Chinese either.

The main irony of the Washington-Moscow consensus on the supposed pro-Soviet socialist (or anti-American imperialist) progress of liberation (or totalitarianism) is that much of this supposed progress (regress) is belied by the facts.

The following fourteen cases are known to all. In Indo-China: Vietnam, Laos and Cambodia; in Africa: the ex-Portuguese colonies, Angola, Mozambique, Guinea-Bissau, and Cabo Verde and Sao Tome, as well as Zimbabwe and Ethiopia; in West Asia: South Yemen, Iran and Afghanistan; and in the Caribbean and Central America: Nicaragua and Grenada. Of these, the ones that have become socialist are not very many, and their socialism has been, all things considered, a bit disappointing both to the people and their leaders, and to many elsewhere who supported these national liberation struggles — especially the very heroic one in Vietnam. As well, what the Soviets call socialist-oriented — those countries that are not yet socialist but are supposedly on the road to socialism — are not travelling very far or very fast along that road. None of them have cut or have even tried to cut their economic and political relations with the West, and those that went some distance along that road in the mid-1970s, have begun to backtrack and go in the opposite direction in the early 1980s. A stellar example is Mozambique, which because of very severe economic, political and military pressure, and because of drought, signed a pact with South Africa. David Rockefeller already said some time ago, referring particularly to Angola, that a lot of places that call themselves Marxist are
not really so, and that even if they are, it does not matter as long as they are responsible and can be dealt with — that is to say, as long as it is possible to make money with them. Moreover, the main Angolan export is oil from Cabinda, and that is guarded by the Cuban troops there. Most of the oil and Angola's diamonds and coffee, etc., are exported to the West. It is ironic that there has been no real attempt on the part of Angola to cut its ties with the West. Indeed, the Soviet Union has repeatedly insisted that Angola should not cut its ties with the West, because the Soviet Union does not want another Cuba there (even while Cuba is defending the regimes in Angola and Ethiopia). In Zimbabwe, which was also de-colonized through protracted guerrilla struggle, progress towards socialism or even away from dependence on the West, or on South Africa, has not been any greater. The other ex-Portuguese colonies (Guinea-Bissau, etc.) are best left unmentioned in this regard, other than to observe that the politically and ideologically advanced socialist movement of Amilcar Cabral has failed completely to build the kind of society he fought for.

So to begin with, these fourteen places are not entirely what they are claimed to be either by Moscow or by Washington. And nobody ever seems to mention the other important developments that should be included in any balanced evaluation. First and foremost is the Sino-Soviet split and the de-Maoization of China. The Washington-Beijing-Tokyo axis has even aligned Ronald Reagan. Second, Egypt, Somalia, and now Grenada have changed sides — the last case, after an American military intervention for which the murder of Maurice Bishop certainly provided a pretext (at least in Fidel Castro's judgement). Moreover, we have to ask ourselves how many Grenadas (pre-intervention) and Nicaraguas it takes to counterbalance one China. It should take quite a few by any balanced reckoning, which seems to be out of fashion both in Washington and Moscow. In other words, on the one thing that the Americans and the Soviets really agree, they are both wrong.5

East-West/North-South

These observations suggest that much of the East-West conflict, especially between Washington and Moscow, is a smokescreen for North-South conflicts. We have already observed that East-West conflict is used by both Moscow and Washington to blackmail and to drive harder bargains with their respective allies. East-West conflict also provides a welcome and probably essential pretext for U.S. and Soviet direct intervention in the Third World to further their own interests in the North-South conflict. The intervention of the United States in Central America under the Reagan administration is only
the most recent example in a long list that stretches back through Grenada in 1983, Lebanon in 1983 (and in 1958), and many other cases too numerous to mention. The argument is always the same: intervention is necessary to combat or prevent Soviet communist intervention or takeover; without this pretext the American intervention would lack the necessary "legitimacy." The Soviet communist bogeyman is used in Washington to drum up congressional and public support for ever-larger military expenditures, the vast bulk of which are not on nuclear and other arms directed at the Soviet Union but on conventional arms specifically designed for use in and against the Third World. The U.S. rapid deployment force is only the most conspicuous tip of the iceberg of this U.S. military force designed for direct intervention and other shows of force in the Third World. Without the convenient availability of the Soviet communist enemy, neither this U.S. military expenditure nor this policy of intervention to keep the neo-colonial Third World in line (especially in what the U.S. regards as its backyard, Latin America) could be justified politically.

A further irony is that the maintenance of this capitalist economic neo-colonialism of the United States does not even require intervention; the dependent Third World countries have few real alternatives. Those that have alternatives maintain closer economic and political relations with American rivals in Western Europe and Japan as long as the Soviet Union and Eastern Europe remain unable to offer adequate trade and industrial alternatives. The same East-West conflict also plays a significant role in the domestic class struggle within each of the countries of the West and South, where the supposed communist menace and the Soviet bogeyman are used to legitimate virtually any policies of the ruling classes and to strengthen their bargaining power against the interests of the majority of the people.

Is it any different in the East? Perhaps. But there can be no denying that the allies of the Soviet Union are also under pressure to accept Soviet foreign policies in the Third World in the name of combatting the common U.S.-led imperialist enemy. The Soviet intervention in Afghanistan was a clear case of defence or promotion of the interests of the Soviet Union or of its Russian ruling class against the threat of a Muslim movement that might spread into Muslim areas of the Soviet Union itself, but one that was backed up by the threat of the U.S. imperialist enemy and its Central Intelligence Agency (CIA), against which Soviet intervention was supposedly necessary. Soviet aid and trade in the Third World, much of which is often on terms that are no better and sometimes even worse than those of the West, is also justified by reference to the imperialist enemy. Soviet
and allied social control at home and abroad, as was evident in Poland recently, is of course also fortified by reference to defence against imperialist subversion. So the East-West conflict is also used to promote North-East interests in the South and to defend the status quo in the East.

II. Ironies of International Economic Policy and Relations in the World Economy

All of the above ironies and contradictions of changing international political conflicts and policies reflect responses to the underlying course of world economic development far more than they represent changes in themselves. The same largely unguided, often unintended, and almost entirely uncontrolled course of world economic development has been a major determinant of international economic policies and relations in the stricter sense of these terms, as well as of domestic economic policy-making and its failures even in the strongest national economies. This preponderant role of uncontrolled — and in this case quite unintended as well as unpredicted — world economic development has become spectacularly manifest through the onset of another world economic crisis since the mid-1960s, which has influenced if not determined all economic events and policies since then.

Economic Crisis

The crowning irony is the world economic crisis itself. Not only was it unintended and unpredicted, but it had been declared an impossibility. We now know that the present world economic crisis had already started with the long cyclical decline in the rate of profit, which began in 1967 and with the recession of that year. But hardly anybody recognized, and still less understood, what was going on. Marxists in the socialist countries of the East were also caught completely unaware by the development of this capitalist world economic crisis. All of these countries, from Eastern Europe and the Soviet Union to China and North Korea, decided in 1971-72 to increase substantially their imports of Western technology (perhaps because its price had declined with the crisis-occasioned devaluation of the dollar by President Nixon in August 1971). These socialist countries made two important miscalculations, both of which are related to the development of the world economic crisis: they thought that they could use imported technology to produce industrial goods for export, which in turn would pay for the imports; and they thought that they could sell enough of these goods on the Western market to pay off their debts. The crisis in the West prohibited the second, and
the repercussions from that development prevented the first. The irony is that the Marxists in the socialist East were banking on the continued prosperity of the capitalist economy just as much as the capitalists, and just at the time when the continuation of this prosperity was about to end in 1973. Moreover, neither in the West nor in the East did any establishment economists or economic policymakers seem to see that the 1973-75 recession was one in a series of crises within a larger world economic crisis that would structurally transform the global economy. Instead they attributed this recession to the “external oil shock” increase in the price of petroleum, which the socialists in the East then copied from the Organization of Petroleum Exporting Countries (OPEC).

If anybody in a policy-making position understood or at least sensed the transformation of the world economy it was those businesses and the governments in the “newly industrializing countries” (NICs) of the Third World, which sought to take economic advantage of this transformation to relocate some industry and to promote “non-traditional” manufacturing and other exports from some NICs in the South and socialist countries in the East to the world market. The most successful and best known of these countries of “export-led growth” are the so-called four tigers: South Korea, Taiwan, Hong Kong, and Singapore. Hungary more successfully, and Poland and Rumania less successfully, have also adopted similar policies among the socialist countries, albeit under the label of “import-led growth,” which amounts to the same thing, since the latter countries must export to import while the former must import to export.

Thus, the NICs and the OPEC countries in the Third World, and the socialist countries in the East, substantially increased their manufacturing imports from the Western industrial economies, for which they provided a sort of safety net to slow the decline of Western economies during the economic crisis. These economies in the South and East became increasingly important markets for Western exports (the South’s share increased from 30 to 40 per cent in the 1970s) that could not be sold at home. This was particularly the case for the export of capital goods, for which there was a reduced market in the West, where investment declined because of the economic crisis.

However, much of this export from the West to the East and to the South in the 1970s had to be financed through loan finance by the Western banks, which between 1971 and 1981 increased the foreign debts of the East from U.S. $8 billion to $80 billion and of the South from $100 billion to $700 billion. The continuous and still continuing build-up of this debt then generated what is now known as the debt bomb. Thus, these Third World and socialist countries
served to soften the impact of the world economic crisis in the West. Some people benefitted temporarily, particularly in the NICs and the "miracle" economies of Korea and Brazil and so forth. Now, however, the Third World, including the Latin American NICs, and some socialist ones, are obliged to bear the heaviest cost burden of the resolution of that crisis with at least four consecutive years of decline in national income. Ironically, the loan finance that appeared to offer at least a partial solution to the crisis has become the major problem at the present stage of the crisis.

Multinationals
Another related irony is that in the 1960s and 1970s everybody was talking about the multinationals as the supposed new moving forces in the world economy. Some said that the multinationals were a good thing because they brought technology, management and capital that could develop the rest of the world. Others said that the multinationals were a terrible thing because they made people buy products they did not need, because they sold these products at outrageous prices, and because they made the Third World accept inappropriate technology, and so on. The United Nations set up a centre to study multinationals, and the United Nations Conference on Trade and Development (UNCTAD) developed a code to govern the transfer of technology by multinationals. But while everybody was looking at the multinationals, the real action in the 1970s was not with the multinationals at all, but with the banks. It was the banks that were loan-financing the major restructuring of the world economy during the 1970s and not the multinationals with their direct investments.

Debt Bomb
Furthermore, all this money was not loaned out from the West to the South and East as a matter of deliberate policy. At the UNCTAD conference in 1972, the Third World had asked for the so-called link between the creation of money in the world and its distribution to the Third World for development-finance purposes; the West said that under no circumstances would it agree to any of that. But then the West did it anyway, but not in the way it was requested, nor in the way anybody had planned it. The money was created without, and indeed against, Third World control, and it was sent to the Third World helter-skelter by the banks; we now see the consequences. The irony is that while attention was focused on the political process and economic policy, the real action was occurring through the world economic process, which is completely beyond the control of anybody.
The danger of another crash in our world financial house of cards centres on a domino-like chain-reaction which may spread through the world banking system and into the world economic system, bringing international trade and the international division of labour as we know it to a virtual standstill. Such an event would feed economic and political nationalism and encourage the resurgence of economic blocs such as those of the 1930s. A dollar zone, a mark zone, a yen zone, and perhaps a ruble zone are possibilities that would increase the pressures of competition and add further fuel to the dangers of war. The irony in this process is that the contradictions of the policies that first led to the arming of the nuclear and debt bombs, and that now seek to defuse if not to disarm them, again continue to shorten the fuses on both bombs and to increase the danger of their explosion. The possible explosion of the debt bomb could also ignite the fuse on the nuclear bomb and it will certainly fuel the fires of nationalist and other ethnic movements.\textsuperscript{7}

III. Ironies of National Political Economic Policy in the World Economy

The unintended and uncontrollable world economic crisis has not only dumbfounded those who sought to make international economic policy, but it has also confounded almost all domestic economic policy, including that in the strongest Western economies, in the supposedly independent socialist economies, and in the dependent Third World economies. The illusions about the efficacy of economic policy and the confusions about its cause and effect are particularly visible in the succession of Keynesian, monetarist, supply-side and incipiently industrial policies in the West, all of which have been incited in turn by the same course of world economic development that also limited their effectiveness. The claim that these policies were, are, or will be major determinants of economic events is a hoax and an illusion.

\textit{Keynesianism}

In the West, many of us grew up as Keynesians with Keynesian policies of government-supported expansion of effective demand and the welfare state. Keynesians claimed that they had figured out a way to eliminate economic crisis and recessions forever through the use of Keynesian policy. They claimed that prosperity was the result of their very good theory and their very wise politics. Ironically, the evidence suggests just the opposite. First of all, Keynesian policy did not work during the 1930s. It was not Keynesian policy that got us out of the depression; it was World War II. Keynesian policy work-
ed while there was prosperity and expansion, but it ceased to work when the new crisis emerged in the mid-1960s, and particularly in the 1970s. In other words, it is just the other way around. Prosperity was the cause of the success of Keynesianism; Keynesianism was not the cause of the success of prosperity. François Mitterand’s Socialist-Communist coalition government tried to impose Keynesian demand-management policies in France after the Socialist electoral victory in 1981, but the failure of these policies in the face of world economic circumstances obliged the French government to abandon and reverse these policies in 1982.8

Monetarism

The next bright idea was monetary policy. When I was a student of Milton Friedman in the early 1950s at the University of Chicago, he was already preaching the monetary gospel. No one paid any attention to him. It was not the persuasiveness of Friedman’s arguments, but the change in circumstances — when prosperity ran out of steam and the crisis came — that turned people to monetarism. Keynesianism was no longer able to offer practical policy solutions, especially at a time when capital did not want to expand demand but wanted to reduce the costs of production. The way to reduce costs of production was to hang the fig-leaf of monetarism and supply-side economics in front of austerity policies. Yet while everybody in the West and indeed many in the South and in the East adopted monetarist policies, trying to control the supply of money in order to fight inflation in the 1970s, the world supply of money increased eleven times during this period. Moreover, monetary policy did not control inflation. The recessions controlled inflation in the West, while they promoted it in the South (and as we have observed before, the recessions were only marginally affected by economic policy). Monetary policy per se is almost entirely ineffective, as the dilemmas of the U.S. Federal Reserve Board and the Reagan administration have demonstrated. Either they control the supply of money, and its price, and the interest rate goes up; or they (price) control the interest rate, and the supply of money goes up. The Federal Reserve Board has gone back and forth from one policy to the other, and by now they can neither do one nor the other. They cannot control anything anymore, even domestically. But most particularly, they have little control over money in the international economy, and if the Americans have little control, then of course others have still less. The debt crisis and the threat of the debt bomb’s explosion are the result and the evidence.
Supply-Side Economics

The next gimmick was supply-side economics. George Bush, now vice-president of the United States, formerly director of the CIA, called it voodoo economics (and quite rightly so) while he was still running against Ronald Reagan as a candidate for the Republican nomination. There are all kinds of voodoo quack economists in Washington and in Pomona and Stanford, California who sold the Reagan administration and a lot of other people a bill of goods about supply-side economics. All of it went down the drain of the real economy, whose ups and downs, including the 1983-84 recovery, are quite independent. There is a serious case to be made that the economic problem at this stage of the crisis is one of supply — that is, reducing costs of production — rather than one of increasing demand. That is of course why Keynesianism went out of fashion. But now not only is Keynesianism down the drain, but monetarism and supply-side economics are both down the drain as well.9

Industrial Policy

Next on the agenda is industrial policy. It is being discussed everywhere. Even Ronald Reagan has set up a commission to study industrial policy if only because the Democratic Party is discussing it so seriously. Industrial policy will be an amalgam of Keynesianism, monetarism, and supply-side economics, and will suffer from the limitations of all three. It will not be able to deal effectively with the unruliness of competition in the world market because like the other three policies it is nationally limited. Industrial policy could have a marginally greater effectiveness if the policy-makers can figure out which way the economic stream is running and can steer their economic boats on that stream instead of trying to make industrial policy run against the stream.

The East Europeans were using industrial policy in the 1970s, but many of them got it wrong. The British were using industrial policy when they upgraded their steel mills and their steel technology in the early 1970s, but their new steel mills turned out to be white elephants when the world economic crisis deepened after 1973. Australia and Canada might consider developing new high-tech mining machinery. They should not put their eggs simply into the natural resource basket, but into a combination of their traditional natural-resource economy, the industrial economy, and high-tech development. Perhaps they could develop new computer-based mining and forestry equipment, not only for the Australian and Canadian economies, but for export to the world economy. In the past, one of the things that Canada
benefitted from was being an economic and political intermediary — between the decline of the British Empire and the rise of the American Empire. Perhaps it would be possible for Canada to try to be an intermediary between the declining American hegemony and the Japanese challenge to it, and perhaps even to combine such a strategy with an "industrial policy" based on natural-resource machinery.

Technological Innovation

In each economic crisis there is increasing pressure for cost-reducing inventions — for "a better mousetrap." These mousetraps are then introduced as innovations and are produced massively and used to catch (produce) industrial mice during the subsequent upswing when the rate of profit recovers. Ironically, it is the economic crisis that generates the pressure for new invention and subsequent innovation. The necessity of crisis is the mother of regenerative invention. So far, there has not been much investment based on new technology, with the partial exception of micro-electronics and the information revolution in the service industries. But that is nothing compared with what is likely to happen through the use of micro-computers as the basis of new systems of industrial production and communication. Biogenetics and possibly nuclear fusion and other new technologies are being worked on now; and the Japanese are now most advanced in these major fields of research on super-computers, bio-technology and nuclear fusion. These latter developments will make possible and very likely the entire restructuring of the world economy, but probably not for some decades yet until the rate of profit has recovered.

Socialist Economies

The real place or role of the socialist economies of the East in these developments is ironic indeed, especially when compared to their spokesmens' theoretical hopes and ideological claims. Just before he died, Stalin claimed in *The Economic Problems of Socialism* that there were two separate and different economic and social systems in the world: one capitalist and the other socialist. His successor, Khrushchev, in part belied this claim by provoking the Sino-Soviet split in the socialist "system." Khrushchev also introduced "goulash" communism in the Soviet Union with the promise to "overtake and bury the United States" economically by 1980. The Soviet Union introduced timid economic reforms in the mid-1960s, and some of its East European allies, especially Hungary, introduced bold reforms
in economic organization and policy. But the hallmarks of the latter
reforms were the increased role of market prices and the increasing
integration in the world market, including the progressive introduc-
tion of world-market prices in the domestic economies of Eastern
Europe, especially for trade among each other. The massive import
of Western technology followed in the 1970s.

None of these economic policies, nor the central economic plan-
ing in the "command" economies of Eastern Europe and the Soviet
Union, have produced all of the intended results, and some have had
quite a few unintended results. Since the mid-1960s, the rate of
economic growth has declined from each five-year-plan period to
the next (except for the forward jump from 1971 to 1975 in Poland,
which nevertheless experienced the severest negative consequences
a few years later). Plans have been underfulfilled year after year,
especially in the Soviet Union, and planned growth targets have been
lowered for subsequent years and missed again so that by 1982 the
target was the lowest since Stalin had initiated planning in 1928. In
the early 1980s, economic growth slowed down to zero in the Soviet
Union and became negative in 1981 and/or 1982 in Czechoslovakia,
Hungary and Poland. Poland's national income declined by one-
fourth through negative "growth" rates of 2 per cent in 1979, 4 per
cent in 1980, 14 per cent in 1981, and 12 per cent in 1982. In the
face of this experience, it can hardly be claimed that central plan-
ing is a sure-fire method to formulate and implement economic
policy — still less so in the face of the world economic crisis.

Ironically, it turned out that the "independent" policies of
"planned" goulash communism required the import of Western
technology to ease the transition from extensive growth (stuffing more
raw meat into the goulash machine) to intensive growth (improving
the productivity of the machine), in order to be able to produce and
afford more goulash. Moreover, the import of this technology —
and the imported technology itself — made the socialist East more
and more dependent on the capitalist West, not only technologically,
but financially, economically, politically, socially, ideologically
and culturally. The world capitalist economic crisis then exacerbated
this dependence or its manifestations in the East. Western inflation
and other manifestations of the crisis were imported wholesale. As
the socialist economist, A. Koves, emphasizes: "the share of trade
with the West grew in general also in the total trade of CMEA [Com-
cen] countries"; the "objective process of development demands
that economic policy should give preference to export orientation
at the expense of import substitution"; and "increased participation
in the international division of labour, opening towards the world
economy, was put on each CMEA country’s agenda by the requirements of domestic social and economic development." The requirement of this increased international participation is the strongest and has the most far-reaching domestic consequences precisely — and ironically — in the field in which the socialist economies were supposed to offer the most independent alternative and the strongest development policy: technology. As it turns out, technological development and the development of technology are sub-products of world economic development and the long cyclical process of capital accumulation on a world scale. Far from having escaped this process through socialist planning, the socialist economies of the East have turned out to be integral parts of this world economic development. Moreover, although they have pulled ahead of many Third World countries, the advanced socialist economies still remain dependent on and increasingly follow behind the most technologically advanced sectors of the capitalist world economy. Far from burying the United States in 1980, the Soviet Union has lagged further behind and is being bested by Japan.

The socialist countries no longer pursue any active policies to help or even to applaud the erstwhile prospect of capitalism burying itself in the ashes of its own crisis and then being succeeded by socialism. Soviet Premier Chernenko, addressing a commission charged with drafting the Communist Party program to be presented to the next party congress, proposed that Khrushchev’s 1961 prediction of the impending triumph of communism over capitalism should be eliminated from the program since capitalism “still possesses quite substantial and far from exhausted reserves for development.” Although Chernenko maintains his faith in the ultimate victory of communism over capitalism, he and his predecessors and colleagues in other socialist countries pray for and advocate the recuperation of capitalism from its present crisis. In the words of Chernenko’s predecessor, Leonid Brezhnev: “Because of the broad economic links between capitalist and socialist countries, the ill effects of the current crisis in the West have also had an impact on the socialist world.” In the words of Chernenko’s colleague, Todor Zhivkov, the president of Bulgaria: “It may be hoped that the crisis which is raging in the West may come to a rapid end, since it affects and creates uncertainties for the Bulgarian economy.” Thus the leaders of the socialist “alternative” to capitalism are waiting for the crisis of capitalism to end as soon as possible, so that they can get back to business as usual. While they wait, however, the world economic and technological development that is now passing through a crisis of regeneration is perhaps again likely to diminish, if not eliminate, the
importance of the East-West political division of the world much more than the North-South economic division, which is likely to be accentuated still further.\textsuperscript{12}

\textit{Third World}

The course of world economic development and the development of the world economic crisis have, not surprisingly therefore, also been far more determinant of economic — and political — events in the Third World than have any willful domestic economic policies or even the most reprehensible political policies of right-wing political regimes such as those of Pinochet in Chile or Marcos in the Philippines. The course taken by the world economic crisis has also undercut most of the economic and social advances of progressive regimes, such as Nyerere’s in Tanzania, which sought to de-link and to be more self-reliant. The crisis has also completely negated the demand for a “new international economic order” (NIEO), which the Third World countries and the non-aligned nations launched for themselves at the United Nations and elsewhere in 1974.

Before the world economic crisis of the 1970s, the Third World version of Keynesianism was import substitution to produce at home for the internal market what used to be imported from the West. This policy was replaced by monetarism \textit{à la} Milton Friedman, plus supply-side economics along the lines of export promotion or export-led growth through the reduction of costs of production. All of these economic miracles, all of this policy and the theory behind it, went down the drain at the beginning of the 1980s. Look at the economic and political crises in Israel, Chile and Argentina.

The policy of trying to ride with the stream — to integrate in the world economy as much as possible through export promotion — has now brought the full weight of the world economic crisis to bear on one Third World country after another. National income declined in sixteen of twenty Latin American countries between 1981 and 1983, and these declines varied from 5 per cent in some cases to 10 to 15 per cent in others and 20 per cent and more in some, for an average of a 10 per cent decline for the continent as a whole. Some form of new industrial policy combined with nationalist or populist political stances is the likely next step there as well.\textsuperscript{13}

\textit{Development Theory}

It is fairly evident that we face a poverty of theory to deal with these developments. Economic theory in the West is bankrupt and all but
useless in the face of the economic crisis. Functionalist sociology in the West and its application as socio-economic and political modernization theory to Third World development has been abandoned as ridiculously naive if not reactionary, and even Henry Kissinger has realized that modernization theory was belied by Khomeini's overturn of the Shah of Iran. Dependency theory, both in its old CEPAL version and "new dependence" version with which I was myself associated, now suffers from serious limitations in the face of the repercussions of the present economic crisis in the Third World, which have been accepted by Prebisch, Cardoso, myself and others. The most important of these limitations is that neither the political policy prescriptions of import-substituting industrialization reforms à la CEPAL and Cardoso, et al., nor those of de-linking through socialist revolution à la Amin, dos Santos, myself, et al., today offer any real alternative to dependence for the Third World.

On the other hand, the "scientific" observation about the "development of underdevelopment and the underdevelopment of development" that this author made two decades ago seems to be corroborated and vindicated by recent events. When the cat is away, some mice are at play. When there is a crisis in the world economy that weakens the relations of dependency between the centre and periphery, the periphery has an opportunity to do its own thing. Thus in the 1930s and 1940s, some parts of the periphery had the regimes of Getulio Vargas in Brazil, Peron in Argentina, Cardenas in Mexico, the nationalist movement under Ghandi and Nehru in India, and so on. That led to populist "bourgeois nationalism" and import substitution as well as increased intra-regional trade. After the recovery of the world economy, these Third World economies were re-integrated.

Import Substitution

In early 1984, the presidents of Latin America were invited to a meeting in Quito. A number of presidents went and the others sent their personal representatives and here, around one table, sat the representatives of Pinochet in Chile, with Carlos Raphael Rodriguez, the vice-president of Cuba, along with their Latin American colleagues; and they all issued a common declaration — a common plan of action — for the Latin American response to the world economic crisis. This common plan of action has two pillars: one is import substitution, and the other is regional co-operation. There has already again been some increase in import substitution since these Latin American countries have no foreign exchange with which to import anything. If there is a crash, or even a continued crunch in the world
economy, there will be a renewed turn to the kind of economic policy that I discussed in the article on the development of underdevelopment. Of course that does not mean that these policies are going to cut the ties of dependence or that they are going to change fundamentally the structure of the world economy. In the last crisis, some countries took this nationalist and import substitution road and some did not. In this crisis, the same thing is going to happen and is already happening again.

With a little bit of historical perspective we can see that in Central America there has been no import substitution, no nationalism — nothing except repression — during the last crisis. The heritage of the failure to go the import-substitution road is then the situation in Central America today. Without detracting from the struggle of the Sandinistas in Nicaragua, the Farabundo Marti Liberation Front in El Salvador, or the various guerrilla groups fighting in Guatemala today, it seems that the present world crisis has brought on the time to tread the road that other nationalist and populist regimes took in their countries during the previous crisis, but to do so perhaps on a more regional basis in Central America today. During the last crisis, Cardenas, Vargas and Peron suffered American imperialist wrath and repression, not to mention their condemnation as “bolsheviks” or “fascists.” Yet the legacies of their policies were adapted to post-war American economic and political requirements without difficulty and ironically with considerable benefit for the American multinationals (through the larger internal market that reforms and industry had created). What reason is there to suppose that something similar could not easily happen again in the future, even though American capitalists may have to share some parts of the world or even their backyard with their European and Japanese — or indeed even some Mexican and Brazilian — rivals or junior partners in the world economy? The Reagan thesis that Central America is an essential part of the U.S. frontyard or the Kissinger Commission thesis that developments there pose a communist threat in the strategic East-West conflict are not acceptable in the light of contemporary reality and are not plausible in the light of historical perspective, including the analogous declarations and policies of Democratic President Roosevelt and his Secretary of State Cordell Hull during the last crisis.
IV. Ironies of Populist Political Movements Incited by the World Economy

*Nationalist and Ethnic Movements*

The response to the current economic crisis in the process of world economic development is an increasingly political one — a resurrection of nationalist, ethnic and religious reactions to the social convulsions of economic crisis. These political reactions, including most particularly the ethnic and religious ones, are the most important and most powerful social movements in the world today. Although these movements are often related to the class struggle, where they conflict increasingly, the ethnic, nationalist and religious movements are vastly more powerful than the class movements and struggle between direct producers and owner/managers of the means of production. That is the case not only in the industrial capitalist West, but it is also the case in the Third World South; most ironically, of course, it is the case in the “socialist” East. The renewed rise of nationalism and other ethnic movements and religion in Eastern Europe, the Soviet Union, and even China is likely to be very strong.

The recent past, the present, and the foreseeable future are witness to the widespread growth and increasing strength of new nationalist and ethnic movements and policies. They are flourishing around “nation” states (in many of which there is no nation but rather the attempt to build or unite one) and also against states in which ethnic minorities seek greater autonomy or even independence. Many of the wars among socialist and Third World countries, and much of the civil strife in these countries, as well as in the West, derive the oxygen for their increasingly hot flames from these nationalist and ethnic sources, however much they may also feed on the fuel of economic and social grievances. Ironically, however, this combination of national/ethnic/religious/cultural and economic/social/political grievances, demands and movements seems less and less to challenge the basic structure and operation of the world economic and political system and still less to promote anything that might be called a socialist alternative in any traditional sense of the word.

Nationalist and socialist movements were perhaps strategic or at least tactical allies over much of the world during much of the twentieth century, when national liberation movements were very active in trying to combat colonialism. The nationalists wanted to use the socialists and the socialists wanted to use the nationalists each group for its respective ends. Today there is an increasing reversion to the position prior to World War I in that nationalism and socialism, far
from being allies, have again become competitors; and when they compete, the nationalists are stronger. This tendency is strongest and most visible in the socialist countries themselves, as evidenced in the Sino-Soviet split, the conflict between China and Vietnam, and the conflict between Vietnam and some Kampuchean. But a similar tendency also appears in the Third World, in South Asia, in West Asia, and in Africa. That is surely the case with the Muslim regionalist movement in Mindanao in the Philippines; the Kachins in Burma; the Tamils in Sri Lanka; Tamil Nadu, Assam and the Sikhs in India; the Baluchis and most others in Pakistan and Afghanistan; all the existing and conceivable national and ethnic movements in the Middle East, including the Palestinian movement, and especially in and among Iran, Iraq, Israel, Jordan, Syria and Lebanon; the Somalis, Ethiopians, Eritreans, northern and southern Sudanese and others in the Horn of Africa (some of whom switched sides in the East-West conflict without apparent difficulty); much of Southern Africa; and all of West Africa.

**Populist Movements**

Populist movements have also grown in appeal and strength elsewhere, and they assume a variety of nationalist, ethnic, religious and other forms and goals, many of which are responses to the deepening of the world economic crisis and the failure or implausibility of recent social(ist) policies. Some of these movements promise to “de-link” their followers from the world economy — “Stop the world, I want to get off!” — and to be self-reliant, if not self-sufficient. This policy has not been very successful in Tanzania, Mozambique and elsewhere. De-linking and self-reliance may become more successful in the future, driven again by nationalist or ultranationalist policy and political-economic populism, reliance on religious and ethnic movements, and the resurgence of localist demands for community democracy in the West, South, and East. The most dramatic example so far is that of Khomeini’s amalgamation of religion and nationalism with populist economic policy supported by the political mobilization of the most underprivileged social strata of society. There is a very real possibility that such movements will become stronger and more widespread. Moreover, many of them are likely to lay claims to promises such as those made by Ghana’s P.V. Obeng (Flight Lieutenant Jerry Rawlins’ unofficial prime minister and secretary of the Provisional National Defence Council): “The philosophy that has been proclaimed is that of a national democratic struggle not related to socialism, communism or capitalism. The interpretation of this will lead to the establishment of an ideology.”

SPE 15  Fall 1984  143
Religious Movements
There is also a vast religious revival, often related to these ethnic movements, in many parts of the world — South, West and East. Perhaps the most spectacular and visible of these is the worldwide reception accorded to Pope John Paul II in his unprecedented pastoral visits around the world, the spread of religious evangelism and cults in the West, the resurgence of religion and its expression in the socialist countries far beyond Poland, and of course the revival of Islam. The latter is spreading all the way through the Middle East, Pakistan, Indonesia, and Malaysia. It is the young people who are joining these Islamic movements, including in many cases both the educated as well as the non-educated people. The fact that the educated students in Malaysia and elsewhere are becoming Islamic revivalists is further evidence that modernization theory does not work. The evidence is overwhelming that the force of religious and nationalist sentiment is growing and mobilizing more and more people around the world, but not toward socialism or Moscow or Washington.

Other Social Movements
A related change is the appearance of social movements, be they ecological/green, feminist, peace, local community, or various combinations of these and nationalist/ethnic or religious ones. These movements have grown in the West, particularly among middle-class people, much more than in the Third World, where class-based and/or ethnic movements (often combined) remain strongest. To a significant extent, the new social movements respond to growing disillusionment with party politics as an instrument to change state policy (which still seems to be regarded everywhere as being responsible for events, even when these are world economic events quite beyond the control of most states), and/or the implausibility of capturing state power or using it to eliminate major social grievances which these social movements interpret. Many enthusiastic participants in these social movements naturally place high hopes in them as alternative means to formulate social policy and to transform social relations. But perhaps they are over-optimistic in that the same crisis that stimulates them also undercuts their effectiveness; social movements may be no more able to resist or modify the structure and operation of the economic forces that are such major determinants in the contemporary history of the world system.
Feminist Movement

The civil rights movement in the U.S. and the feminist movement in the U.S. and elsewhere have made tremendous advances, legally and otherwise; but many of these advances have been nullified by the economic crisis. Like the Red Queen, they are running faster and faster; but they are not even staying in the same place. While they have been running faster and faster, the economic treadmill has been going in the other direction. So the constituencies of these movements have suffered a substantial economic and social loss, despite their legal and social advances. The economic crisis has hit the employment and income of blacks, Hispanics, women and other minorities especially severely and exerts strong pressures to send women and others “back home where they belong.” (The “women’s minority” is of course a majority, and all the minorities put together are a vast majority, but they continue to be called minorities and minority movements.)

The nationalist movement and the religious movements are also major moving forces, but they are likely to undercut very seriously the gains of the women’s movement. All the major world religions have been used, if not designed, to impose or support patriarchy and to put women “in their place.” The Christian religious movements’ defence of the “Christian family” and “traditional family values,” and the analogous Islamic arguments, can only serve to reinforce the oppression of women. Nationalist movements appeal to nationalist ideals, which turn out to be male ideals. It was men who made nationalism and not women. The argument is that we are all sitting on the same boat and have to make sacrifices for the national good; so the first thing we have to do is sacrifice women and their demands. This has been the case in many national liberation movements in which women have been active. So the nationalist and the religious movements are likely to undercut the women’s movement seriously, or at least the gains of the women’s movement, and there may not be much that can be done about it. On the other hand the peace movement would seem to be on the other side. Not only do women give the peace movement force, but the peace movement gives women additional force. Greenham Common in England is an example or symbol, but there are also many other cases where the peace movement is also advancing feminist or gender demands with some success — but not with enough force to offset the probable setbacks to women through religious and nationalist movements.
Local Solutions to Global Problems?

The recent and possible future successes of these nationalist, ethnic, religious, localist and other social movements will generate another irony and contradiction. The leaders and perhaps the followers of these movements will wish to claim the credit for their virtues and efficacy. Yet it will not be so much the strength of these movements that will be responsible for their relative successes, if they have any, but the possible breakdown of the world economy if there is a financial crash as a result of the explosion of the debt bomb. Even without a financial crash, the financial crunch is making the world economy creak more and more, which makes the continuance of international trade as we knew it in the post-war era, and even in the 1970s, increasingly impossible. A breakdown or even a significant slowdown of the world economy will give nationalism and religion its major day in court — not due particularly to merit, but due to the accumulated contradictions of the world economy. Thus, the last irony is that precisely at the time when the destiny of almost everybody in the world is most affected by international economic forces beyond their control, more and more people do not want to know anything about that and say: “We are going to do things our own way here.”

A flowering of local, ethnic and nationalist movements that supposedly offer “small is beautiful,” localist solutions to global problems are flowering all over the world — with what success remains to be seen.

V. Ironies of Theoretical and Policy Conclusions

The fact that we can observe these unexpected, and certainly in many respects unwanted, developments, and these contradictions of economic and political policies in the East, the South, and in the West, and of course, in the world as a whole, raises serious problems for theory, be it “bourgeois theory” or “Marxist theory.” Both have failed quite miserably to predict or to account for the major political and economic — or for that matter social or cultural — developments in the world as a whole or in any of its parts. Still less does this received theory offer even adequate minimum guidelines for the formation of policy, be it by the ruling class(es) or by the ruled.

The construction of more-adequate theory to predict or to explain events and to serve as a better guide for more efficient policy formation to shape events in desirable directions would seem to require the development of an historical political economy of world-wide scope. Not only is such a world-historical political economy necessary to increase our understanding of world-wide developments and
changes in "international" relations, but both of these in turn are necessary to permit minimum effective policy formation at any given local place and time. For policy formation that is effective — that results in a policy that has the intended effects — will be facilitated by some minimum acquaintance with the scope and direction of the developments that policy is intended to affect. The policy implication is that it is easier and somewhat more likely to be effective when riding with the stream and diverting it somewhat into desired directions than it is to ride against the stream. Of course, this poses the scientific problem of knowing or finding out what the stream is and where it is heading in the absence of such policy intervention. It also implies practical concern for the limitations that the extent, force, and direction of the stream place on even the most effective policy to affect the flow of the stream.

In other words, this approach — or is it the realization of what reality is like — also has important philosophical and political implications. The philosophical implications concern the need once again — or in each instance — to resolve the age-old dilemma between free will and determinism. The political implications follow from the same dilemma. We may recall one of the ways in which it was posed by Marx: People make their own history, but not as they please. They make their history within the opportunities and limitations that they find and through the interaction between their — and others' — policy or action and these changing opportunities and limitations.

Examination of the classical Marxist contradiction between what Alvin Gouldner called the two Marxisms is beyond our scope here. But the contradiction between the first, more voluntarist, critical or political Marxism in which "the class struggle is the motor of history," and the second, more scientific Marxism of historical materialism in which "it is not consciousness of men that determines their existence, but on the contrary . . . their social existence which determines their consciousness," and in which the development of material forces of production and relations of production determine social existence, is only a Marxist version of the contradiction between (political) free will and (economic) determinism, which defines all social existence and all human philosophy. This passing reference to Marxism suggests that even the social theory of historical materialist Marxism not only faces the same free will vs. determinism dilemma as other philosophies but the same objective limitations to subjective political action and policy as other political tendencies.

Of course, voluntarist and especially ideological Marxists will reject this formulation, just as voluntarist and especially ideological
Reaganites will (or, for that matter, dedicated Muslim true believers in Khomeini, or equally true believers in Jerry Falwell's moral majority gospel). These true believers in the power of social/political ideology and of individual faith not only believe that they can move mountains (and put them down where they want instead of where the advancing historical glacier does), but that their social ideology and their individual faith is the active ingredient (the motor force as Marx put it) in defining the course of history. They take any denial of this view to be treasonous consorting with the forces of evil, which they consider to be as voluntarist as themselves. Populist incarnation of any of these forces through the charisma of a leader who is a great communicator will of course generate a force to contend with, even if the leader is better at creating the illusion of being able to move mountains than at moving them or the course of history.

Any denial of the ultimate efficacy of these supposedly heavenly moving forces, let alone of their supposedly practical policies, and any appeal to earthy realism as a guide to their real limitations (such as the present one), will of course be highly unpopular. Any such appeal to realism, let alone to reason, will be denounced as the work of the devil by all divinely inspired spokesmen of a supposedly higher power, no matter whose side they are on; for divine right will always find greater appeal than earthly reason — until one experiences the hard knocks of reality — at least one might think so. But no, the greater the failure of divine faith — or indeed of simple political policy — to conform to reality, and the more threatening or disastrous the real course of events, the greater still is the attraction of divine guidance and faith. The supreme irony that their divine faith feeds on earthly reality will, ironically enough, be lost on the brethren flock.

Would that earthly policy-makers, who like to assume heavenly attributions (and attributes), could learn from the experience of the former minister and head of innumerable policy-making commissions and offices in Canada, Donald MacDonald, whose experience has taught him that "I don't think you should exaggerate the potential effects of public policy. In my own mind I think I probably exaggerated the extent to which you can change things with public policy. I don't think you should. It's god-damn presumptuous to assume you're going to solve all the problems." MacDonald said this, of course, just as he was assuming the chairmanship of yet another royal commission, this one on Economic Union and Development Prospects for Canada.15
Notes

This essay is a revised version of lectures delivered at Syracuse University in New York, United States, in December 1983, and St. Mary's University in Halifax, Canada in May 1984. Some replies to audience questions were subsequently incorporated in the text.


3. Ibid.

4. Ibid.; idem, *Critique and Anti-Critique* (New York, London 1984), chap. 20

5. Frank, *Critique and Anti-Critique*, chap. 22


7. Frank, "Defuse the Debt Bomb?" (See n. 6 above.)

8. Frank, *European Challenge*. (See n. 2 above.)

9. Frank, *Crisis: In the World Economy* (see n. 6 above); idem, *Critique and Anti-Critique*, chaps. 21, 23. (See n. 4 above.)


12. Frank, *Critique and Anti-Critique*.

13. Frank, *Crisis: In the Third World* (see n. 6 above); idem, *Critique and Anti-Critique*, chaps. 14, 22

14. *South* (July 1984), 26


See also by Andre Gunder Frank: *Reflections on the World Economic Crisis* (New York, London 1981); *Dynamics of Global Crisis*, with S. Amin, G. Arrighi, and I. Wallerstein (New York, London 1982); "The Real Challenge is not to Choose but to Have your Bread and Eat it too," submission to the Royal Commission on Economic Union and Development Prospects for Canada (Ottawa, July 1984).