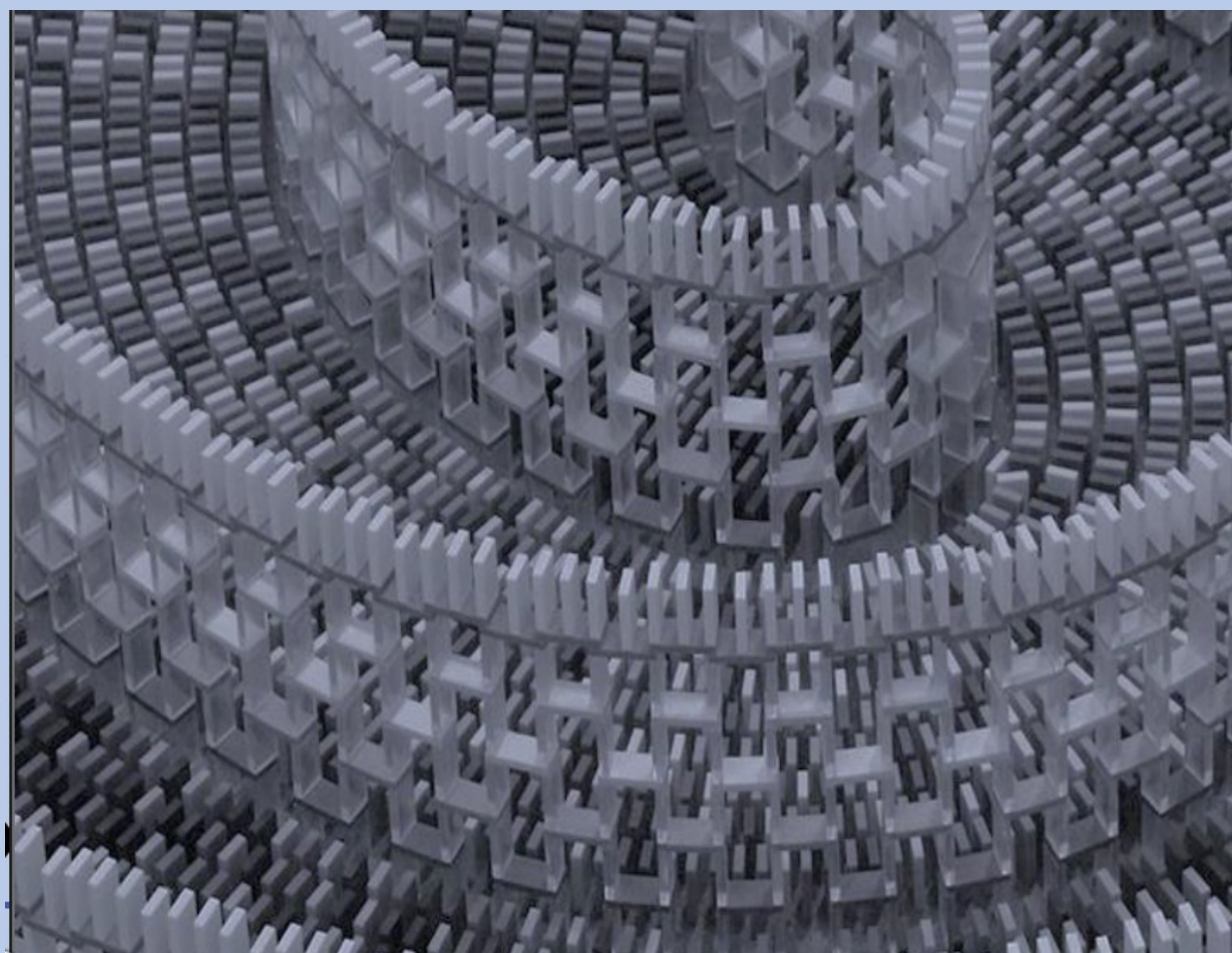


EXPLORING HISTORIC RESILIENCE IN NATIONAL AND INTERNATIONAL STRUCTURES



RAMACHANDRA BYRAPPA



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Exploring Historic Resilience in National and International Structures

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To my children: Chandrika, Szávitri and Arjuna.

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Preface

For me, researching and writing is a way of fulfilling my childhood curiosities. To understand how things really happen and happened. I was often told that I was a very stubborn child and I can imagine why. At the end of the day understanding things is also about giving sense to them. We are often led to believe that research is a dry metaphysical exercise, distanced from other bodily energies. My childhood stubbornness comes from the fact that I do not believe in this. A person's mind is a fabulous mechanic, but it is much diminished without the gut feelings. The mind can generate endless realities and complexities but at the end of the day the researcher asks a simple cardinal question: "Are my thoughts or the logic of their implication stomachable?" As a researcher I found that the 'gut feeling' was a good indicator of making sense of things and the manner in which I confronted certain issues. Often I am presented with an array of explanations but there is a 'gut rejection' although my mental reasoning might concord. For me, my research effort is optimal when my gut feeling can be aligned with my metaphysical reasoning. The main reason for this being that I am a human-being and I have my character. Researching is a very personal thing, as well as being the object of a scientific methodology. Intellectual reasoning without the gut-feeling not only removes our understanding from the human condition, but it could also end up being a dangerous exercise, the historian taking on the role of supranatural force over the human-beings.

It is only recently that I came across Paul Valéry's writings on the topic of history. He wrote the following: "History is the most dangerous product evolved from the chemistry of the intellect. Its properties are well known. It causes dreams, it intoxicates whole peoples, gives them false memories, quickens their reflexes, keeps their old wounds open, torments them in their repose, leads them into delusions either of grandeur or persecution, and makes nations bitter, arrogant, insufferable, and vain."¹ Paul Valéry points out to an interesting point. To be convincing, historic narrative has to be authentic and palpable, it cannot be a catalogue of empty concepts. History is made of flesh and blood, human traumas and triumphs. Concepts have to be brought closer to the richness of the human reality and not the other way round, human-beings being sucked into concepts in an indiscriminate manner. When it came to researching and writing these studies, I tried my best to maintain a healthy balance between my intellectual reasoning and my stubborn gut-feeling.

¹ Paul Valéry: *The Collected Works of Paul Valéry, VOLUME 10 – History and Politics*, Pantheon Books, New York, 1962, p.114.

Introduction

Each historian has his or her own method. My approach to understanding world history is to identify the main realistic structures of a given (historic) topography. This process is not simple but necessary. I feel that we cannot have a real overview of history without first identifying the main 'structuring' elements. The Alps are a structuring element of Switzerland and in a similar manner the Danube is a structuring element of the Carpathian Basin. The historic landscape is no different, it has its own markers or defining structures.

Once these structures are identified my next preoccupation was to see how resilient these structures are in their immediate environment and in time (*longue durée*). This implies that structures either disintegrate and disappear, or transmute, or continue in their essential characteristics. A structural historian then has to proceed with a phasal classification of structures in their conditional state: those who are immune to change and those who are not etc.

The reason why it is necessary to identify, qualify and classify these structures is that a historical analysis and interpretation has to be founded on a solid base. Historic archives, documents, evidence and facts are very important in the study of history but they are not a guarantee that they are loyal to the happenings under consideration. A lot of documents were written for the posterity, wanting to influence the way we perceive these happenings in our own times. These might have some value but cannot be used as foundational elements for our historical interpretation.

This does not mean that I think that structural elements can replace the value of archival knowledge. What is important is to let archival findings collide with structural elements. Structures in history in most instances are patterns of behaviour and relational patterns. If the facts do not fall within the structure of a pattern that is pre-established, then the fact has to be double or triple checked before a new norm can be established.

In this manner, structures introduce a rigour and scientific method to a domain which is often accused of being weak in method, often coming under strong influence of prevailing winds and whims of the political dogmas of the day. A historian cannot blindly use the archival material because there will arrive a time when history and propaganda will have only a thin line separating them. History without structure will not have the strength of science, at best it will be a weak pretendant. In this volume I ventured to explore national and international structures. My aim was to isolate those structural elements that dictate the interaction between socio-political elements. This volume of articles is therefore divided into two parts: national structures and international structures.

Part One: National Structures

1. Digesting Democracy - *A Japanese recipe*²

There is no text-book definition of democracy. The democratic practice generally is cornered and constrained by institutional set-up and the whims and wishes of national elites, shrouded and entrenched in self-serving ideologies. Although Japan might not be the exception to the norm, there are signs that democratic practice in the Land of the Rising Sun, by its scope and depth, is far more mature and sophisticated than democracy practiced in some western countries. Speaking on the occasion of a Conference on Democracy, Market Economy and Development in Seoul, South Korea, February 1999, Nobel Laureate Amartya Sen (Master of Trinity College, in Cambridge, UK, and Lamont University Professor Emeritus at Harvard University) outlined a catalogue of conditions that a system should display in order to be called democracy and produce its effectiveness: “First, it enriches individual lives through more freedom (involving political and civil rights). Second, it provides political incentives to the rulers to respond positively to the needs and demands of the people. Third, the process of open dialogues and debates that democracy allows and encourages helps in the formation of values and priorities, and this constructive function of democracy can be very important for equity and justice as well as efficiency.”³ Although there are occasional incidents to the contrary, Japan does seem to satisfy the prerequisites laid down by Mr. Sen. It would be interesting to investigate and put a historical perspective on the achievements of the Japanese democracy on the march, and ask ourselves if the Japanese administrative model has contributed to this success.

In a previous study on Japanese democracy, I had the opportunity to show how the practice of democracy had entered the economic sphere and how industrial democracy had become predominant. In the present study what I would like to do is to go further, showing on the one hand how Japanese democracy tries to neutralize the negative effects of its exercise. And on the other hand I will try to show how the Japanese democracy has changed its priorities to produce social and economic efficiency. What we will realize is that Japanese democracy diverges from the European or American traditions in ‘democratizing’ the execution of

² Byrappa, Ramachandra: *Digesting Democracy - A Japanese Recipe*, *ÖT KONTINENS: AZ ÚJ- ÉS JELENKORI EGYETEMES TÖRTÉNETI TANSZÉK TUDOMÁNYOS KÖZLEMÉNYEI*, 6, Budapest, 2008, pp 37–60.

³ Amartya Sen: *The Value of Democracy*, published online by The World Bank, Washington DC, Summer 1999. URL: <http://www1.worldbank.org/devoutreach/summer99/article.asp?id=3>

government policy. It is not 'the people decide through parliament, and the government executes'. In the Japanese context, it is more in the line of 'the Government decides, with the participation of the Parliament and the people, or the sub-national entities execute'. This process was not the result of the constitution but the result of more than fifty years of continuous adaptation and consolidation where Japan goes beyond the normative form of democracy to give it a true meaning.

The above mentioned change of roles unleashes many more questions on the nature of democracy in general and its practice in particular. The question that we have to ask ourselves is that: should one restrict democracy only to the political sphere for it to be considered as such? How are we to make democracy truly representative for it to be really effective? Is democracy about choosing a 'governing elite' or is it about making specific social and economic decisions, a survey of the peoples preferences? Or quite simply what is democracy? Should parliament be given total sovereignty? Does the principle of 'rule-by-consensus' generally practiced in Japan, corrupt the notion of parliamentary democracy? These are some of the very important questions the Japanese model of democratic practice provokes and tries to give answers to.

What I propose to do is to divide the present study into three parts. In the first part, I would like to focus on the way the Japanese approach to universal democracy has proceeded to neutralize the negative effects of democratization that one tends to witness in the initial stages of implementation, in a country that is not acquainted with a democratic tradition of government. In this part we will try to see how the Japanese tradition tries to weed out conflict from the political arena, to replace it with constructive debate to promote the social and economic welfare of the Japanese Nation. In the second part we will try see how the principle and essence of democracy is integrated into the daily life of the ordinary Japanese subject by the structure policy execution. In other words how policy implementation is democratized, how economic, social decisions and order is maintained by the 'subject' as opposed to the 'government'. In the third and final part I would like to demonstrate the fact that by giving democracy back to the people the Japanese model of democracy does indeed make it efficient and economically affordable by greatly reducing the costs of its overall functioning to the society. One should not forget that in some contexts and in some countries' democracy induces such a high level of costs that it bankrupts the whole society.

Today modern Japan might be considered an ethnically homogenous society.⁴ But this does not remove us from the fact that civil war (more than 400 years of it), conflict and violence were endemic to Japan and Japanese society right up to the 1970s. Unfortunately ethnic uniformity does not always mean economic or social equality, not counting on the odd moments of irrational behavior that human kind is plagued with. The establishment of the Meiji constitution and the resulting "Taisho democracy" showed that the way to plural democracy can be long and tedious, sometimes even hazardous, as it was in the case of Japan. The 1920s and 1930s showed the Japanese elite the deficiencies of democracy as the country was grappled with political intrigue, assassinations and un-bridled militarism.⁵ The problem with Japan's first experiment with liberal democracy was that power was still concentrated with the Emperor. You therefore have a situation where people were mistakenly led to believe that political parties can improve the livelihoods of the average Japanese. But as the Emperor's inner circle only allowed a limited space of action for the elected representatives, peoples high hopes could not be satisfied. Dissatisfaction and dismay lead to radicalism. The high season of this radicalism was marked by "the famous "incident" of May 15, 1932, when a band of extremist young naval officers murdered the elderly Premier, Tsuyoshi Inukai, while a group of insurgent peasants made an abortive effort to cut off Tokyo's electric power supply as a demonstration against the sufferings in the rural districts."⁶ With this kind of a situation what we realize is that the advent of democracy, with its new expression of legitimacy, relegates previous structures of authority and responsibility to a lesser role in society. If democracy does not fulfil its objective role then society decomposes with unforeseeable consequences. The checks and balances provided by the Meiji Constitution proved inadequate and insufficient to shelve Japan away from war and consequent political turmoil, and even economic ruin. There were very few forums where political tension could be 'siphoned' off. The new post-war leadership needed to re-appraise the role of democracy and its adaptation to the Japanese context.

At the end of the Second World War for Japan, the then Minister for Foreign Affairs YOSHIDA Shigeru sent a letter to his subordinate in the Ministry of Foreign Affairs, KURUSU Saburo, in which he writes the following, "That which had to pass, has at last come to pass," adding that Japan, free from militarism, would see "transparency politics and an uplifting of the

⁴ This statement is sometimes questioned by the inhabitants of Okinawa (island) which is scattered a thousand kilometres or more from the capital-Tokyo. But the overall sense of belonging to one Japanese nation is not questioned.

⁵ William Henry Chamberlin: Japan over Asia, published by Duckworth, London, 1938, page 214. Note the so called February 1926 events which lead to the assassination of the Finance Minister, Korekiyo Takahashi.

⁶ William Henry Chamberlin: Japan over Asia, published by Duckworth, London, 1938, page 199

people's morals." ... Meanwhile, he also gives vent to his longstanding feelings toward the military and the gendarme (*kenpeitai*), writing, "I can gloat a bit (over their downfall), and tell them, it serves you right!"⁷ This concluding sentence shows how much Yoshida was relieved upon the end of the war and how he was hopeful for a different kind of future, a future without internal and external conflicts for his people.

The same vision dominated officers in the Japanese Navy. According to a study conducted by J.K. Galbraith for the American administration, "Rear Adm. Soichi Takagi, who was attached to the ministerial secretariat of the Naval General Staff, made a study between 20 September 1943 and February 1944, of the war's battle lesson up to that time. He concluded that Japan could not win and verbally presented his findings in March 1944 to Admiral Mitsumasa Yonai and Vice Adm. Seibi Inouye. Takagi's study, interestingly enough, was undertaken at the end of the second year of the war--the time beyond which, the Japanese Navy's top command had estimated before hostilities, Japan could not fight a successful war."⁸ This was promptly relayed to the Ministry of Foreign Affairs, which by autumn 1943 had also considered very probable that Japan would be defeated, and went on to preparing concrete plans of how Japan should be 're-engineered' as a country. This partly meant going back to the essential element of the Japanese political geography - the notion of community.

As the renowned American reporter, William Henry Chamberlin once put it: "No country, it seems safe to say, has advanced so far into the twentieth century while retaining so much that belongs to the fifteenth, or to the tenth, or to even earlier periods of human history."⁹ Unlike some of the other modern nation-states, the Japanese political system has evolved by an outright recognition that "community" pre-exists the "nation-state". And it is generally true that as one political scientist puts it: "one of the most powerful sources of man's political loyalty and action has always been his sense of attachment to a region or a community. When he identifies himself very closely with the interests of a particular area or a particular group of people to the point where his life ceases to have any real importance other than within that context, then he may be prepared if necessary to die to defend those interests."¹⁰ For the reasons of economic viability and peaceful co-existence, at a point in history, communities wilfully come together to build a nation-state, and this was the case of Japan, especially after the Second World War.

⁷ Letter from Yoshida Shigeru to Kurusu Saburo: 27 August 1945 (Showa 20), Papers of HARADA Kumao, #54-14, National Diet Library, Tokyo. URL: <http://www.ndl.go.jp/modern/e/cha5/description01.html#c511> (2008-03-05)

⁸ J. K. Galbraith: *The United States Strategic Bombing Survey – Japan's Struggle to End the War*, published by U.S. Government Printing Office, Washington, DC., 1946, page 3

⁹ William Henry Chamberlin: *Japan over Asia*, published by Duckworth, London, 1938, page 252

¹⁰ M.J.C. Vile, *Politics in the USA* (Third Edition), Hutchinson, London, 1983, page 24.

If one accepts the fundamental truth that socio-economic order is partly the result of tested tradition and morality, which is developed over a long period, thus giving total sovereignty to one single body like the parliament becomes very anachronistic.¹¹ My assertion is that, in the context that parliament or the national legislature do not have the monopoly on the generation of social and economic order, there is no reason why it (the national parliament) should enjoy a monopoly over the principle of sovereignty. The sooner one recognizes this fact the better one would be prepared to understand the Japanese ‘particularity’ in the development of democracy. The Japanese system seems to have taken a long advance on the rest of the so called ‘modern’ democracies.

The other related problem with parliamentary democracy, in its rudimentary form, is that it is instrumentalised by ‘nation-building’ movements. As such this might not be a catastrophe if it were not for the side effects. What nation-building does is to streamline local and individual sovereignty through a democratic process and fix national objectives. Historians sometimes make a mistake by over-emphasizing the possible ‘factor’ of disintegrating empires and break-up of monolithic kingdoms which led to the creation of the nation-states in Europe and later on in the rest of the world. One Scandinavian study came-up with the following statement: “Several scholars have analyzed the process of democratization of European countries as closely related to the emergence of nation-states. The replacement of traditional rule in empires by government by nation-states according to the principle of ‘one people-one state’ was conducive to victory of democracy, although both fascism and communism scored temporary successes when traditional rule was abandoned in Europe. ... In the new world, the demand for democracy went hand-in-hand with a growing national consciousness, as colonial power was dismantled.”¹² Historians sometimes inadvertently promote ideas that are in conformity with national endeavors but without historic foundations, since they fail to explain the reasons why in so many of these countries civil wars break-out almost immediately after the declaration of independence from their colonial masters.

As I had the opportunity to illustrate in a conference held in Debrecen, Hungary, historians would serve the purpose of history better by assessing the real forces behind the use of democracy by the nation-building movements. Democracy begins as a system which heralds the advent of the “rule by the majority”. And for this reason initially it represented a form of

¹¹ Michael H. Hart: *Law, Liberty, and Morality*, Stanford University Press; (1 edition) 1963, Redwood City, pp 3-6.

¹² Svante Ersson, Jan-Erik Lane: *Democracy A Comparative Approach*, published by Routledge, London, 2003, page 101.

revolutionary ideology, since it provided a chance for the oppressed under classes to attain political emancipation. But as soon as the “Westminster” style of aggregation and segregation begins, all hopes evaporated; because the so called “procedures” (political parties, selection of leaders, the factions and the arithmetic of coalition politics) weed-out popular will to transform democracy into a ‘dumb duck’ at the best. Since more than half a century of civil wars, uprisings, manmade economic and environmental disasters there is one thing that always pops to the front – the struggle of the community against the nation-state. We all, layman, intellectual, historian etc. always forget or under-value the fact that democracy is about people - about real communities. As such, the farther away we take democracy from communities the more estranged it becomes, and thus less effective in solving social and economic problems.

This is a mistake that Japan could not commit again. During the first period, before the Second World War, nation-building was sucking the ham out of communities. One of the main characteristic of the “Taisho democracy” was politics for the sake of politics leading to a high level of instability which overflowed from parliament into the streets. What was worse was that this instability was taken to the factory floor,¹³ risking the survival of whole sections of the population. As if to serve as a reminder, the initial years of rule under the Allied Forces, under the leadership of Supreme Commander Gen. Macarthur, was close to becoming a repeat of the “Taisho democracy”. According to Professor Fukutake, “In the immediate postwar period Japan got off to a paradoxical start in its new career: democracy was taken as the voice of authority. ... Postwar Japan became a kind of test bed for democracy.”¹⁴ With all its good intentions the Occupation authorities pressed the Japanese government to legislate the Trade Union Law of December 1945, which guaranteed the right to organize and to bargain collectively and recognized the right to strike. The result of this legislation was an explosion of unionization and trade union activity. In February 1946 there were 675 unions registered with a total membership of 496,000. By July 1948 the number of unions had shot-up to 33,940 with a membership 6,637,710.¹⁵ Among this rise the public sector represented the lion share of union membership – 2,600,000 by the end of 1948. The stage was set for ideological brinkmanship.

This was accompanied by an explosion in political affiliation. Although from outside it might be perceived that the United States and its allies, by the ‘Potsdam declaration’, imposed a new democratic political system on Japan, it should be noted that a big chunk of the Japanese

¹³ William Henry Chamberlin: Japan over Asia, published by Duckworth, London, 1938, page 211.

¹⁴ Tadashi Fukutake: The Japanese Social Structure – Its Evolution in the Modern Century, published by University of Tokyo Press, Tokyo, 1982, Page 78

¹⁵ Shigeto Tsuru: Japan’s capitalism – creative defeat and beyond, published by Cambridge University Press, Cambridge, 1993, page 24.

elite and the overwhelming majority of its people were persuaded by the necessity of democratizing the country. But at the same time those Japanese statesman that had travelled to the West and had come into contact with the functioning of western democracies were aware of the dangers that it could instil in an economically fragile country like Japan. The introduction of this new wave of democratization meant that old and forgotten divisions in the Japanese society were bound to re-emerge and destabilize the country. Political and social instability was the last thing that Japan needed after a devastating war. To rebuild the country from the rubbles needed long-term planning. Sometimes introducing democracy can be relatively simple but managing the costs that democracy causes are not so easy, so Japan needed to take urgent and decisive steps to construct a political system that would not over-burden its economic structure. The end result was a democracy with the traditional Japanese preference for political stability.

The ingenuity of the Japanese political system is that both systems cohabit, and are used alternatively as best suited for the effective exercise of power. From a historian's perspective, tracking down the pattern of political power and the way in which it is exercised, becomes complex, and traditional methods of studying government and parliamentary documents is insufficient to assess the whole picture. One of the reasons for this is not that the political institutions do not fully play their function; it is more that they are required to play a marginal role in the "socio-economic" system as whole. Who plays what role and to what extent, some historians concluded, was decided when the so called "1955 System" was put together. There seems to be some ground to this since very important, if not radical, changes took place in the year 1955.

The prelude to the 1955 system began in October 1955, when the left and the right wings of the Japan Socialist Party (JSP) merged, and in the following month the two main conservative parties, the Democratic Party and the Liberal Party, also merged to form the Liberal Democratic Party (LDP). This marked the founding of the 1955 system. The rationale for the mergers was above all the desire for political power and control of the government. The Socialist Party which had splintered over the 1951 San Francisco Peace Treaty, had increased its Diet strength in the successive elections of 1952, 1953, and 1955, and the advance of the left wing was particularly noteworthy. In the spring 1955 election, both wings campaigned on a platform promising a merger in the near future. The Diet strength of the conservatives on the other hand, kept shrinking in the election after election, and the Democratic Party that had organised the Hatoyama cabinet fell far short of a majority in 1955. The conservatives were resolved to merge in order to build a stable conservative government and in response to the Socialists' merger. The mergers within the two camps, however, were also brought about by strong external

pressures from both inside and outside. Sohyo, the labour federation created by the occupation authority, had turned sharply left and radical with the coming of the Korean War; at that time it was directing a large-scale labour campaign against “rationalization” both in the private and sector, including large-scale restructuring in bureaucratic apparatus of the country. Without Sohyo’s total endorsement and promise of its financial might, the socialist leftwing could not have expanded as it did. And as many believe without its negative pressure, the JSP would not have come together again.¹⁶

One of the main, if not the principle, reasons why the left gathered strength was that it started to promise a ‘progressive’ social democratic society in which individual freedoms would take a central place in the system. As Professor Shigeto Tsuru explains “A propitious occasion came in 1947 through the coming into power of the Socialist Party although in coalition with two conservative parties. This government, headed by Tetsu Katayama, a socialist as well as a Christian, was fully supported by General MacArthur, and started its activities with a fair amount of ambition, publishing the First Economic White Paper, which played an enlightening role in impressing upon the public the need for progressive measures in the economic sphere. The government also proposed the nationalization of coal mines, and the enabling law was enacted subsequently in December 1947 with a three-year time limit.”¹⁷ Translated into economic policy this would mean a welfare system that would make Japan an importing country than a predominantly exporting country that it needs to be. On the long-term, if applied, Katayama’s economic policies would have created fiscal imbalances, making Japan a net borrowing country.

Although the ‘First Economic White Paper’ might have been a hot potato with the war stricken Japanese voter, it was not going to be popular with the Japanese businesses and the majority of the conservatives. It is also important to point out that outside Japan, the American authorities in Washington D.C., were worried that by creating a weak economy in the North-East corner of Asia they would facilitate the onslaught of communism. One should not forget that before 1949 (the emergence of a red PRC) the United States hoped that China would be its main ally but hopes were dashed by a victorious Mao Zedong. In spite of all the war time bitterness felt by both sides the fate of US foreign policy in North-East Pacific region hinged upon an economically beleaguered Japan. It was vitally important for the United States that Japan becomes a show case for both American-styled liberal democracy, accompanied

¹⁶ Junnosuke Masumi, *The 1955 System in Japan and Its Subsequent Development*, Asian Survey, Vol. 28, No. 3 (Mar., 1988), pp. 286-306.

¹⁷ Shigeto Tsuru, *op. cit.*, page 16

invariably by a capitalist economic system. What is more, the broth of the Korean conflict also pointed out the strategic importance of Japan in terms of logistical back-up.

The initial idealism displayed by General MacArthur was soon swept away by the cold-war realism. The last years of the Occupational Authorities were marked by heavy-handedness against those democratic institutions which they earlier imposed on Japan. When MacArthur refused to comply with the directives of the (Ralph) Young report for economic stabilisation of Japan, the National Security Council directive of the so-called "Nine-Point Programme" of December 1948 was dispatched, along with Detroit banker Joseph Dodge in February 1949. He was given the rank of minister and as a personal representative of President Truman.¹⁸ Dodge distributed a report from the ACJ to his staff that denounced SCAP as a "bureaucratic, inefficient, dictatorial, vindictive, and at times corrupt" organization. It accused MacArthur and his staff of destroying the "very individuals and classes" who supported the United States in the cold war while giving Communists free rein.¹⁹ The Zaibatsu (monopolies) reform program was not only abruptly stopped but they were allowed to reconstitute themselves. The circumstances in which the "1955 System" came are very blurred and shrouded in mystery. Only now, almost 50 years after its creation, historians are coming to grips with what happened then. But the full picture why such diverse set of interests arrayed themselves and for what purpose.

The situation in 1955 was the remnants of the Meiji administration was landed with two very delicate challenges, both to which they would apply their own, well experimented methodology. On one side the 'occupying' authorities was asking the Japanese elite to bolster the ideology of 'liberal democracy' and on the other side produce an economic miracle to back-up the earlier mentioned ideological thrust. From the part of the Japanese, as I mentioned earlier, there was no doubt that democracy was the best thing for the Japanese people. But the question was how does one put together a modern and well-functioning economy; without the hap hazards (referring to its earlier experiences) that democracy seems to produce. The Japanese, from the transition administration, come-up with a simple but genuine system of cellular development of democracy where ideological debate in one particular cell does not upset the rest of the cellular fabric of the Japanese society as a whole. Instead, democracy is positively applied to reduce conflict in society and more importantly reduce economic inequalities.

¹⁸ Shigeto Tsuru, Japan's Capitalism: creative defeat and beyond, Cambridge University Press, Canto Edition 1996, page 46.

¹⁹ Michael Schaller, Altered States, The United States and Japan Since the Occupation, Oxford University Press, 1997, chapter one, downloaded from:
<http://72.14.207.104/search?q=cache:9k0vZgvc6HsJ:www.nytimes.com/books/first/s/schaller-states.html+James+Lee+Kauffman+and+Japan&hl=hu&gl=hu&ct=clnk&cd=23> (retrieved on 2006-03-10)

Even the highest and the most important for the “polis” – political activity, was neatly tailored to become a ‘cellular community’. Professor Tadashi Fukutake, of the University of Tokyo, came up with the following explanation which serves our purpose well: “Even if farming was mainly a system of private family production, the existence of resources over which the community had a monopoly made supplementation of individual by cooperative effort necessary. It is in that sense one can speak of Japanese villages, even in the modern period, as genuinely village “communities” of a corporate kind.”²⁰ After a period of enhanced industrialization and urbanization Japan was far from being an agrarian society, but the community concept of the Japanese society prevailed. It could not be considered “mass” society as in the western hemisphere. The reason for this is that the “community” concept was re-created where needed to avoid chaos and void.

In 1955 this community concept became a fundamental necessity to the rearrangement of the Japanese political landscape. Rather than become a dominant political party of an ordinary kind the newly formed Liberal Democratic Party (LDP) becomes the leading political community whose main purpose would be to provide the country with political stability, without which long term economic planning would be impossible. Simply put, this new community instrument called the LDP is entrusted by a mission to manage any political conflict that might arise.

The structure and organization of the LDP gives many clues that help us to understand the true mission it is burdened with. The most striking feature of the LDP is its ‘faction’ system. Within the party there are political formations and political interest groups which set themselves up as factions, with organizational and financial resources which are solely destined to the faction. Anywhere else in the world these factions would be termed as ‘political parties’, but not in Japan, and especially not in the LDP. This faction system is further enforced by an electoral system where ‘multi-representative’ constituencies exist. This means that the LDP can sometimes have five or more candidates (all from different factions) contesting along with all the other ‘opposition’ parties.

Once elected the debates and negotiations to elect a new leader of the LDP take place between these factions. Usually the leader of a faction that succeeds in amassing the support of other factions becomes the head of the LDP, and eventually the Prime Minister of the nation. In a country like Britain this would mean that the newly elected Prime Minister can freely choose

²⁰ Tadashi Fukutake: *The Japanese Social Structure – Its Evolution in the Modern Century*, published by University of Tokyo Press, Tokyo, 1982, Page 35.

the members of his cabinet and would be vested with powers to propose policy for approval by the national parliament and eventually implement the approved policy.

In the national Diet (the Japanese Parliament) every precious minute of a Prime Minister's movement or action is carefully observed and scrutinized by the Diet, and by default by the LDP to the point that executive power is eroded and left to a symbolic minimum. From outside and afar this might seem awkward and inefficient way of conduct the business of parliamentary democracy. But one should not forget that in Japan we are talking about cellular communities and not 'mass' citizenry. From this perspective, the political system in general and the LDP in particular fulfil the democratic function by conveying and consolidating particular community interests in the overall national interests that are put forward.

Conflict feeds upon embittered groups or communities that feel that are left out or are failed to be integrated into the overall process. In Japan, it is the duty of the representatives to collect and collate these particularities to the highest legislative body, the Diet. The political career of ex-Prime Minister Tanaka is a good illustration of the process and fits well the illustration I would like to make. In 1947, at the age of 28 Tanaka became a member of the national Diet, under the banner of the Democratic Party headed by Hitoshi Ashida: "As a new member of the House of Representatives, Tanaka's low stature was confirmed when he was given two very minor posts. One was on the Committee for Construction and the other was on the Committee to Research Unfair Property Transactions. He hoped to secure a mentor and break into the fraternity of elites by joining the sub-party faction of former Prime Minister Kijuro Shidehara. Always in need of money, Shidehara accepted him."²¹ Tanaka consequently became responsible for the finances of Shidehara faction which called itself the Doshi Club. Two months after Ashida became Prime Minister, the Doshi Club joined the Yoshida-Hatoyama (Kodama) Liberal Party. It was a timely alliance. Along with other defectors, party chiefs decided to reorganize into the Democratic Liberal Party (DLP) with Shigeru Yoshida as its president. Tanaka became manager for election campaigns of the party. Tanaka had caught Yoshida's attention by compiling a detailed district-by-district political map. The map impressed Yoshida because of its comprehensive compilation of each party member's connections, source of financial support and family ties. It was valuable intelligence that demonstrated Tanaka's talent for organization and political manoeuvring.²² Yoshida rewarded

²¹ Steven Hunziker and Ikuro Kamimura: *Kakuei Tanaka-A political biography of modern Japan*, Chapter 2. Downloaded from: <http://www.rcrinc.com/tanaka/ch5-4.html>, date of retrieval 2006-05-11

²² Steven Hunziker and Ikuro Kamimura, *Ibid*

Tanaka for his help by appointing him as the nation's youngest Vice Minister of Justice. But the “Nagaoka Railroad” incident in 1949 was soon to show Tanaka’s political brilliance.

In the middle of 1949, the Santo area of Tanaka's Third District faced a crisis. The railway that linked the Santo area to the city of Nagaoka and to Tokyo was almost bankrupt. National inflation had made the cost of coal prohibitive and without coal they couldn't operate their steam train. Without the train, Santo farmers couldn't get their crops to market economically. If they couldn't profit from their crops, they couldn't purchase chemical fertilizers. If they couldn't get fertilizers, they couldn't farm, and if they couldn't farm, the entire Santo region faced ruin.²³ By December 1951 Tanaka had succeeded in constructing a new electric line. He achieved this almost unachievable deed by mobilizing rail workers, farming community and banks that were willing to risk capital. By the successful completion of the railroad, Tanaka achieved the status of national hero and a young politician who could achieve miracles for common people.

Tanaka also increased the potential of local politicians who are in touch with the electoral base. In this context being elected or re-elected means solving problems and producing tangible results at the local level. “In traditionally autocratic Japan, nobody had ever seen anything like it. Common people usually excluded from the normal course of backroom power-brokerage put together "Tanaka picnics," "Tanaka Cup baseball games," "Tanaka Cup fishing contests," and other grassroots fund-raising activities unique to the political landscape. For Tanaka, the Nagaoka project was an eye-opening experience. He easily won re-election to his third term, placing first above all others, garnering support from farmers, teachers, labor and business.”²⁴ Tanaka succeeded in cutting across class and income based groups. Being working class and voting LDP was no longer abnormal, in short he was working for the interests of the entire community.

This was also financially self-supporting. Rural community in 1950s Japan meant infrastructure development and in many instances local support depended upon this. A good example of this procedure is the Tadami River Project. At the heart of the system was the winning a project of considerable size with financial support coming from the central government. “Once under way, the Tadami River Project gave birth to a vast array of construction and support industries that helped develop the eastern section of the Third District and provided a new source of supporters for Tanaka and Etsuzankai (Tanaka’s political

²³ Steven Hunziker and Ikuro Kamimura: Kakuei Tanaka-A political biography of modern Japan, Chapter 3.
Downloaded from: <http://www.rcrinc.com/tanaka/ch5-4.html>, date of retrieval 2006-05-11

²⁴ Steven Hunziker and Ikuro Kamimura, *ibid*.

organisation).”²⁵ Tanaka’s personal companies dealing in transportation and gravel made huge profits. Grateful citizens of the region also provided donations and financial support to his political organisation – Etsuzanki. The Tadami River Project had other pitfalls down the line. “Federal money for reclamation of unproductive terrain was allocated in an effort to decrease dependence on foreign goods and services. Tanaka’s position on the Commerce and Industry Committee gave him an inside track on available funds. Etsuzankai found Tanaka a project along the Uono River. The project was 1,412 acres of unused land, perfect for conversion into rice fields. The work began at once and was finished in just five years. It was a bread-and-butter accomplishment that endeared him to the families along the river.”²⁶ By bringing irrigation facilities to dried areas brought tangible, long term, benefits to the local community. And in exchange Tanaka could count on long term support of the community concerned. The Chairman of the Democratic Socialist Party of Japan, Tomiichi Murayama, crystallized Tanaka’s impact on history when he said, “Kakuei Tanaka represented postwar conservative politicians... He was the symbol of light and shade in postwar Japan.”²⁷

For our purpose in defining the administrative and democratic system of Japan, Tanaka’s impetus could mean two things. Whatever the national elite’s designated purpose might have been immediately after the war – namely that of enhancing the livelihood of the Japanese population or laying the future foundations for the Japanese economic expansion – Tanaka made the idea of representative democracy look beneficial to both the voters and the ruling elite. Ex-Prime Minister Yasuhiro Nakasone said, “Tanaka pioneered a new type of politics for the nation. Although some of his approaches to politics drew criticism, Tanaka served as a link between the people and politics, which was a great achievement.”²⁸ In an ever-centralizing political system, putting local politics at the heart of the system is indeed an achievement since the tendency of the bureaucratic machine was to centralize power and pull the economic allocation of resources to the centre. This was not the only challenge facing the nascent democracy in Japan.

One of the biggest challenges facing modern societies today is to cohabitate democracy, capitalist business environment, individual self-fulfilment and social equality. And given the highly integrated and ever complex and competitive international environment brought about by globalization this task can be pivotal to the success or failure of a society. What Japan has

²⁵ Steven Hunziker and Ikuro Kamimura, *ibid*.

²⁶ Steven Hunziker and Ikuro Kamimura, *ibid*.

²⁷ Steven Hunziker and Ikuro Kamimura: *Kakuei Tanaka-A political biography of modern Japan*, Chapter 5.

Downloaded from: <http://www.rcrinc.com/tanaka/ch5-4.html>, date of retrieval 2006-05-11

²⁸ Steven Hunziker and Ikuro Kamimura, *ibid*.

done is to adapt a cellular approach even in the economic sphere. This idea and its practice are not new to the Japanese situation. For centuries, in context of solely agrarian economy, the village acted primarily as an economic structure. This predominantly economic structure provided the central framework for socio-cultural activities of the community. “In contrast to the European situation, researchers concerned with the postwar modernization of Japan’s rural communities have invariably noted their relatively strong corporate character – although the local community no longer had any legal standing, it still maintained a formal system of self-government acted as a political unit in local elections, cooperated in economic endeavors, constituted an important socio-religious entity, and censored those who did not abide by community decisions.”²⁹

Along with this inward organization of its economic fundamentals the village community displayed another very important characteristic. As Professor Tadashi Fukutake from the University of Tokyo explains: “Even today these village boundaries, although they have lost all administrative significance whatever, are still something that villagers are usually aware of: some scholars speak of villages having their own “sovereign territory.” This is a particularly Japanese characteristic, not to be found in other Asian countries, such as China and India.”³⁰ We can take issue with Professor Fukutake on the Chinese and India context, but what is key to our current discussion is that he is right in pointing out the truth that the Japanese system treats a ‘well defined and delimited’ organism or community as a ‘sovereign territory’. Compared with other countries this makes a big difference in the application of democracy.

In many respects the post-war Constitution maintains the notion of ‘sovereign territory’ when it comes to industrial relations or the organization of the economy in general: “Although the Labour Standards Law was enacted in 1946, the law defined only minimum criteria, and left it to the representative trade union (the right to unionize was guaranteed under the 1947 Constitution) to negotiate the actual working conditions. The law, which specified the right and duties of employee and employer if a labour contract did not exist, relied on the precedent of judicial adjudication in cases where the parties could not resolve their dispute on their own.”³¹ By giving only a loose and vague perimeter the law indirectly encourages the consolidation of democracy inside of an economic organization like a company and even lower at the level of a

²⁹ Peter H. Prindle: Peasant-Worker Households and Community-Based Organizations in Rural Japan, *Modern Asian Studies*, Vol. 19, No. 2 (1985), pp. 279-297 (page 279).

³⁰ Tadashi Fukutake (University of Tokyo): *The Japanese Social Structure - Its Evolution in the Modern Century*, published by the University of Tokyo Press, Tokyo, 1982, page 34.

³¹ Wakana Shutô (Yamagata University): *The Impact of Globalization on Trade Unions: The situation in Japan*, page 11, published online at the following URL: [www.newunionism.net/library/internationalism/Japan%20-%20The%20Impact%20of%20Globalization%20on%20Unions%](http://www.newunionism.net/library/internationalism/Japan%20-%20The%20Impact%20of%20Globalization%20on%20Unions%20) (2008-01-15)

factory. Since the participants are invited to dialogue and resolve their particular problems by adopting rules and regulations particular to their needs.

In essence, democracy in Japan is taken for what it really should be – about debate and mutual persuasion, with the purpose of arriving at the appropriate decision, intended to serve and further the interests of the community. In the majority of the developed countries the relation between ‘work’ and ‘capital’ the prevailing perception is that of modern day slavery, the employer pays a salary and in exchange the worker does the designated job. In a sense private life and life at the workplace more or less kept apart as belonging to two distinctive spheres. And within the workplace the management and the workers consider themselves as belonging to two quite separate ‘tribes’. The management feels no obligation to inform the workers of the overall company strategy. And as economic cycles deteriorate workers are laid-off as they were part of a ‘non-performing’ or ‘redundant’ material. In a way, cultural patterns are structurally inclined to push both parties towards conflict.

Learning from past mistakes, and to give democracy a wider perspective than its narrow political function, Japanese government and corporate leaders are careful not to disturb or distort the community aspect of the ‘workplace’. When international competition intensified the reaction of the Japanese companies was not to lay-off its workers and take the production to cheaper manufacturing bases elsewhere in Asia. The reaction of Fujikazu Suzuki (Deputy Director General, RENGO-Research Institute for the Advancement of Living Standards - RENGO-RIALS) is very telling: “External auditors and directors, however, are selected at meetings of general shareholders, and the “voices outside the company” are essentially the voices of shareholders and investors. Ensuring transparency in corporate management for those outside the company and safeguarding against tyrannical managers are certainly important. If the disclosure of information to shareholders and monitoring by shareholders are important, then disclosing information to employees, those most directly affected by management decisions, and ensuring that their “voices” are reflected in corporate management seem even more important.”³² This points to the fact that in Japan, the company is not treated as a ‘colony’ of the capital; where ‘profits’ and ‘tributes’ profuse to the detriment of the worker and the community. Community spirit and dialogue at the work place it seems was a long tradition in

³² Fujikazu Suzuki (Deputy Director General, RENGO-Research Institute for the Advancement of Living Standards -RENGO-RIALS): Corporate Governance Reform and Industrial Democracy in Japan, published online at the following URL: www.jil.go.jp/english/documents/JLR05_fujikazu.pdf (2008-01-15)

Japan. In the words of a worker: “We don’t need any trade union. We are just one big family, working for the good of the enterprise.”³³

Democratic institutions at the national level might have different time patterns which might make the rights of the citizen ‘inactive’ since they have to wait for the next electoral cycle to renew or revise their decisions. In comparison, the workplace and how it is organized is very important and has an impact on the everyday life of the working citizen. In the words of Liliane Jung of the International Labour Organization: “Collective agreements affect primarily those workers of the firm who are trade union members. According to custom, they tend to be put in writing only as far as is legally required. Further provisions of the agreement, which must of course be in line with the law, are often simply agreed to verbally. The written part of the agreements might therefore be simple or vague. This fact gives more importance to work rules, which stipulate common working conditions at the enterprise level. Any employer with more than 10 employees must draw them up in consultation with the trade union. Work rules must not infringe upon the applying collective agreement. Then, they fix the elements of the labour contracts within the company, independently of whether the individual worker is trade union member or not.”³⁴ What we witness in the process is that the worker exercising his democratic right to define, along with the rest of the immediate community, the rules and regulations which condition a big part of her or his life.

This democratic process of self-regulation restores the notion of ‘sovereign territory’ once enjoyed by the village community. And as in the case of the village, the dynamic exercise of democratic dialogue can lead to a high degree of autonomy since the scope for state intervention and arbitration is kept to a minimum. It very interesting to see that it is the trade unions and employer organizations that request that the government ‘put into’ law the ‘best practice’ that has evolved in their sphere of influence. In the words of the Japan Institute for Labour Policy and Training it is “Rengo (Japanese Trade Union Confederation), which is the national center, and management organizations such as Nippon Keidanren (Japan Business Federation) have established a venue for regular discussions, and for issues on which they share the same opinion, a joint policy proposal is duly submitted to the central government.”³⁵ In this way one can argue that the activity of the National Parliament is rear-guard action, since it puts into law what has already been normalized by employers and workers – in short, by the community.

³³ William Henry Chamberlin: Japan over Asia, published by Duckworth, London, 1938, page 179.

³⁴ Liliane Jung: National Labour Law Profile: Japan, published online by the International Labour Organisation at the following URL: <http://www.ilo.org/public/english/dialogue/ifpdial/info/national/jp.htm> (2008-02-28)

³⁵ The Japan Institute for Labour Policy and Training: Labor Situation in Japan and Analysis: General Overview 2006/2007, November 2006, Tokyo, page 64

The delegation of democracy to areas of society where it produces tangible results has been the primordial advantage the Japanese system has gained over its main competitors. Capital, technology and skilled workforce can give a temporary advantage, but on the long term social and political stability can become more important as assets leading to a prosperous and harmonious society. Ross Mouer and Hirosuke Kawanishi came to the following conclusion: “There is a common recognition that the Japanese model – with all its structural features, as an important component of the Japanese economy (indeed, of Japanese society) – contributed immensely to the economic achievements of the 1960s and 1970s.”³⁶ When this model gets stretched the Japanese system of social engineering will find appropriate replacements. But the continuing preoccupation will always be how to transform democracy into a system of peaceful conflict resolution.

One might counter my argument by pointing out the fact that workplace does not constitute the entire society, and that most of the conflicts today happen outside the workplace. It is also argued that Japan is ‘lucky’ to have a homogenous society compared to Europe for example where multiculturalism has the upper hand. Once again I have to repeat myself by saying that Japan did not begin as a homogenous society, and that there was more than 400 years of civil war with periods of social tensions quite up to the 1970s. But by all standards, Japan enjoys less crime rate than most of the countries enjoying similar levels of living standards. One of the main reasons why Japan has a better success rate at maintaining social stability is that it has strived at ‘democratizing’ law-and-order enforcement, in the following section we will see how.

Journalists and academics constantly point out that social instability occurs in countries that do not have enough state maintained legal and law-and-order enforcement infrastructures. In many perspectives Japan can fall into such a category of countries. ‘Only about 2 percent of the approximately 25,000 persons who applied annually to the Ministry’s Legal Training and Research Institute two-year required course were admitted in the late 1980s. The institute graduates only a few hundred new lawyers each year. Plagued by shortages of attorneys, judges, clerks, and other personnel, the court system is severely overburdened. Presiding judges often strongly advise plaintiffs to seek out-of-court settlements. The progress of cases through even the lower courts is agonizingly slow, and appeals carried to the Supreme Court can take decades. Faced with such obstacles, most individuals choose not to seek legal remedies.’³⁷ One

³⁶ Ross Mouer and Hirosuke Kawanishi: *A Sociology of Work in Japan*, published by Cambridge University Press, 2005, Cambridge, Page xv

³⁷ The informations quoted in this passage were downloaded at the following website: <http://www.country-data.com/cgi-bin/query/r-7257.html> (Date of retrieval 2006-08-16)

enlightened legal professional in the United States sees it in the following lines: “Let me begin with a caveat: I am an American lawyer and naturally tend to look at law in Japan with an American perspective. At the same time I am very conscious of the fact that our highly litigious country, with its nearly one million lawyer population, is at least as exceptional in its way as is Japan, with a mere 17,000 lawyers. Most countries of Europe have under a hundred thousand lawyers (Germany being the exception with 110,000) and are probably much better points of comparison for Japan. We should try to avoid thinking of ourselves as representing a norm.”³⁸

Once again, what the framework of law enforcement does is to ‘communalize’ law-and-order maintenance by introducing democracy at the level of implementation. The structure of public administration is kept to a minimum so that the vacuum is filled with a ‘communal effort’. The idea behind this move is that it is impossible to put a policeman behind each subject or citizen. The main question is as following: can the community manage and resolve conflicts that arise within its boundaries? The Japanese administration thinks that the community is more than capable of having a positive effect on social conflicts within its ‘sovereign territory’ if it is allowed to exercise its democratic right to do so. It is another way of saying that the individual exercise of democracy confers him or her with the duty to see that social harmony is maintained in the community. A very good example of this is how the community reintegrates or rehabilitates offenders back into civic life.

As it has internationally been recognized it is very important that ‘first time offenders’ are successfully reintegrated into society. If not they become ‘serial offenders’ making it more difficult for them to be handled. Regarding effective crime prevention, the establishment and maintenance of social/community support for offenders’ rehabilitation cannot be emphasized too much. There is a long tradition of volunteers’ participation in the community-based treatment of offenders in Japan. It was acknowledged by law in 1939, when the Judicial Rehabilitation Service Law was enacted which provided the basic framework for “Rehabilitation Workers” predecessors “Volunteer Probation Officers” (VPOs). After World War II there followed a discussion over whether or not probation and parole services should be established as a professional service and the new organization (current system) came into being in the form of a combined system that consisted of professional staff (PPOs) and volunteer citizens (VPOs). “The VPOs carry out many forms of crime prevention activities in the

³⁸ Carl J. Green (Senior Representative Hitachi Corporate Office, DC): “Japan: The Rule of Law Without Lawyers’ Reconsidered”, transcript from a speech delivered to the Asia Society, Washington D.C., March 14, 2001. This material can be downloaded from the following web sight: <http://www.asiasociety.org/speeches/green.html> (Date of retrieval 2006-08-15)

community with the close collaboration of probation offices, the Ministry of Justice and other national/local government ministries and agencies, schools, police, other volunteers and voluntary organizations (NGOs) such as the Women's Association for Rehabilitation Aid (WARA) and the Big Brothers and Sisters (BBS) Association.”³⁹

The Volunteer Probation Officer Law (1950, the VPO Law) stipulates the purpose of the VPO system, the administration for VPOs such as appointment procedures, regulations for service, the maximum number of VPOs to be employed in the whole country (52,500 persons), their duties and other relevant factors. Legally, the VPOs are defined as non-permanent government officials. Therefore, VPOs are entitled to obtain national compensation benefit when any bodily injury is inflicted on VPOs in the performance of their duties. This section of the law is a move purely to give an insurance coverage to the VPO. However, they are not paid any remuneration for their services, which makes a big difference. The government may only pay the expenses incurred in discharging their duties, or a part thereof. In practice, the VPO is reimbursed a small amount of money for their expenses. From this we can see that money is not the main factor, the main motivation is the service to community.

The approach also reinforces the ‘role model’ in the community, since not everyone can become a VPO. The candidate's commitment to the community is very important in the selection process. A VPO's character and personality substantially affect their role. Therefore, VPO Law requires that a VPO should be; (1) evaluated highly with respect to their character and conduct in the community, (2) enthusiastic and sufficiently available to work, (3) financially stable and (4) healthy and active. To recruit VPOs, the CPO of a probation office prepares a list of candidates based on the information gathered from various sources in the community. In effect, the list reflects, to a great extent, the opinion of representatives of the VPO Association. Further screening is made by a VPO Screening Committee, an advisory committee to the Ministry of Justice that is established in 50 locations (scattered around the country) corresponding to each probation office. This committee consists of representatives of the court, prosecution, the bar association, correctional institutions, probation and parole services, other public commissions in the community and learned citizens. What is central to the process is that community dialogue and the participation of its members. In the process, the principle of democracy is regained and enhanced.

³⁹ Kunihiro Sakai (Director of the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders (UNAFEI) Based in Tokyo): Community Involvement And Crime Prevention in Japan. This document can be downloaded from the official website of UNAFEI or at: http://www.unicri.it/wwk/related/pni/docs/2002/06_kunihiro_sakai.doc (Date of retrieval) 2006-08-16

Thus the community's conflict resolution abilities are rescued. Since VPOs and offenders live in the same community, they are able to contact each other not only on a weekly basis (at least twice a month – normally a part of the conditions for probation and parole) but also on a daily basis and anytime in case of emergency. As a result of this, offenders and their families look upon a VPO as a neighbor, rather than as a representative of the government, foreign to the local community. The VPO can provide the offender with various social resources and useful information about the community to help their rehabilitation in the community. Thus the VPOs find themselves in a more advantageous position in bringing about a change in the public attitude towards the offender and in mobilizing social resources, and the age criterion of the VPOs becomes very useful in this matter. The average age of VPOs tends to become older year after year and it has reached 63.4 years on average (as of 1 April 2001). On the other hand, approximately 70 percent of the delinquents/offenders under supervision are under 20 years of age.⁴⁰ This probably needs to be adjusted.

Japan has made a deliberate effort to marry democratization with the effort of regenerating the scope for maintaining economically salient communities by making appropriate territorial adjustments, to take into consideration the evolutions in demographics. Rapid industrialization and modernization of the Japanese society meant that there was a 'democratic dislocation' between rural and urban areas. It was increasingly difficult for rural communities to provide public services similar to those available in the urban areas. And on the other side, due to earlier territorial division of electoral constituencies, the rural constituencies over-represented in the national parliament – the Diet. On the economic side rural democracy was costing too much for it to be really effective and for the community to take an autonomous role. To remedy these issues, the national government launched an amalgamation programme at the municipal level. It ordered prefectural governments to promote municipal amalgamation in their respective territories in January 1951. It also enacted the Law for Promotion of Amalgamation of Town and Village in 1953. As soon as this law expired in 1956, the government enacted a new law, entitled the Law for Promotion of Constructing New Municipality.

The Big Amalgamation of Showa was carried out to strengthen local autonomy. It meant, first, transferring functions previously performed by national or prefectural governments to municipal governments. The government concluded, however, that most of the existing municipalities were too small to conduct these activities both autonomously and efficiently. Amalgamation was considered as a necessary condition for decentralization and

⁴⁰ Kunihiro Sakai, *op.cit.*,

democratization of the lower strata of the Japanese political structure. Before the end of the war, a prefecture government was not a local public body but a field agency of the national government. As a result of the postwar reform, it became a public body. Governors who had previously been national officials, dispatched from the national government, were now elected directly by the residents.

From 1961 to 1992, there are 231 cases of amalgamation. Approximately 80 percent of them are classified as an annexation. A typical pattern is that a city with the pivotal function in a certain area as the location of prefectural offices or the central zone of economic activities merges peripheral towns and villages. A majority of cases followed this pattern. The main purpose of these city-centered amalgamations was to facilitate economic activities by making the administrative boundaries consistent with social and economic activities. An example that demonstrates the relationship between amalgamation and economic activities is transportation service. A private railroad company, normally operating across several municipalities centering on cities, has to apply to all related municipal governments for permission when it rebuilds the track. It is tremendously time-consuming for the company to follow the necessary procedures, because the respective municipalities operate on different standards. Amalgamation permits a decline in the heavy transaction costs that are otherwise borne by businesses.⁴¹

Amalgamation also played a big role in cutting down direct administrative costs such as compensation for elected local officials. In local assemblies with population under 2000 inhabitants the number of seats was limited to 12. And assemblies with a population more than 300 000 the number of seats was limited to 48.⁴² This meant amalgamations presented an opportunity to cut down on the number of representatives paid by the local government. In this way the central government, by encouraging amalgamations, reduced the structural burden of local governments.

In terms of efficiency of local administrative apparatus and its response to local democracy “municipal amalgamation” is thought to have had a positive effect: “Masayoshi Hayashi examined the correlation between per capita local expenditure and population to see if an optimal size for localities can be determined. His working hypothesis was that the cost curve would decline to a certain point in size, and then starts to rise after hitting bottom at the optimal size. He analyzed the budgets and populations of 3,259 municipalities in 1991. Twenty three special wards of Tokyo were included. He did find an approximate U-shaped relationship confirming the notion of increasing efficiency up to a certain municipality size and declining

⁴¹ Masaru Mabuchi, *op. cit.*, page 4

⁴² Masaru Mabuchi, *op. cit.*, page 10

efficiency beyond this size. His data suggest that the minimum value of per capita total expenditure is ¥289,657, and the corresponding optimal population is 115,109 persons. Given that the bulk of Japanese municipalities are smaller than this “optimal” size, we may conclude that there is much room for municipal amalgamation. At the same time, we may conclude that past amalgamations helped to increase administrative efficiency.”⁴³

Concerning democratization of local political structures, the common purpose that gave coherence to people driven by a variety of motives for municipal amalgamation was a desire to change the community power structure drastically through amalgamation, as shown in their slogans, such as “Let’s release the village people from undemocratic control by the ruling class or pretended democracy”.⁴⁴ Municipal amalgamations and the consequent urbanization brought in new impetus to democracy as the urban middle-classes took direct interest local issues relating to improving everyday life. Given the fact that progressive left-wing political parties fared better at the local level, the Democratic Party of Japan, along with the Communist Party of Japan, made inroads into building local power bases. This evolution helped to loosen near monopolistic control of power by the Liberal Democratic Party at the National level and thus establishing a fine balance between political forces in the country.

This balance of power at the national level should be interpreted as the local community being subordinated to national interests. Since most amalgamations after 1961 were done voluntarily by municipalities. More than 90 percent of amalgamations were advocated by mayors, members of municipal assemblies, residents, and local economic organizations.⁴⁵ Although the national administration might have squeezed out an advantage or two, it was the local community that was the commanding force in the whole affair of municipal amalgamation.

The process of amalgamation and territorial re-assessments would not have been a complete success if it were not for local revenue and taxation that was progressively put in place. Democracy cannot be effective or named as such if there are contrasting economic situations between regions. Political democracy cannot be effective or long lasting in the absence of ‘social democracy’, that citizens of a country feel that they fall under the national norm. Local community, where the bulk of the public services are provided, needs to be accompanied by appropriated taxation or subsidy system. The first regular scheme for equalizing local finance

⁴³ Masaru Mabuchi , op. cit., page 12

⁴⁴ Masaru Mabuchi , op. cit., page 7

⁴⁵ Masaru Mabuchi, Ibid, page 9.

was the local distribution tax in 1940, which was carried out in connection with tax reform of central and local governments corresponding to the quasi-war situation.

A big change in the basic structure of the fiscal equalization system was brought about by the U.S. Occupation after World War II. Great stress was placed on the importance of local autonomy in a democratic nation, and the pre-war system was completely restructured in order to encourage decentralization. In accordance with the Shoup Recommendation, the distribution tax was converted to the local finance equalization grant in 1950: “Four years of experience revealed that it had not worked as well as had been hoped. The aggregate sum of the grant was not paid out of the general funds of national government as computed by the formula, but was determined every year, taking into consideration, among other things, the degree of stringency in national finance. So, every year it gave rise to friction between local and national officials in the determination of the total amount. In view of these considerations, the equalization grant was abolished in 1953, and in its place the local allocation tax (LAT) was introduced in 1954.”⁴⁶ This meant back to basics and a return to home grown solutions, and back to fulfilling the basic necessities of a democracy.

The system of LAT is governed by the local allocation tax law. This law stipulates that LAT should be based on a uniform formula; the final authority to approve the distribution lies with the National Assembly. According to the law, the Ministry of Home Affairs (MoHA) is responsible for the operation (calculating the amount of LAT) of the transfer and for determining modification coefficients. Not granting MoHA the final authority to approve the formula and unit costs is an important mechanism to deter any attempt to manipulate the distribution of subsidies. A certain degree of flexibility is also given to MoHA, because it has the authority to determine modification coefficients, which marginally affect the distribution of LAT. This legal framework ensures that no single locality or senior official effectively influences the distribution of LAT in favour of a particular region without affecting many other regions. What in effect the LAT system does is to pump-up the revenues of those areas that are economically disadvantaged, so that the ‘standard’ provision of public services across the country is maintained.

What the Japanese system does is that it pays attention to details. While many ‘modern democracies’ destroy the community structures and leave the individual defenceless to the ills of “democratic exploitation”, Japan does the opposite. It reinforces the structures of the community in order to introduce equality into the democratic dialogue. At the end of the day,

⁴⁶ Nobuki Mochida (University of Tokyo), 2001, World Bank Institute, Stock No. 37171, page 14.

in Japan, in the name of democracy, sovereignty is given back to the community and its members. In turn transferring sovereignty back to the individual and structures binding his or her immediate environment. Meaning giving back responsibility for a number of things – ranging from law-and-order maintenance to economic welfare. Which in due course reduces the structural burdens, both physical and financial, of democracy. Ultimately making it a very attractive ‘regime’ to operate, for the benefit of the community and country as whole. And we can conclude by Mr Sen’s affirmation that “...while democracy is important-indeed crucial-for development and for social justice, the success of democracy depends not only on the institutional forms that are adopted (important as they are), but also on the vigour of practice.”⁴⁷ Japan fulfils all the conditions for it to be called a successful and dynamic democracy.

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⁴⁷ Amartya Sen: The Value of Democracy, published online by The World Bank, Washington DC, Summer 1999. URL: <http://www1.worldbank.org/devoutreach/summer99/article.asp?id=3>

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2. Mao's Economic Model and the Feasibility of its Administration.⁴⁸

A transition towards the Deng years

China is a few sturdy steps away from becoming a Superpower in par with the United States of America. Such an enviable position could be pleasing to someone like Mao Zedong, but it is not sure that he would have been happy with the inner mechanisms of this unparalleled power. Today's China is a mixture of the best and the worst of what modern industrialization can bring about. On the one side there is an enormous creation of wealth and on the other a 'floating cloud' of over 200 million unemployed peasants roaming the country and town struggling to make a living.⁴⁹ There are reports of widespread corruption and millions of peasants being dispossessed of their land⁵⁰ without any compensation.⁵¹ Assuredly the fate of some 800 million peasants has never been so precarious since the Great Leap Forward. This was not what Mao Zedong had dreamt-up for the people of China and the Chinese peasantry in particular. It is the humble purpose of the following study to provide a historical background to the events now unfolding in rural China. We will see how Mao Zedong tried to change the fate of millions of peasants for the better and how his dreams were reduced to dust by bourgeois disciples of Stalinist model of governance and a defiant bureaucracy.

Although on the world stage, and in particular inside the communist bloc itself, Mao professed strict communist orthodoxy; inside China however he was very pragmatic. He had a realistic approach to, and an understanding of the political and economic realities roaming through the troubled Chinese landscape. On the one hand he was confirmed in his opinions by the 30 odd years of guerilla warfare and by the experience gained by the administration of the areas under the control of the CPC (Communist Party of China). On the other hand, he was troubled by the forces outside his perimeter of control - he was constantly preoccupied by the urban, trading and bureaucratic classes that might ruffle and even overtake his ambitions of bringing relief to the millions of country folk. But being confronted on many fronts: scaling from the Japanese occupation forces to the Kuomintang (and its American backers) to the

⁴⁸ R. Byrappa, "Mao's Economic Model and the Feasibility of its Administration," *ÖT KONTINENS: AZ ÚJ- ÉS JELENKORI EGYETEMES TÖRTÉNETI TANSZÉK TUDOMÁNYOS KÖZLEMÉNYEI*, vol. 6, pp. 61–88, 2008.

⁴⁹ Sushil Seth (is a freelance writer based in Sydney): The end of ideology in China, Taipei Times, Tuesday, Oct 22, 2002, Page 9. URL: <http://www.taipetimes.com/News/editorials/archives/2002/10/22/176671> (2007-12-10)

⁵⁰ Edward Cody: China's Land Grabs Raise Specter of Popular Unrest *Peasants Resist Developers, Local Officials*, Washington Post Foreign Service, Tuesday, October 5, 2004; Page A01. URL: <http://www.washingtonpost.com/ac2/wp-dyn/A6968-2004Oct4?language=printer> (2007-12-10)

⁵¹ Jean-Jacques Mével: Les paysans chinois se battent pour garder «leur» terre, the French daily « Le Figaro », 22/01/2008, Paris. See also, Esther Pan : China's Angry Peasants, published online by the Council On Foreign Relations, December 15, 2005, URL: <http://www.cfr.org/publication/9425/http://www.cfr.org/publication/9425/> (2008-02-12).

practical problems of keeping the revolutionary forces united. Although quite early he knew that he was going to win the war on the mainland of China, he was constantly unsure of the success of the Political and Economic Agenda thereafter. As time went, we realize that traditional administrative structures and heavy-handed bureaucracy re-emerge to halt Mao's policies. It is interesting to see how the growth in bureaucracy and bureaucratic practices, which are tributaries to the growth of heavy industry and urbanization. Which in turn increase the imbalances between city and country economic structures.

We will see how his life-long struggle against bureaucracy intensifies at the end of his reign. Mao Zedong was pertinent enough to see the weaknesses of the Soviet model. According to him ideology should not be bureaucratized. Where ideology is strong enough, he argued, there the scope for bureaucracy is limited. What happened in Russia was that a handful of "ideologues" tried to impose the Bolshevik ideology of proletarian dictatorship on a country which was overwhelmingly agrarian in a short period of time. To achieve their ideological goals, the Bolsheviks over-bureaucratized the Russian society. By contrast, the 'Chinese Revolution' or the 'War of Liberation' was protracted and involved millions. By the time the Peoples Republic of China came into being in 1949, the communist ideology had been widely accepted by the rural classes. This fact, Mao thought, would give the Chinese model a comparative advantage. More importantly this would become the basis for keeping the Chinese bureaucracy in check.

What I would like to demonstrate in this paper is that it was not Mao's revolutionary idealism that impeded his economic agenda. After being in the ranks of CPC and its administrative organs for almost 30 years Mao Zedong had a very strong grasp on the realities of formulating and executing his policies in due process. Unfortunately, too often Mao is portrayed as being "dogmatic" in comparison with so called "pragmatic" Deng. It would be difficult to compare Mao's legacy with that of Deng's because their economic models were fundamentally different and were operated in two quite distinctly different international contexts which called for different economic priorities.

The differences and dichotomies between the two models and later the failures of Mao, leads us to question the logic of the overall strategy, both political and economic. One has to ask oneself if "community-building" is compatible with "nation-building". As we too often witness in such cases, the effort of building a nation requires enormous sacrifices on the part of the community which evidently predates the artificial super-structure - the nation. Here we realize that Mao might have been trapped into the Soviet model from which he has considerable difficulties in extracting himself. As we will witness, mistakes made in the 1950s are remedied

with ever greater mistakes of “The Great Leap Forward”. And in turn these mistakes are corrected by the disasters of “The Cultural Revolution”. We will investigate the reason unto why a man like Mao Zedong should abandon his initial model in favour of a Soviet model that he knew was doomed to fail.

To start with let us consider the so called “The Agrarian Revolution” and Mao’s realistic approach to the rural question. Young Mao Zedong was different from most of his immediate colleagues in the Communist Party of China. To begin with, he came from a peasant background. The problems of the peasantry ran deep in his blood since his native Hunan province bore the brunt of peasant oppression by Kuomintang and his predecessors. Although he might not have been educated as well as his comrades, and not so enlightened by Western ideas, he nonetheless had a gift of apprehending and analysing complex situations. He had the foresight and could formulate ideas with clear insight. He was lonely among his companions to think that the situation in China demanded for a different revolutionary strategy. While his comrades were preoccupied with the industrial workers and their well-being, young Mao was more intrigued by the events taking place in the rural areas all over China. According to one western scholar of the time, in the spring of 1927, “in Central China the struggle for land brought nearly ten million peasants into the orbit of new mass organizations in few short months.”⁵² He was the first to realize the potential strength of the peasantry. His senior colleagues, strongly under the influence of the Communist International and Leon Trotsky were of the opinion that it was too early to include the peasants into the struggle.⁵³

Despite reservations from his colleagues, Mao set-off to the countryside to have a closer look at the happenings in the rural districts and produce a study for the Central Committee of the CPC. Later this came to be known as the *Report on an Investigation of the Peasant Movement in Hunan, March 1927*.⁵⁴ Mao’s message is daunting and straight forward: “All talk directed against the peasant movement must be speedily set right. All the wrong measures taken by the revolutionary authorities concerning the peasant movement must be speedily changed. Only thus can the future of the revolution be benefited. For the present upsurge of the peasant movement is a colossal event. In a very short time, in China’s central, southern and northern provinces, several hundred million peasants will rise like a mighty storm, like a hurricane, a

⁵² Harold R. Issacs: *The Tragedy of the Chinese Revolution*, revised edition – 1951, Stanford University Press, Stanford, California, page 222.

⁵³ Harold R. Issacs: *ibid*, page 189.

⁵⁴ Mao Zedong [Mao Tse-tung]: *Report on an Investigation of the Peasant Movement in Hunan, March 1927*, in *Selected Works of Mao Tse-tung*, vol. I (3rd printing; Peking: Foreign Languages Press, 1975), pp. 23-29. URL: <http://www.fordham.edu/halsall/mod/1927mao.html> 2007-12-10

force so swift and violent that no power, however great, will be able to hold it back.”⁵⁵ In contrast with a few hundred thousand industrial workers in the coastal towns and cities, the momentum was far greater than any revolutionary movement could imagine. The *Hunan Report* is important in many ways because it contains the blueprint of Chairman Mao’s thinking, along with giving him a gut feeling that he is heading in the right direction. It is also important because with this he propelled himself into the upper echelons of the CPC, from where finally he takes the leadership of it.

Firstly, in this document young Mao outline’s the importance of “Village Associations” not only as vital for the “national revolution” but definitely having the capacity to fulfil the consolidation of administrative functions even after the revolution: “Even trifles such as a quarrel between husband and wife are brought to the peasant association. Nothing can be settled unless someone from the peasant association is present. The association actually dictates all rural affairs, and, quite literally, “whatever it says, goes.”⁵⁶ He later goes on to saying, “what was looked down upon four months ago as a “gang of peasants” has now become a most honourable institution.”⁵⁷ This objectiveness of Mao Zedong is confirmed by other scholars, writing about the same period. The spontaneous sprouting of Village Associations all over the country was an undeniable venue for the “forces of rural democracy” in its purest form. One cannot but avoid saying that the situation was markedly different from the Bolshevik Revolution in which the peasantry was subjugated to the whims of a “revolutionary clique” who had no understanding of the rural world.

The Chinese Communist Party was different because it was getting its legitimacy from the rural masses. In Mao’s words: “Essentially, the politics of New Democracy (that proposed by Mao Zedong) means giving the peasants their rights. The new and genuine Three People's Principles are essentially the principles of a peasant revolution.”⁵⁸ The statistical evolution of the CPC gives weight to this approach. In 1925-26 peasants composed only five percent of the party's membership. By the end of 1928, they made up 70 to 80 percent. And by 1930, Chou En-lai reported that out of a total party membership of 120,000, “the industrial worker-members only number a little more than 2,000.”⁵⁹ Some of the reasons for such a low participation of

⁵⁵ Mao Zedong, op. cit, page 23.

⁵⁶ Mao Zedong: op.cit, pp. 23-29.

⁵⁷ Mao Zedong: op.cit.

⁵⁸ Mao Zedong, ON NEW DEMOCRACY (January 1940), section: X. THE THREE PEOPLE'S PRINCIPLES, OLD AND NEW, online at the following URL: http://www.marxists.org/reference/archive/mao/selected-works/volume-2/mswv2_26.htm (2007-12-08)

⁵⁹ Editorial Board of the International Committee of the Fourth International: Deng Xiaoping and the fate of the Chinese Revolution, 12 March 1997/12 March 1997, published online at the following URL: <http://www.wsws.org/history/1997/mar1997/dengx.shtml> (date of retrieval 2008-01-15)

industrial workers in CPC in the late 1920s might be that a lot of members were killed by the Nationalists during the Shanghai incidents of 1927. Another reason is that the motor of industrialization in China at the time was Japan. By the 1930s there was massive immigration from Japan to Manchuria, which reduced the requirement for local Chinese labour. Nonetheless these factors paved the way for a CPC which became predominantly a party dominated by the peasantry. From this point onwards the fate of the peasantry becomes central to the Communist struggle. All the more because the autonomy of the peasant movements meant that the CPC was dependent upon the peasantry to overthrow the nationalists. For Mao, rather than subjugate the “village” one should “befriend” it. For a change, why not see things from the perspective of the village. From its point of view, as he goes on to argue, “the patriarchal-feudal class of local tyrants, evil gentry and lawless landlords has formed the basis of autocratic government for thousands of years and is the cornerstone of imperialism, warlordism and corrupt officialdom.”⁶⁰ One soon comes to realize that every layer of power as being an extra burden on the village economy and thus an extension of oppression. True revolution, he argues, can only be successful, or be tangible for that matter, if one-by-one these evil layers are torn-down, or at the very least kept in check.

Revolutionary and radical as he might have been, Mao accepted the fact that the Chinese society is stratified with classes and forces which were feeding upon each other. “The politics and the economy of this society are predominantly colonial, semi-colonial and semi-feudal, and the predominant culture, reflecting the politics and economy, is also colonial, semi-colonial and semi-feudal.”⁶¹ By this formulation he realized that it would be a difficult task to bring change. In his writings one realizes that he constantly feared that the whole of the Chinese society cannot be brought under Communist rule. Tradition and countless factors of oppression were so deeply embedded into society that it would prove an uphill task to bring about change or uproot tradition and replace it with socially acceptable behavior. Nonetheless he saw the necessity to canalize and evacuate the negative elements away from his “peasant constituency” which was constantly under danger. What in effect he proposed to do, and eventually did do in the initial years, was to insulate the rural under-classes from: the urban excesses, abuses by the Party and the bureaucratic nomenclature.

⁶⁰ Mao Zedong: ON NEW DEMOCRACY , Op. Cit.

⁶¹ Mao Zedong: ON NEW DEMOCRACY – section III CHINA'S HISTORICAL CHARACTERISTICS (January 1940), in Selected Works of Mao Tse-tung, vol. I (3rd printing; Peking: Foreign Languages Press, 1975). For the purpose of publication the online version is used at URL: http://www.marxists.org/reference/archive/mao/selected-works/volume-2/mswv2_26.htm (2007-12-08).

Mao Zedong was not always against the market and never saw autarchy as something which would entirely ensure the Chinese peoples needs. But pertaining from his knowledge of the rural world and the economic mechanisms surrounding it he could confidently say that the village model could assure a high degree of economic self-sufficiency. That is, as long as no further burdens are imposed upon it by outside forces. For the sake of the discussion if we exclude the burdens placed by imperial occupation and subjugation, we are left with three forces working against the productive energies of the village. These are namely: the landlord, the taxman, and the urban trader (supposing that he engages in unfair manipulation of prices and continued to act as agent of imperial powers). The communist revolution succeeded in eliminating the immediate danger - the landlord. And this indeed was a revolution.

The situation before the intervention of the communists was indeed very unfavorable to the peasantry. Analyzing the statistics and official estimates collected in 1927, Harold R. Isaacs paints the following gloomy picture of the situation in which the Chinese peasants found themselves: "In one district of Chekiang province, investigators found that 3 percent of the population owned 80 percent of the land. ... This extreme concentration of land came about partially through the gradual alienation of the once considerable state, temple, or community lands and the conversion of large collective holdings of the rural clans into the virtual private property of small groups of powerful clan leaders. The steady decline in agricultural production and the increasing weight of the burden placed on the peasant's shoulders soon lost him what land he had left."⁶² Progressively, as the communist forces recaptured the territories, land was given back to the peasants. Peasants and villages regained their former degree of self-sufficiency and independence. The benefits of this redistribution of land brought positive changes to individual families as well as the wider economy.

This leaves us with the trader and the bureaucrat, two dangers according to Mao which have to be tamed in order to consolidate the aims of communist revolution in China - that of empowering the rural people. Let us first see how the trader's activity became the ruin of the rural world. As Harold R. Isaacs rightly puts it: "the invasion of the village by commercial capital and cheap manufactured commodities put an end to the peasant's old self-sufficiency."⁶³ Land partly owned and partly leased in most cases was not enough to pay for the landlord, the taxman and accessorially feed a poor farmers family. So to stay afloat a farmer was obliged firstly to improve his agricultural productivity through the use of fertilizers and secondly engage in cottage industry to generate extra cash. The urban trader, the agent of foreign colonial powers,

⁶² Harold R. Isaacs: *The Tragedy of the Chinese Revolution*, Oxford University Press, London, 1951, pp 26-27.

⁶³ Harold R. Isaacs: *The Tragedy of the Chinese Revolution*, Oxford University Press, London, 1951, p 27.

was playing the devil on both fronts. The villager did not have access to the same logistics and rotation capital as the trader could. Having difficulties in accessing distant markets the villager's crops were freely cornered and prices manipulated at the village level by the merchants.⁶⁴ The merchant also acted as lender to the peasants who were in need to buy seeds and fertilizers. Quite often the peasant ended up mortgaging his crops and even his land. And since the merchant could manipulate the prices and interest rates (varying from 30 to 70 percent per annum), he made sure that the farmer could no longer pay back his debts and eventually took control of the land as well; with a strong possibility that he will lease it back to the peasant at oppressing conditions.

After the revolution the CPC engaged in a process aimed at serving the villagers namely that of decapitating the "landlord" system by giving back the land to those who tilled it. But more importantly, in exchange for the above mentioned favour, "Communist party officials took the pre-revolutionary strategy of instituting themselves into village life a step further after the revolution. Virtually every Chinese village had its party operatives or cadres working closely with peasant associations (in most areas these were formed after the revolution as a first step in organizing rural direct producers). The government used these foot soldiers of the 1949 Revolution to encourage greater cooperation among farmers, including the formation of mutual aid teams, marketing cooperatives, tool-making and handicraft enterprises, new irrigation systems...."⁶⁵ In effect what this meant was that the CPC was exchanging economic control for political control. By this, the aim of Chairman Mao was to impress on the peasants that the CPC was the leading political force in China. One has to remember that he was the first to realize that the CPC was a political minority in comparison with the brut force of the peasantry. By introducing party activists into the village, Mao wanted to harness the political power of the peasants. This is one of the reasons why confusion is made between the so called "party bureaucracy" and "bureaucracy of the State".

Mao hated the idea of introducing any form of bureaucracy into the village perimeters. A good illustration of this distrust was his movement against the "three evils": the struggle against corruption, waste and bureaucracy; launched at the end of 1951 among the personnel of government departments and state enterprises.⁶⁶ Mao's strategy to protect the rural world from

⁶⁴ Harold R. Isaacs: *The Tragedy of the Chinese Revolution*, Oxford University Press, London, 1951, p 27.

⁶⁵ Satya J. Gabriel: *The Structure of a Post-Revolutionary Economic Transformation - The Chinese Economy from the 1949 Revolution to the Great Leap Forward*, September 1998, this online publication can be found at the following URL: <http://www.mtholyoke.edu/courses/sgabriel/economics/china-essays/3.html> (2008-01-03)

⁶⁶ Mao Zedong: *ON THE STRUGGLE AGAINST THE "THREE EVILS" AND THE "FIVE EVILS"*, November 1951--March 1952, Important directives drafted for the Central Committee of the Chinese Communist Party. URL: http://www.marxists.org/reference/archive/mao/selected-works/volume-5/mswv5_17.htm (2008-01-23)

the bureaucratic malpractices also shaped his vision of the public administration for modern China. Watching the aftermaths of the Russian revolution from a distance Mao saw the dangers of over bureaucratization of the in-coming communist administration which would sooner or later bog-down the productive forces of the very world which they set out to build.

The cost of public administration to the peasant can be limited to its minimum by its form and function. Firstly, concerning the form, Mao envisioned an administration which was partly self-sufficient in resources. Mao's philosophy of public administration comes close to the fundamentals established by Jean Bodin, an 18th century French legalist-political philosopher. Jean-Bodin's advice to future princes and rulers was that to maintain an administration which the "public domain" can afford.⁶⁷ Here, by public domain he means property and estates at the disposal of the state. Bodin alerted the future generations to the fact that recourse to over taxation to support encumbering bureaucracies could surely lead to hardship of the subjects, and potentially lead them to revolt. Mao need not have read the texts of Jean Bodin on good governance, since he only had to turn to 4000 years of Chinese tradition which guided him to pertinent thinking. As Tai Ming Cheung puts it, "...a defining characteristic of traditional Chinese military culture stretching from pre-imperial times and ultimately to the Communist era was that armies had to be wholly or partially self-sufficient. They received only limited fiscal support from their civilian masters and had to forge to meet their own needs".⁶⁸ During the Qin and Han Dynasties (221BC – AD 220) a complex system of self-sufficiency came into place called *Tuntian* (meaning military habitation). Under this system, troops opened up wasteland in border regions for grain production. It was during the ascendancy of the Yuan Dynasty (1279-1368) that *Tuntian* came to be refined further. During this period the *Tuntian* was divided into three types: civilian farming land known as Mintun, dedicated military farming land called Juntun, and joint military –civilian farming land.⁶⁹ During the communist era the Juntun system was re-introduced. In the words of Tai Ming Cheung: "Mao Zedong was the leading advocate of the military's involvement in production activities and paid particular attention to this issue from his early days as a guerrilla leader to the twilight years of his reign. He regarded self-sufficiency as not only an essential means of survival for the Red Army but also politically virtuous as the military would not burden on the civilian population: *To win popular support for their fledgling cause, Mao and the Communist leadership had to show that*

⁶⁷ Jean Bodin: SIX BOOKS OF THE COMMONWEALTH (Abridged and translated by M. J. TOOLEY), published by Basil Blackwell Oxford, 1955. See Book IV - Chapter I, and Book VI –Chapter II. Bodin's works are also available online at the following URL: http://www.constitution.org/bodin/bodin_.htm (2008-01-23)

⁶⁸ Tai Ming Cheung: China's Entrepreneurial Army, Oxford University Press, New York, 2001, page 12.

⁶⁹ Tai Ming Cheung: *ibid*, page 14.

they were fundamentally different from the Nationalist regime, whose armies had a reputation for looting and exploitation of the local populations. The Communist leadership issued strict instructions to troops that they should not engage in such activities.”⁷⁰ Mao’s Long March is an illustration and a tribute to this system since his fighters were asked to reclaim and cultivate waste lands of the ragged Jiangxi province of North-West China.

The case of the Peoples Liberation Army (PLA) is very important in the study of Chinese administrative model in the twentieth century because it was the first unified administration that China experienced after the collapse of the imperial bureaucracy in 1911. For some 30 odd years preceding the proclamation of the Peoples Republic of China, the PLA not only fought a civil war but it also administered territories under its control. The code of conduct was exemplary, with a high degree of discipline. At this stage rendering “true” service in all practical sense to the peasantry was highly prized. As such, the PLA’s administrative model played a pivotal role in keeping the loyalty of the peasantry late into the 1950s.

What was more attractive about the PLA’s model of administration was that of its resource management. As mentioned earlier, Mao saw the bureaucratic burden as one of the main ills plaguing the countryside. To avoid the perpetuation of these abominations the PLA had to gain self-sufficiency to maintain its fighting capabilities and its administrative responsibilities. In other words, it had to produce resources to meet its necessities. During countless Central Committee meetings of the CPC, Mao Zedong repeated time and again that to be efficient the ranks of the Party and the PLA should fold-up their sleeves and get involved in production activities. He refused to discuss any plan or scheme that might, even vaguely, consider levying taxes from the peasantry. He argued that the peasants should not be victims of slackness of Party “officials”. As Tai Ming Cheung masterfully demonstrates the PLA managed to keep this model right up to the 1990s. It depended very little on the central budget. In fact, it generated the necessary resources from a vast industrial empire. Although after the proclamation of the PRC, the PLA ceased to be the central administrative organ, Mao Zedong believed that the example of the PLA should become the leading light in the revolutionary administration of the Chinese State. Although taxation was inevitable and unavoidable Mao affirmed that this should be kept to a minimum. Mao bases his arguments on facts and statistics available to him at that time: “As a whole the undertakings of the public Sector of the economy consist of the following three kinds: (1) the salt industry, industry and commerce run by the government; (2) the agriculture, industry and commerce run by the army; and (3) the agriculture, industry and

⁷⁰ Tai Ming Cheung: *ibid*, page 17.

commerce of the official organization of the Party and government. These all directly ensure the supply of the living and other expenses of the Party, government and army personnel. According to accounts for 1942 and the budget for 1943, the amount supplied in this way exceeds the amount handed over by the people in the form of taxes (including the grain tax). Therefore publicly-run economic undertakings have become the greater of the two large sources ensuring financial supplies. Their importance cannot be overstated.”⁷¹

This leads us to the second point, concerning the function of administration. Given that the Chinese society and the economy will be divided into self-governing and self-sufficient units, the scope for administrative action can be limited and thus the cost of it. From the early 1930s onwards, Mao thought of the villages as partners and not as administered. Public administration need not go beyond the boundary of the village. Given Mao’s assertion that the rural world beholds 80% of China’s population, the above logic theoretically reduces the administrative burden by as much. This does not mean that the administrative authorities cannot or should not enter the village. What in essence this means is that a villager will heed to good advice and might be willing to pay for it. But whatever is superficial and self-serving will be seen with suspicion and the peasant will be reluctant to pay for it. Mao’s experience during the civil-war showed him these realities of the countryside. But these realities were progressively trampled by realities in the international picture, especially after the Korean War. The international reality pushes Mao to accelerate the “nation-building” process which diametrically reduces the economic consolidation at the village-level.

The change of priorities is widely felt in the first Five Year Plan. The main tenets of the first Five Year Plan are to a large extent constrained and influenced by the Korean War and Mao’s ambivalent friendship with Joseph Stalin. The Korean War had showed Mao Zedong that a large-scale and prolonged war cannot be fought without a modernized industrial background. When the communists came to power in 1949, the Peoples Republic of China (PRC) was decades behind the other industrial nations of the world. Whatever modern industry the occupying Japanese forces might have left in Manchuria was retrieved by the Russian forces. China was totally dependent on the Soviet Union for supply of industrial goods. There was a constant exchange of telegrams, between Mao Zedong and Stalin, the first seeking more arms supplies and the later constantly pointing to delays due to Soviet industrial planning.⁷²

⁷¹ Mao Zedong: Economic and Financial Problems in the Anti-Japanese War, Section 7. ON THE DEVELOPMENT OF SELF-SUPPORTING INDUSTRY, Selected Works of Mao Tse-tung. URL: http://www.marxists.org/reference/archive/mao/selected-works/volume-6/mswv6_35_7.htm (2008-01-23)

⁷² Telegram from Stalin to Mao Zedong. Stalin’s response to Mao’s 21 June telegram, turning down his request for further arms and discussing the possibility of armistice. 24 June 1951 No. 635177, CIPHERED TELEGRAM

Consolidation of communist power and nation-building meant that Mao had to make a temporary compromise in favour of heavy industry and the nascent urban proletariat, at the expense of the rural many.

By wanting to attain industrial independence the Peoples Republic of China was further pushed into a relationship of dependence with Joseph Stalin's Soviet Russia. This "special friendship" was a dilemma to Mao Zedong. One has to remember that Soviet Russia's "China Policy" initially focused on Sun-Yat-Sen and later continued with Chiang Kai-shek. Let us not forget the statement made by Joseph Stalin, who rose on April 5, 1927, before a meeting of three thousand functionaries in the Hall of Columns in Moscow on the issue of peasant rebellions against Kuomintang forces: "Chiang Kai-shek is submitting to discipline. The Kuomintang is a bloc, a sort of revolutionary parliament, with the Right, the Left, and the Communists. Why make a coup d'état? Why drive away the Right when we have the majority and the Right listens to us? The peasant needs a worn-out jade as long as she is necessary. ... Chiang Kai-shek has perhaps no sympathy for the revolution but he is leading the army and cannot do otherwise than lead it against the imperialists." Following this, Russian operatives (namely Michael Borodin) in China are directed not to provide any support for the peasants. This results in the massacres of Hupeh, Central China, of peasants and pro-peasant communist partisans. An estimated 5000 peasants, women and children were slaughtered with unimaginable brutality by Chiang Kai-shek's regulars.⁷³ Right up to the end of the Chinese civil-war Soviet Russia maintains this ambiguity unto whom it supports. Although Mao Zedong and the CPC were thoroughly aware of this fact, they nonetheless needed allies. A bad ally was better than no allies, so keeping a blind eye to the past, Mao makes a rapid rapprochement with Stalin.

At the time, the only country that wanted to have a treaty with Mao's China was the Soviet Union. In December 1949, Mao met Stalin in Moscow. They signed the Treaty of Friendship, Alliance and Mutual Assistance.⁷⁴ This treaty gave China money and technical assistance to modernize her industry. Though the money received from Russia was minimal (\$300 million over five years), Russia did provide 10,000 engineers to boost China's industry and therefore

BEIJING - Comrade KRASOVSKY. This source can be found at Cold War International History Project http://www.wilsoncenter.org/index.cfm?topic_id=1409&fuseaction=va2.browse&sort=Subject&item=Korea%2C%20DPRK%2C%20United%20Nations.

⁷³ Harold R. Isaacs: op. cit., pp. 227-229.

⁷⁴ United Nations — Treaty Series 1956 (no. 3103), Treaty of Friendship, Alliance and Mutual Assistance, Signed in Moscow, on 14 February 1950. This document can be found online at the following URL: untreaty.un.org/unts/1_60000/6/27/00011314.pdf

her economy.⁷⁵ The influence of the Russian engineers and the Soviet model meant that there would be an initial revival in fortunes of the Chinese industrial capacity but would later be dragged by the hurdles of targeting and central planning objectives similar to those practiced in Soviet Russia.

Influenced by the Russian engineers, and also by the success of Stalin's Five Year Plans, China introduced her own Five Year Plan in 1952. As in the USSR, heavy industry was targeted as being in need of major reform. The Five Year Plan attempted to tackle steel, coal and iron production. As in the Russian model, each factory or mine was given a target to achieve. Failure to meet a target was the equivalent of failing the nation. Although Mao tried to stay true to his principles there are signs that he was pushed by his pro-Moscow colleagues to change direction. In the Eighth National Congress of the CPC he makes this change of heart clear: ***First**, our country is industrially backward. In order to build a socialist society, we must develop socialist industry, above all, heavy industry, so as to transform China from a backward agricultural country into an advanced industrial country. ... **Second**, in our country the allies of the working class consist not only of the peasantry and the urban petty-bourgeoisie, but also of the national bourgeoisie. For this reason, in order to transform our old economy, we must use peaceful means of transformation not only in the case of agriculture and handicrafts, but also in the case of capitalist industry and commerce. This needs to be done step by step; this too needs time. On the basis of the actual conditions of our country, the Central Committee has thus defined the Party's general line in the period of transition: to bring about, step by step, socialist industrialization and to accomplish, step by step, the socialist transformation of agriculture, handicrafts and capitalist industry and commerce over a fairly long period.*"⁷⁶ What is interesting to note in his statement is that he stresses several times that the "industrial transformation" should be implemented over a long period of time. He also notes that it should be done step by step. He wished to gain time to solidify the rural economy in time to head off the emerging dominance by the industry. But in reality, although this meant a solid industrial foundation for China in the coming years, it also meant disintegration in other areas of the economy, especially in the rural economy; with successive ambitions adding ever-increasing burdens on the village.

⁷⁵ The First Five-Year Plan, 1953-57, Country Studies, Federal Research Division of the Library of Congress, Washington D.C., provided online at the following URL: <http://countrystudies.us/china/87.htm> (2007-12-27)

⁷⁶ The Political Report of the Central Committee of the Communist Party of China to the Eighth National Congress of the Communist Party of China (authored by Liu Shao-Chi), delivered on Sept' 15, 1956. This online document is provided by: http://www.marxists.org/subject/china/documents/cpc/8th_congress.htm (2007-12-27).

Mao Zedong wished that ideology would act as a catalyzing force to reduce administrative burden and keep control and command to a minimum. But these hopes soon evaporated. As the first Five Year Plan preceded a strong and sometimes despotic chain of bureaucratic control and command started to sink into place. In rural areas, production decisions were shifted from households to "mutual aid teams," and then to cooperatives where a cadre makes key decisions. Ownership is redefined in the form of state-owned enterprises (SOEs) and collectivized farms.⁷⁷ According to the Peterson International Economics Institute what came into place was a three-tiered system where households were organized into production teams, which were in turn grouped into brigades, and were ultimately organized into communes of 4,000 to 5,000 households.⁷⁸ The process of re-industrialization also meant that rural areas had to be re-organized (or collectivized) in the Soviet fashion to pool and re-divert resources from agriculture to industry. The administrative consequences of this collectivization would push Mao away from his commitments to giving the rurality its full freedom. Again, at least in principle Mao tries to maintain partial freedom to the peasantry: "As regards a good deal of the work of the state, such as agriculture, small and "medium industries, local transport, local commerce, primary and secondary education, local health services, local finance, and so forth, the central authority should only put forward general principles and policies and map out general plans, while the actual work should be referred to the local authorities for them to make arrangements for carrying it out in a manner suitable to a particular place and a particular time. *Some of the cadres working in the central organs should also be sent to work in the localities. The provinces, municipalities, counties and townships should be given a definite range of administrative powers and functions.*"⁷⁹ In theory this sounds to be a very modern idea in terms of good governance and public administration. But in practice, these changes paved the way forward for an ever submissive role for the peasantry. By avoiding specific administrative guidance from the Center, Mao was giving more freedom to local bureaucracy and Party barons, which might not have always acted in the interest of the peasants. This change of heart would be detrimental to rural productivity and social cohesion of the Chinese society as a whole. As we will see, Mao Zedong converts a short-term weakness of under-industrialization into a

⁷⁷ Gautam Jaggi, Mary Rundle, Daniel Rosen, and Yuichi Takahashi: CHINA'S ECONOMIC REFORMS- Chronology and Statistics, Working Paper 96-5, 1996, Peterson Institute for International Economics, Washington D.C; URL: http://search.petersoninstitute.org/search?site=default_collection&client=default_frontend&proxystylesheet=default_frontend&output=xml_no_dtd&filter=p&q=CHINA%27S+ECONOMIC+REFORMS&btnG.x=11&btnG.y=9

⁷⁸ Gautam Jaggi, Mary Rundle, Daniel Rosen, and Yuichi Takahashi: *ibid*.

⁷⁹ The Political Report of the Central Committee of the Communist Party of China to the Eighth National Congress of the Communist Party of China (Sept' 15, 1956): *op. cit*.

permanent handicap on managing the rural population, from which he never recovers. The PLA model of administration is gradually bypassed. Even the market, a fabulous instrument of resource allocation, was neglected in favour of Soviet-type economic planning and distribution of resources.

What this meant in terms of financial structure was that bureaucrats, and not the market, place binding constraints on households and enterprises through abundant use of coupons, authorizations, and orders to deliver. These instruments rather than money were to determine production and consumption outcomes; prices therefore became of secondary importance. It is interesting even in this perspective that Mao should retract from his initial declarations in favour of the market, and its usefulness in bringing about social justice. As mentioned earlier, he was rightfully against the middleman or the merchant, but had no objection levelled against the market. It is difficult to believe that this change of heart came solely from his desires. The intensity of the Russian involvement at the time looks to have strengthened the pro-Moscow lobby in the Central Committee of the Communist Party of China. His was cornered into believing that Stalin's Soviet Russia would support a Communist China which was willing to struggle it out with "imperialists", notably the Americans. And he believed that this support would mainly be of economic in nature. For this reason, Chairman Mao stepped-up his ideological rhetoric to show likewise communist leaders that he truly believed in the triumph of communism across the globe.

The Korean War was a good example of this sentiment. In a precious collection of documents and analysis, Professor Michael M. Sheng describes the situation quite adequately: "First of all, on the global level, just as the Americans saw a worldwide Communist plot for expansion, Beijing was convinced that there was a U.S.-led worldwide reactionary camp which aimed at the destruction of the new regime in China as one step toward the destruction of the socialist world, i.e., what Mao called the "revolutionary front" of the world. Thus, the events taking place in Korea were not perceived as a localized phenomenon, but an integral part of the global struggle."⁸⁰ And at that, this supposed that world revolution could only succeed if China were to be strengthened economically.

⁸⁰ Michael M. Sheng (Professor of History, Southwest Missouri State University) *China's Decision to Enter the Korean - War Reappraisal and New Documentation*, Korea and World Affairs, Vol. XIX , No. 2, Summer 1995, published by the Research Center for Peace and Unification of Korea, URL: <http://www.kimsoft.com/korea/cn-korea.htm> (2008-01-26).

It was already evident, even during the last days of Stalin, that Mao's "hyper" communism would sooner or later endanger the "realpolitik" of the US-Soviet relations.⁸¹ With the death of Joseph Stalin in 1953 tolerance for Mao's brand of communism soon evaporated. With Nikita Khrushchev at command in the Kremlin, Mao Zedong felt betrayed ideologically and economically. Ideologically, because of Khrushchev's friendly overtures towards the United States were seen as threatening the security and territorial integrity of the Peoples Republic of China.⁸² Economically, because China was in the preliminary phase of its industrialization and needed Soviet Unions continued help to successfully complete this modernization. As J.C. Bartlett puts it: Mao had gone to Moscow in November 1957 in the hope of extra support for both his domestic and foreign policies. China was suffering from many internal problems. An effort to accelerate economic growth had encountered many obstacles, including a poor harvest, heavy debt repayments to Russia and the strength of discontent revealed in the brief period of Chinese liberalization – the period of 'a hundred flower'. ... The repression which followed the 'hundred flowers' also meant that China was even shorter of the professionals and experts of all kinds needed to implement a Russian-style modernization programme."⁸³ Initially he was encouraged to adopt the Soviet model and now he was abandoned to himself, to pick-up the broken pieces as it were. Mao was forced to support a model of development against his gut feelings and now he had to manage the negative consequences before things got out of control.

From an administrative point of view, namely that of organizing people and resources to achieve social well-being, there were limits to the above-mentioned modernization. Communization of the village economy was evidently not enough to meet the livelihood of the increases in rural population. The priority given to heavy industry meant that resources were diverted away from the development of light industries which would have absorbed the excesses in rural labour supply and given supplementary income to those engaged in agriculture. But the rural areas had neither the necessary resources nor the power to decide to follow the path of development that Young Mao had traced for them. Mao's vision for the development of the villages and China at a wider level was that of an incremental process. The first step should be taken to develop the agriculture. As he wrote on February 27, 1957: "In discussing our path to industrialization, I am here concerned principally with the relationship between the growth of heavy industry, light industry and agriculture. It must be affirmed that

⁸¹ C.J.Bartlett: *The Global Conflict 1880-1970 – The International Rivalry of the Great Powers*, published by Longman Group UK Ltd, Essex, 1984, page 325.

⁸² C.J.Bartlett: *ibid*, page 329.

⁸³ C.J.Bartlett: *ibid*, page 327.

heavy industry is the core of China's economic construction. At the same time, full attention must be paid to the development of agriculture and light industry.”⁸⁴ This goes well with his affirmation that Chinese Communist revolution was brought about by the Peasantry, and it should be the objective of the CPC to better the lives of the peasantry.

From here, the next logical step would be to develop light industries, centred on processing agricultural produce and bringing industrial techniques to traditional handicrafts. For example, Mao Zedong sent the following communiqué to the State Council on March 5, 1956: “You are contemplating an average annual increase of 10.9 per cent in the total value of handicraft production over a period of three five-year plans; that seems a bit too small. ... The highest labour productivity in mechanized and semi-mechanized production is over thirty times the lowest in handicraft production. ... Compare the differences in labour productivity and it becomes clear that the handicrafts must develop in the direction of semi-mechanization and mechanization and that labour productivity must be raised.” And he goes on to protesting against the uncooperative behaviour of the Party cadre in this branch of economic activity: “In some places the Party committees are so occupied with other tasks that they don't put handicrafts on the agenda; this is not good. Why are some cadres rather unwilling to undertake this work? I myself would very much like to do it, as it is very important.”⁸⁵ He had pressing needs to emphasize this point in economic planning for two main reasons.

The first reason was that there was an upward surge in rural population which meant that productive efficiency in agriculture would sooner or later prove insufficient to cope with this excess in rural labour supply. As a consequence, revenues in rural areas failed to keep in pace with revenues in the urban areas. One has to remember that after the ‘big bang’ of land redistribution in 1952 there was a sense of relative prosperity among the rural population. As Satyananda J. Gabriel (Professor of Economics Mount Holyoke College) puts it: “The redistribution of wealth after the 1949 Revolution stimulated a significant increase in aggregate output. There was a boom in agricultural output (agricultural output grew 25% in real terms from 1952 to 1957) and, due to both the output increase and to a sharp drop in corruption, a dramatic increase in revenues available for the provision of public goods and services. The multiplier effect of the increase in rural output and income and the increased government

⁸⁴ Mao Zedong: On the Correct Handling of Contradictions Among the People - Four Essays on Philosophy, published by Foreign Languages Press, 1968, Chapter 12: CHINA'S PATH TO INDUSTRIALIZATION. URL: <http://www.etext.org/Politics/MIM/wim/onhandling.html> (2008-01-30)

⁸⁵ Mao Zedong: SPEED UP THE SOCIALIST TRANSFORMATION OF HANDICRAFTS, March 5, 1956, part of Mao Zedong's instructions when the departments concerned under the State Council reported their work on handicrafts. Source found at the following URL: http://www.marxists.org/reference/archive/mao/selected-works/volume-5/mswv5_50.htm (2008-01-28)

provisions for public goods and services resulted in a substantial improvement in per capita income in China. Thus, in the early years of the post-revolutionary regime, economic growth and a reduction in income disparities were completely compatible objectives.”⁸⁶ Mao Zedong and his immediate entourage were encouraged by these quick results and thought it necessary to push forward with more ambitious reforms to achieve even greater equality between the urban and rural populations. And the introduction of light industry to the rural economy would be one way to do this.

Another reason why Mao Zedong was very keen to introduce mechanization to the rural economy was that there was a problem of skilled labour. We are talking about the 1950s, an époque where the Chinese educational system was just coming together. With very few educational qualifications farmers were not able to handle sophisticated technologies. Semi-mechanization and light industries seemed an appropriate solution for filling this gap in education and technical training. In this way, Mao thought, greater productivity can be squeezed out from the existing set of local skills and know-how. And this will go a long way to reducing productivity differentials between rural and urban workers that he earlier spoke of. In the same note Mao goes on to argue that this move would enhance and reinstate China’s position among the people of the world. He also remarks that supporting rural industries can have a positive impact on public finances.

Mao’s lucidity and apprehension of priorities is intact and astounding. Whatever wrong decisions Mao had taken during his long leadership of PRC, does not mean that we can avoid accepting his clairvoyance. Knowingly or not, Mao was preparing China for the economic conquest of the world. Unmistakably he has to be credited for the resiliency of his ‘long-term’ economic visions for Communist China. Harish Anand, in The Hindu Business Online, not so long ago wrote the following: “This outward-oriented manufacturing sector-led growth has made China one of the largest globally integrated economies, as is evident from the fact that trade in goods and services jointly account for about 75 per cent of the country's GDP, against 25-30 per cent for India, Japan, Brazil and the US.”⁸⁷ One should never forget all this started with ‘Mikado’ sticks! Handicrafts and light industry, as Chairman Mao had argued time and again, paved the way forward into export markets.

⁸⁶ Satyananda J. Gabriel: Income Inequality in China's Post-Great Leap Forward Era, China Essay Series – Number 6, October 1998, URL: <http://www.mtholyoke.edu/courses/sgabriel/economics/china-essays/6.html> (2008-01-29). Professor Gabriel is also the author of “Chinese Capitalism and the Modernist Vision”, published by Taylor and Francis Group, 2006.

⁸⁷ Harish Anand: Manufacturing excellence in India — Implications for a rapidly integrating economy, published in The Hindu Online, Friday, Sep 09, 2005, URL: <http://www.thehindubusinessline.com/2005/09/09/stories/2005090901131000.htm> (2008-01-29)

Although Deng might have been the one who let 'loose' China's industrial capacities, let us not forget that it was Mao Zedong that nurtured the future economic model to come. And the rural economy, with its extraordinary reserves of labour and tradition of cottage industries, that was going to be at the centre of this monumental economic design. Jin Hehui and Du Zhixiong from the University of Adelaide, Australia, analyses the issue as follows: "Rural industry in China in the 1980s grew at the high annual rate of 28 percent, contributing 34 percent to national industrial output growth. By the end of 1990, the output value of the rural industry and the employment in this sector accounted for 30 and 57 percent of China's total industrial sector, respectively, and its export volume maintained a share of 23.7 percent of the national total. As the "leading sector" in market-oriented reforms, rural industry has played a key role in China's economic growth."⁸⁸ What this goes to say is that Deng Xiaoping, although equally able and emblematic, could not have created the industrial and professional infrastructures to ignite an overnight upsurge in economic performance in a such short period of time. The process was initiated much earlier. What Deng Xiaoping did do, apart from unbinding China's true potential, was that he accelerated political and economic normalization with the western world, especially with the United States.⁸⁹ As a goodwill gesture Deng Xiaoping went as far as invading Vietnam, before his historic visit to the United States.⁹⁰ But let us keep that for another day.

To return to the economic path paved by Mao Zedong, the development of light industries would be followed up by a third level of development which would be heavy industry and national infra-structures. For this stage of development Mao had two concerns. On the one side the re-building of the Chinese nation-state and its reinforcement made the development of heavy industry a non-negligible issue. But on the other side, by pushing ahead with the development of heavy industry on the Soviet model would privilege the urban proletariat and the city 'bureaucratic' officialdom. Nation-building and its consolidation led Mao to overweigh heavy industry. This probably was a mistake, or at least should have been done on a much longer period, with some of the resources going to the development other sectors of the economy.

⁸⁸ Jin Hehui & Du Zhixiong, "undated". "Productivity Of China'S Rural Industry In The 1980'S," Working Papers 97_6, CERC, University of Adelaide, Australia. URL: <http://www.adelaide.edu.au/cies/china/>

⁸⁹ University of Maryland (Department of History): study project on The People's Republic of China, chapter 4. URL: <http://www-chaos.umd.edu/history/prc4.html> (2008-01-29)

⁹⁰ Xiaoming Zhang: China's 1979 War with Vietnam – A Reassessment, appeared in *The China Quarterly* (2005) 184: 851-874, published by Cambridge University Press, U.K.

By 1955 Mao and his colleagues came to the realization that maybe the adoption of a Soviet Model of economic development might have been a mistake, and might need a drastic correction. “That year, Mao and the secretaries of provincial and regional Party committees discussed and drafted Seventeen Regulations on Agriculture (the first draft for Outline of Forty Regulations on Agricultural Development), and wrote in the introduction to *The Socialist Upsurge in China’s Countryside* that all trades and industries should criticize the right-leaning mentality in order to hasten the development of socialism. However, it was after the 20th Party Congress of the Soviet Union in February 1956 that an overall consideration of the Chinese socialist construction road started.”⁹¹ (In the Soviet Union Khrushchev was moving away from the Stalinist tradition as well.)

Logically resource management and the administrative responsibility would follow a similar pattern of development. It was thought that the main responsibility for developing the agriculture would be given to the “households” with wider cooperation spilling onto the village level for purposes like building small reservoirs, organizing harvesting, building health and educational infra-structures to mention but a few examples. This would be stepped-up by inter-communal cooperation in larger infrastructure projects. The resulting effect would be to keep hierarchical bureaucracy to a bare minimum. But the 10 000 Soviet “advisors” and central planning were short-cutting this Maoist administrative set-up.

In essence what happens is that two tendencies converged to produce an explosive situation. The Maoist principle of decentralized autonomy in terms of power of decision and resource allocation meant that the communes became ‘islands’ in national bureaucratic echelons, without any defined chains of ‘command and control’. This evolution was combined with practices borrowed from the Soviet Union, in which the end result was privileged, with eyes set on short-term objectives rather than the long-term ones. Looking at this period of China’s history, Kenneth G. Lieberthal explains it as follows: “Structurally, China's bureaucratic ranking system combines with the functional division of authority among various bureaucracies to produce a situation in which it is often necessary to achieve agreement among an array of bodies, where no single body has authority over the others. In addition, the reforms' decentralization of budgetary authority enabled many locales and bureaucratic units to acquire funds outside of those allocated through the central budget, which they could use to pursue their own policy

⁹¹ Lin Yunhui: *The 20th Party Congress of the Soviet Union and Mao Zedong’s Tortuous Path*, part of the Parallel History Project on NATO and the Warsaw – Pact - *The Cold War History of Sino-Soviet Relations*, first published in *Social Sciences in China* (English Edition), Spring 2005, Beijing, pp. 1-2.

preferences. This cushion of "extra-budgetary" funds in turn permitted many locales to become less sensitive to the policy demands from higher levels."⁹²

As long as the communes and provinces achieved their quota of production in terms of centrally planned allocation, there were no questions asked unto the methodology. As long as goods flowed upward there was no need for information to flow up. An un-harnessed decentralization meant that there emerged bureaucratic devices that permitted localities effectively to block upward flows of information and blunt higher-level initiatives that cascade down on local leaders. The extra-budgetary possibilities meant that local party and administrative leaders need not be transparent on the entirety of their dealings. They were only accountable for financial aid that they received from the central authority, knowing clearly that central authority itself was a three-way splinter: The Party, The Peoples Liberation Army and The Central State Organs. Given the competition between the central 'triumvirate' for power and influence over the lower echelons, it was not difficult for local cadre to evade control by playing one against the other.

As a logical consequence, at the national level, what happened was that decisions were taken in the absence of appropriate information and without the feedback to judge and fine-tune public policy. Overtime, isolation from what really happens can lead to a kind of 'castration' of central authority. Mao Zedong has to be given the credit for realizing quite early the nature and extent of the problem. On the 5th of January 1953, he had this warning to the Central Committee of the Chinese Communist Party: "... the problem of the following kind of bureaucracy has not been basically solved in many areas, departments and fields of work. Some leading cadres are ignorant of the people's hardships, of the conditions in subordinate units only a short distance from their offices, and of the fact that among the cadres at the county, district and township levels there are many bad people guilty of commandism and violations of the law and of discipline. Or they may have some knowledge of such bad people and bad deeds, but turn a blind eye to them, feel no indignation, are not aware of the seriousness of the matter and so take no positive measure to back up good people and punish the bad or to encourage good deeds and stop bad ones."⁹³ It is interesting to note that Mao Zedong sees the problem but fails to envisage durable structures of administrative control or independent structures of legal enforcement.

⁹² Kenneth G. Lieberthal and David M. Lampton (editors): *Bureaucracy, Politics, and Decision Making in Post-Mao China*, UNIVERSITY OF CALIFORNIA PRESS, Los Angeles, 1992, Page 9.

⁹³ Mao Zedong: *COMBAT BUREAUCRACY, COMMANDISM AND VIOLATIONS OF THE LAW AND OF DISCIPLINE*, January 5, 1953, Inner-Party directive drafted for the Central Committee of the Chinese Communist Party. URL: http://www.marxists.org/reference/archive/mao/selected-works/volume-5/mswv5_24.htm (2008-01-26)

His remedy for the ills of bureaucracy are as follows: "...if we strengthen and improve our role and methods of leadership, then bureaucracy and commandism, which are harmful to the people, will gradually diminish and many of our Party and government organizations will be able to break away sooner from this Kuomintang style of work. And the sooner will the many bad people who have infiltrated our Party and government organizations be combed out and the many bad deeds still evident today be eliminated."⁹⁴ One soon realizes that the fear of over-bureaucratization pushed Mao Zedong away from envisaging any permanent institutional structure other than the succinct apparatus that existed at the top of the state. From the above statement one is inclined to believe that he wanted to substitute 'institutional set-up' by 'official ideology'. On the other side he was equally cautious not to upset the three-way division of power. Increasing the power of the central administration could be done only at the expense of the PLA or the Communist Party of China, two entities in which his confidence was intact; compared with the central bureaucracies, in which he never trusted. He once declared: "The struggle against corruption, waste and bureaucracy should be stressed as much as the struggle to suppress counter-revolutionaries."⁹⁵ He considered bureaucracy to be cancerous, that given a chance to impose itself, will overwhelm the nascent Communist culture that can do away with bureaucracy.

So ideology and in particular the Communist dogma of Marxism-Leninism were the only options available to Mao Zedong. John C. Oliga, an authority on social control and social organization in general well illustrates the role played by ideology: "... the concept of control is not only pervasive but also is perhaps the most powerful and ideological concept in human and social relations. At the same time, power and ideology themselves have the most controlling influence on the kind of social order under which we live."⁹⁶ Mao thought that if one can fix a nations priority through ideology and get the adherence to it by the people in question, the need for physical control can be kept to a minimum. Value consensus can basically reduce the need of the political leadership to develop additional resources to assure fidelity to their priorities and compliance with their policies.⁹⁷ But in a 'fragmented authoritarianism' model proposed by some authors to describe post-war Chinese bureaucracy, the assumption is that although

⁹⁴ Mao Zedong: *ibid.*

⁹⁵ Mao Zedong: ON THE STRUGGLE AGAINST THE "THREE EVILS" AND THE "FIVE EVILS" (Nov 1951-March 1952), Important directives drafted for the Central Committee of the Chinese Communist Party, (quote from a draft dated Nov 30, 1951). Source found at the following URL:

http://www.marxists.org/reference/archive/mao/selected-works/volume-5/mswv5_17.htm (2008-01-28)

⁹⁶ John C. Oliga: *Power, Ideology, and Control*, published by Plenum Press, New York, 1996, pp. 3-4.

⁹⁷ Kenneth G. Lieberthal and David M. Lampton (editors): *Bureaucracy, Politics, and Decision Making in Post-Mao China*, UNIVERSITY OF CALIFORNIA PRESS, Los Angeles, 1992, Page 8.

there might have been a single overall ideology, local declination might give way to a different value system in any given cellule. The overall picture that emerges is that the structure of bureaucratic authority is gained by endless negotiations and compromises in which central policy has difficulty gaining the upper hand.⁹⁸ There are endless wheeling and dealing processes in which the lower level officials and Party cadre can amalgamate their control over information to give superficial representation of local realities; thus insulating the local public activities from central interferences.

With the above described administrative dysfunction one would have thought that Chairman Mao could have used the command structures of the Chinese Communist Party, supposedly more loyal to him than the inheritance of the Kuomintang administrative organs with which he has difficulties in handling. Unfortunately for Mao Zedong the Party also seems to escape from his grip. As mentioned earlier, Chairman Mao thought he was riding a “Three Horse Golden Chariot”- the PLA, the Communist Party of China and the Central Administrative Organ. Nominally he was an Omnipotent leader with all the powers at his will. But the reality of the situation was slightly different- he ignored the fact that on each of these horses was sitting an ambitious lieutenant who had his own origins and conceptions on how to transform China into a world power. Sooner or later the Golden Chariot will find itself in the middle of the road with no horse to pull it.

Deng Xiaoping becomes the main actor to the enfolding of this dramatic change in who controls what of the PRC. While Mao legitimately felt that he is a man of the people he nonetheless could not say the same thing concerning the Party, since the nitty-gritty of running the Party was in the hands of Deng Xiaoping. As Patrick E. Tyler from the New York Times puts it:“(Deng) was appointed secretary general of the Central Committee in June 1954 and, by 1956, secretary general of the Communist Party. With Yang Shangkun as his deputy, Mr. Deng virtually controlled the party personnel apparatus, placing thousands of cadres in jobs and building a party network that became the foundation of his power.”⁹⁹ Although, Mao Zedong and Deng Xiaoping were close collaborators they were fundamentally different in their political strategies. Mao coming from a peasant family and possessing home-made political ideology was inherently against “systems” or “structures”. At a meeting of the Political Bureau of the Central Committee of the Chinese Communist Party (April 25, 1956) he bewildered his

⁹⁸ Kenneth G. Lieberthal and David M. Lampton (editors): *ibid* Page .;12.

⁹⁹ Patrick E. Tyler: Deng Xiaoping: A Political Wizard Who Put China on the Capitalist Road, published in the New York Times, February 20, 1997. URL: <http://query.nytimes.com/gst/fullpage.html?res=9401EEDE143EF933A15751C0A961958260> (2008-01-31)

colleagues with following statement: “The Communist Party and the democratic parties are all products of history. What emerges in history disappears in history. Therefore, the Communist Party will disappear one day, and so will the democratic parties. Is this disappearance so unpleasant? In my opinion, it will be very pleasant. I think it is just fine that one day we will be able to do away with the Communist Party and the dictatorship of the proletariat. Our task is to hasten their extinction.”¹⁰⁰ His coherence continues to be intact and enjoys solid ideological foundations: the historical mission of the Communist Party is to build the ‘commune’, not to run it. Its existence should not live beyond its purpose. From this affirmation he draws the following conclusion: If one builds the Party in ‘granite’ or solid foundations then the programmed disappearance would be difficult if not impossible. To give ideological ‘impulses’, the Communist Party need not be a super-structure.

Deng Xiaoping’s political strategies might not have coincided with those of Mao Zedong. For his part, he was a man who came from an upper-class family. In 1926 he escaped from France to Moscow. After 11 months of (intensive) ideological and military training in Moscow, Mr. Deng began taking orders from the Communist International. He returned to China as the chief political adviser to one of the powerful warlords who had carved up northern China.¹⁰¹ This training and links with Communist International inevitably pushed him towards a more conventional and ‘Soviet-induced structures’ of control and command.

This contrast between these two able leaders structurally makes communication difficult. Mao Zedong was known to have complained that the party leadership was treating him like a "dead ancestor" and he singled out Mr. Deng for making decisions like an "emperor." Given a dose of ambition from the later meant that Mao’s ‘desires’ were deemed difficult to implement. As Patrick E. Tyler goes on to explaining: “In the early stages of the political campaigns, Mr. Deng was the instrument of Mao's revenge, sending thousands of Chinese intellectuals to manual labor camps and prisons. Mao was not satisfied. He wanted to propel China forward with agricultural communes and steel production.”¹⁰² Even Mao Zedong was appalled by the over zealousness of Deng Xiaoping, which made him give a speech in support of the “90%” of intellectuals who have nothing to blame for, and the remaining 5 % of the intellectuals should be given time to follow suit. At every step and move of his subordinates Mao Zedong constantly

¹⁰⁰ Mao Zedong: ON THE TEN MAJOR RELATIONSHIPS, April 25, 1956, [Speech at an enlarged meeting of the Political Bureau of the Central Committee of the Chinese Communist Party, Beijing. URL: http://www.marxists.org/reference/archive/mao/selected-works/volume-5/mswv5_51.htm (2008-01-31)

¹⁰¹ Patrick E. Tyler: op. cit.

¹⁰² Patrick E. Tyler: op. cit.

reminded them that they should abstain from committing the same atrocities as the 'Kuomintang regime'.

Grappling with this stark reality confronts Mao Zedong with the following dilemma at the end of the 1950s: reverse the structural tendencies of an ever independent Communist Party or accelerate his personal objectives of strengthening his constituency – the Peasantry against the moves of what he calls “the bureaucratic-capitalists”¹⁰³. The Chinese peasant had saved the Middle Kingdom from destitution and hunger, liberated he is capable of extraordinary deeds, thought Mao Zedong. In fact, the Peasantry was the only organ he could use to keep the Communist Party and the central bureaucracy in check. But of course, his favoured method of giving ideological impulses without the means of execution, without the firm control of the Party and the administration could be a big gamble. Mao is persuaded that it is worth risking his credibility. At the end of 1957, he is ready to launch a new economic strategy that he hopes would translate the spirit of the Chinese Revolution into reality.

But with the heavy industry still its infancy, taking the great leap forward meant that the resources for leaping forward would mainly come from an already disoriented peasantry. Building light-industry at the speed of lightening, as Chairman Mao desired it to be, was beyond the reach of the peasantry and the villages. Technological know-how and industrial organization was still a novelty in the 1950s, as well as being a rarity to the newly formed communes. This meant abandoning a local frame of economic development in favour of a bigger structure than itself. This, if not handled properly, could automatically result in the total submission of the peasantry to the needs of the urban proletariat.

So it was that with ‘Great Expectations’ the Great Leap Forward (GLF) was launched on January 1, 1958. In the name of economic rationality, the first action of the government was to amalgamate smaller cooperatives into 26,500 people's communes, with each encompassing thousands of households.¹⁰⁴ The peasants hardly had time to adjust themselves to the notion of collective ownership before they were bundled-up into a bigger cauldron. It was as if their control on their economic fate was being diluted as the administrative perimeter was constantly widened, and as whirlwind of the ‘slogan economy’ descended upon them. As Professor Lin Yunhui (from the National Defense University-Beijing) puts it: “It went even further than

¹⁰³ Mao Zedong: On the Correct Handling of Contradictions Among the People (February 27, 1957), op.cit.

¹⁰⁴ Wei Li, (Darden Graduate School of Business Administration, University of Virginia): The Great Leap Forward: Anatomy of a Central Planning Disaster, March 2005, page5. The study was part of an extensive research project conducted by Professor Wei Li.

Li, W. (2005). The Great Leap Forward: Anatomy of a Central Planning Disaster, *Journal of Political Economy*, Vol. 113, No. 4, pp. 840–877.

Stalin's framework because it practiced a rapid transition from collective ownership to ownership by the whole people, of "taking steel as a key link," made the ratio of heavy industry higher than before, set blowing the "communist wind" that made the peasants even poorer than the Soviet's surplus grain collection system did, and opened the "two account books" of the central and the local authorities which not only hindered initiative at the central and the local level but led to the practice of making false, exaggerated and empty claims. Consequently, the new tendency to search for China's own road to socialism initiated through *On the Ten Major Relationships* and the 8th Party congress was swept away and turned into its opposite."¹⁰⁵ What happened was that even the peasants' courtyards with their pigs and fruit trees were made communal property. Whenever the State enters a peasant's courtyard it leaves death and misery behind. For what Fernand Braudel has attested is that a peasant not always makes a living with his work in the landlord's field, what really feeds him and his family is what he grows in his courtyard.¹⁰⁶ So it was with the Chinese peasants during the period of collectivization. And now the system, hungry for ever more resources, was entering this last patch of peasant salvation.

While Mao Zedong encouraged the Communist Party to give a hand to the peasant, quoting examples from the days of the civil war, Deng Xiaoping's local party cadres in fact did the only thing they knew best—they carried the Stalinist command economy right into the heart of the rural world. The commune, quite against the original concept, was made a single vast domain of agricultural exploitation. The well-to-do villages were forced to invest for the benefit of less-well-off villages swept into the same commune. As would have been expected the peasants felt cheated and were bitterly resentful of the happenings. Party officials, wishing to meet target deadlines, were taking things into their own hands and confiscating everything from poultry to cooking pans. Farmers were forced to go and tend steel furnaces, leaving agricultural work to women and children. Mao Zedong was aware of the crimes committed in the name of his policies. In a secret speech at Lushan in 1959, he discussed the need to go slower during the Great Leap Forward: "One can't be rash. There must be a step-by-step process. In eating meat, one can only consume one piece at a time. One can never hope to become a fatso at one stroke."¹⁰⁷ But Mao Zedong's power of persuasion was too late to prevent the 'rape of the rural China' by Deng Xiaoping's Party cadre and urban officialdom. This political and bureaucratic

¹⁰⁵ Lin Yunhui (Professor at the National Defense University-Beijing): *The 20th Party Congress of the Soviet Union and Mao Zedong's Tortuous Path*, study first published in *Social Sciences in China* (English Edition), Spring 2005.

¹⁰⁶ Fernand Braudel: *Civilisation matérielle, économie et capitalisme (XV-XVIII siècle) – 3. Le temps du monde*, Librairie Armond Collin, 1979, Paris, pp. 746-748.

¹⁰⁷ Mao Zedong quoted in the *Time* magazine (USA): *The Mao Papers: A New View of China's Chairman*, Friday, Dec. 12, 1969. URL: <http://www.time.com/time/magazine/article/0,9171,840470-1,00.html>

arbitrariness was combined with one of the worst draughts that swept through Asia for over a century. As a result millions died of starvation and millions more had to cope with permanent economic dislocation.

Although the catastrophic consequences of the Great Leap Forward were all too real, the reasons that lead China to this fateful period are still to be clearly understood by the academic world. To Professor Wei Li of the University of Virginia, few studies have assessed the relative quantitative effects of these and other possible factors on grain output in a systematic manner, leaving a significant gap in our understanding of the GLF (Great Leap Forward) crisis.¹⁰⁸ But he goes on to proving that arbitrary actions by the government and the Communist Party of China were the principle authors of this disaster: “Our findings suggest that the most important causal factor is the diversion of resources from agriculture, which was responsible for 33 percent of the output collapse between 1958 and 1961. Excessive procurement of grain, which decimated the physical strength of the peasantry, is the next largest contributor, accounting for 28.3 percent of the output decline. Bad weather did play a role, contributing to 12.9 percent of the production collapse. The crisis thus had the marks of a perfect storm.”¹⁰⁹ It is impossible to think that Party cadre at the local and provincial level had no hierarchical relations with Party central offices in Beijing. How is that so little information of malpractice and widespread abuse not reach the top stratum of the Party leadership? If one is to follow the argument that local Party bosses prevented information from flowing, then this would also mean that political information also stopped flowing upwards. It is not easy to believe that Deng Xiaoping, as the General Secretary of the Communist Party of China, would have tolerated such loosening of control within the Party ranks. Quite possibly something else was at issue. As I mentioned earlier, the peasantry was the strongest asset that Mao Zedong had in his possession, even since 1927. To weaken Mao politically one had first to proceed by weakening the peasantry economically, thus erode their support to the ‘Great Leader’. Some of the close collaborators of Mao Zedong might have been influenced by events taking place in the Soviet Union, especially the 20th Party Congress of the Soviet Union in February 1956. The 20th Party Congress of the Soviet Union was the first congress convened after Stalin’s death in 1953. The political report addressed to the congress by Khrushchev, the First Secretary of the Party Central Committee of the Soviet Union, and speeches given by other delegates revealed the

¹⁰⁸ Wei Li : op.cit., page 1.

¹⁰⁹ Wei Li, *ibid*, page 3.

contradictions in Soviet society and Stalin's mistakes.¹¹⁰ Open criticism of Stalin could have paved the way for some in the Chinese Communist Party to think the same of Mao Zedong.

One can also point to the souring of relations between Nikita Khrushchev and Mao Zedong. The prospect of losing the only ally who was politically and economically potent might have encouraged some circles to undermine Mao Zedong's leadership, at least temporarily to figure well with the Soviet leadership. As C.J. Bartlett explains: "The collapse of the 'Great Leap Forward' and the temporary eclipse of Mao himself in the first half of 1959 brought a temporary improvement in relations. Khrushchev offered more aid, evidently in the hope that this might strengthen the 'pragmatists' among the Chinese leaders. P'eng Te-huai, the Minister of Defence, was pro-Russian and was anxious to secure Russian equipment to modernize the Chinese armed forces."¹¹¹ The Time weekly magazine reported that P'eng Te-huai tried to initiate a rebellion against Mao during a secret meeting held in Lushan (1959), which failed to produce a coup d'état.¹¹² The wide gap between what Mao Zedong announces, in terms of economic and social engineering and what is implemented can partly be explained by these background manoeuvres.

In retrospective, it looks as if; every move of Mao Zedong to up-lift the rural population was used by the Party, the PLA and the Bureaucracy to do the opposite, and as such, all in his name. There seems to be a great deal of factional in-fighting among the top ranks which resulted in economic policy being under the regime of 'Musical Chairs', a rotation of policy according to who has the upper-hand. As Kenneth G. Lieberthal and David M. Lampton argues: "In China, for example, the government ministries exercised considerable power over the economy during the First Five-Year Plan of the mid 1950s, the Communist Party expanded its relative influence over the economy during the Great Leap Forward of 1958–61, and the military became a key decision-maker regarding the economy during the late 1960s. The reforms of the 1980s brought a significant devolution of budget-making authority (a process that had actually begun in earnest in 1971), with Party and government officials in major municipalities gaining greatly increased influence over economic decision making."¹¹³ One is forced to admit that, along with Chairman Mao, the peasant families are the main losers in the process.

Admitting that he has lost his battle against the bureaucracy in all its forms Mao Zedong undertook to analyze the nature of bureaucracy in China for the sake of prosperity: "At the

¹¹⁰ Lin Yunhui: Op.cit.

¹¹¹ C.J. Bartlett: Op.cit., pp. 329

¹¹² Time magazine: Op.cit.

¹¹³ Kenneth G. Lieberthal and David M. Lampton: Bureaucracy, Politics, and Decision Making in Post-Mao China, published by the University of California Press, 1992, pp.7-8.

highest level there is very little knowledge; they do not understand the opinion of the masses; they do not investigate and study; they do not grasp specific policies; they do not conduct political and ideological work; they are divorced from reality, from the masses, and from the leadership of the party; they always issue orders, and the orders are usually wrong, they certainly mislead the country and the people; at the least they obstruct the consistent adherence to the party line and policies; and they cannot meet with the people.”¹¹⁴ Indeed, in his *Twenty Manifestations Of Bureaucracy* an embittered Mao Zedong enumerates in detail the ills of bureaucratic tendencies and practices. He draws no distinction between the bureaucracy of the Communist Party and the bureaucracy of the State apparatus. Simply put, for him, bureaucracy is the earthly manifestation of the darkness’s of an evil force beyond human control. Mao should have heeded to the advice of Harold R. Isaacs when he wrote the following with, a good dose of fatality, in 1938: “The productive techniques and the inherently vital democratic ideas and institutions have limitless capacity for growth; but this growth is stifled and stunted within the persistently surviving national economic structure. The result has been a continuous state of crisis and frustration.”¹¹⁵ The travails of Mao Zedong have followed this fateful pattern.

Thus one can conclude, with the teachings of history to support us that political power and even charisma of an overwhelmingly good intentioned leader cannot bring about a transformation of a country or a people without a prior reorganization of the necessary administrative structures. Mao Zedong thought that he could bypass this necessity by giving economic power to the base – the peasantry. Maybe another time and in another context he might have succeeded, but the economic and geo-political situation of the 1950s was such that Mao had all the odds against him. Too much of his energy was put into regional issues ranging from the Korean War to Indo-China. Perhaps Mao over-estimated the immediate dangers posed by the United States to mainland China. This not only meant diverting resources from the rural world to industries supporting the armed forces, it also meant making compromises to a Soviet Union which never wanted to witness the emergence of a strong and independent China. Coupled with the intrigues of the international situation, Mao Zedong had difficulties in dominating the Communist Party of China – he was always considered as an outsider whose interests were deeply embedded in the rural world. With modest beginnings in 1927 Mao Zedong single-handedly reoriented the party towards issues concerning the peasantry and the

¹¹⁴ Mao Zedong: *Twenty Manifestations Of Bureaucracy*, Joint Publications Research Service, (Washington, DC), February, 1970. URL:

http://www.marxists.org/reference/archive/mao/selected-works/volume-9/mswv9_85.htm

¹¹⁵ Harold R. Isaacs: *op.cit.*, page – 323.

need to build an egalitarian society in the countryside. This was never whole-heartedly accepted by his bourgeois colleagues who believed in an urban proletarian revolution along the lines of the Bolshevik Revolution in Russia. And there are good reasons to believe that his belief in delegation of power and orientation towards consensual leadership were used by his colleagues to engineer his demise.

Mao Zedong knew quite well that this 'bourgeois revanche' would never have happened if he had transferred sufficient power of 'self-determination' to the peasantry, which would have had the political legitimacy to oppose the party cadre. But he was halted and haunted by two prospects. Firstly, he considered utter most important that the economic situation of the peasantry be mended before the transfer of political power. Secondly, he felt it important to carry out a parallel consolidation of the 'Chinese nation', since he partly attribute the economic burdens of the peasantry as originating from a progressive weakening of the Chinese nation; leading to foreign imperialism over China and the loss of its self-confidence. But tragically for Chairman Mao, with the PLA, the CPC and the Central bureaucracy all pulling in different directions, he lacked a coherent administrative instrument to translate his well-thought plans into a concrete reality. Even today, the absence of Maoist commitment is felt by millions of peasant families all over China, who rightly feel let down by the current economic model.

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3. State and Nationhood: who bears the Burden?¹¹⁶

The notion of “nation-state” is too often used for describing State and its instruments of power. Historians generally accept that the post World War II period is a turning point in the history of the nation-state. The perception was that with the end of colonialism and the advent of popular democracy, nation-state had become a universally accepted concept. With the liquidation of the British, French and Japanese empires, nations finally got the opportunity to constitute a state which would reflect the aspirations of the national community. The will of the national community was further increased, as it was thought, by the practice of democracy, through which popular sovereignty and legitimacy was transferred to the state organs. Consequently, the recognition by other likewise nations confers further recognition in the resulting international community. On the surface of it everything looks logical and one can hope for perpetual peace!

But careful examination of historic development of: the oligarchical tendencies of power, patterns of economic relations, institutional set-up and democratic functions, shows us that notion of nation is an instrument of power and its relationship with the state is more antagonistic than one thinks. Detailed investigation of the origins of nation-states suggests that the terms “nation, nation-state, sovereignty, democratic legitimacy, national interest, cultural existence” are all appropriated by oligarchical minorities. The problem with 20th Century nation is that it is defined in such a way as to act against the real nation, leading to progressive destruction of it. The democratic game is formulated in such a way that it tames, weakens and finally destroys popular sovereignty, while the rule of a minority is strengthened. The nation-states of today are proclaimed and acclaimed as positive-evolutions to the states of the past. Let us for instance put away the conventional interpretation of the nation state. Let us for the sake of discussion; assume that they (the nation-states) are nothing more than “systems of exploitation”. And let us also assume that those being exploited are “families” and by extension “communities”, which are the basic form of social and economic interaction. From these two basic assumptions let us explore the evolution of the so-called nation-state.

We had kingdoms, empires and out of the blue comes the nation-state to rescue humanity from all kinds of burdens. And for the first time we are reminded that the source of enlightenment is the role played by the free individual in a progressive dynamic called the nation and its emanation: the state. The concept of the nation state does not assume an organic

¹¹⁶ R. Byrappa, “State and Nation-hood: who bears the burden?,” in *Állam és nemzet a XIX-XX. században.*, 2006, pp. 9–19.

evolution of society in which between the individual and the nation-state there exist such intermediaries as “family” “kinship” and “community”. In more ways than one, the nation-state stands in direct competition with the “family-kinship- community” circle. And very interestingly, as the nation-state becomes stronger the individual becomes less independent, in a way defenceless and is cut-off from his bases of solidarity: family and community.

Being a very recent concept, the nation-state has undertaken a very well planned and coordinated effort to gain rapid legitimacy. In this effort it could have followed two routes. Firstly, it could have followed a route by which it could peacefully co-exist with the already existing institutions such as the family and the community. Secondly, the nation-state could take a route by which it undertakes a systematic destruction of the family and community. Economically, the most developed nation-states have adopted the second option. And given the race for economic development, we can presume the less developed nation-states will also follow the same route. The reason why this choice was made is very obvious: the way to survival of the nation-state is economic exploitation. Careful investigations of the economic model proposed by the nation-state reveal to us a complex “master-slave” relationship (which was elaborated by Aristotle in *Politics*). From this temporary conclusion let us define and elaborate the various concepts and map-out their historic evolution.

Apart from the Swiss Canton-Republics, there are very few examples of what can be called nations and nation-states. During the sixteenth century, the Swiss Confederation was composed of thirteen self-governed states. These states were called cantons, and there were two different kinds of cantons: the six forest cantons and seven urban cantons. Though they were technically part of the Holy Roman Empire, they had become almost completely independent when the Swiss defeated Emperor Maximilian and signed the Treaty of Bale in 1499.¹¹⁷ The twenty-six cantons of Switzerland are the states of the federal state of Switzerland. Historically and until the mid-19th century, each canton in the then-confederation was a sovereign state, with its own borders, army, and currency; the current federal structure was established in 1848. These cantons are a very good example of an organic growth from the family to the highest level, at the level of the Swiss Confederation. As such, the nation-state is not an oppressive or foreign construct, imposed from above. The Swiss Canton- Republic is not just a political entity; it is also an economic community which covers all the activities of its particular members. The philosophy of the Swiss Canton is that wealth generated in the community should stay in the community, without being depleted by outside taxes or interferences. The legendary battles

¹¹⁷ Atlas Historique (edition dirigée par Pierre Mougenot), Page 191, Librairie Stock, 1968, Paris.

fought by the Swiss Confederates were a demonstration of their will to protect the community from designs of neighbouring monarchies and sometimes from each other.

When we study the history of the nation-states it is very important to isolate the flow of economic resources, and the direction in which they are flowing. This will give us a clue to the political situation of community. And to how far it is a colony or a colonizer in the modern, multicultural state. The focus has to be placed on the economic side of the community and not, as some would like, as a historic or a residual of sentimentalist factors.¹¹⁸ We also have to examine how far taxation, economic policy, rule of law and the institutional structure is used to establish "colony-colonizer" relationship between communities. Since today's nation-states are quite often an aggregation of communities and are far from resembling the Swiss example.

The Indian example, on the other hand is a good demonstration of the socializing effect. The Indian elite arrived at power through socialization with the enemy, or the colonial power. What kept colonial India going was the high level of social and economic ties between the British Empire and the local elite which was also an economic stake holder in the colonial administration. The legitimacy for the empire partly came from this fact, and neither side had an appetite for upheaval, since bloody revolution would have upset the economic structure of exploitation. Professor Ranajit Guha,¹¹⁹ basically argues that the historiography of the Indian colonial and nationalist state is unhistorical, spurious, and tainted with pervasive "elitism." Central to its narrative is the story of the power contest between two dominant elite groups: one representing the bourgeois colonial rulers, who gained political dominance in India by coercion, and the other, the Indian elite bourgeois nationalists "spawned and nurtured" by colonialism itself, who led a passive nationalist movement in order to succeed to the ruling power in the borrowed robes of their colonial mentors. The Gandhian philosophy was a boon to both the Indian elite and the British rulers because it had a pacifying effect on the masses and acted to reduce the economic risks of transition to the dual-elite system.

This joint venture not only points to the tight cooperation inside this dual-elite system, but it also illustrates how the economic structure of exploitation works. The British used the tax revenues from the opium trade to further pacify India, because these revenues went to maintaining of the colonial army. From London's point of view this helps to consolidate its grip on India. From the Indian Elite's (Bombay and Calcutta) point of view, this booty coming from China would strengthen its strive to constitute an "inner-colony" for itself. Thus out of the

¹¹⁸ Leclercq, C.: *Droit Constitutionnel et Institutions Politiques* (septieme edition) Litec, Paris 1990. p. 78.

¹¹⁹ Chakraborty, Amalendu K. "Dominance without Hegemony: History and Power in Colonial India (a review)." *Journal of World History* - Volume 11, Number 2, Fall 2000, pp. 373-379. University of Hawai'i Press

opium fumes of China, and sweat of oppressed Indian communities, the late 19th century Indian nationalism was born. And when power was handed over in 1947, the system of exploitation went unchanged. What proceeds is called nation-building.

If a nation pre-exists the state, why is there the need for nation-building? If there is an attempt to redefine the nation, then it is done only to justify a pre-existing state. Francis Fukuyama, gives a balanced picture of nation-building: “*Critics of nation-building point out that outsiders can never build nations, if that means creating or repairing all the cultural, social, and historical ties that bind people together as a nation. What we are really talking about is state-building, that is, creating or strengthening such government institutions as armies, police forces, judiciaries, central banks, tax-collection agencies, health and education systems, and the like.*”¹²⁰ The state once established strives to harmonize different cultures in order to forge a so called national culture and identity, around which the entire population can rally. Fukuyama provides sufficient ammunition to those who argue that nation-building is nothing more than “fortification” of state structures. Although a minority can initiate the foundation a state, it is none-the-less confronted with the question of legitimacy and the transfer of sovereignty.

We have to give some credit to Fukuyama, who argues that democracy is universally accepted as best form of government¹²¹; but I would do this only after pointing out that democracy was not universally accepted. It was more or less universally imposed by victors of a war or was the will of departing colonial powers. This factor cannot be neglected because motivation of those imposing this liberal democracy partly defined the future dynamics of such a democracy. The first remark is that Britain, France and America imposed liberal democracy on a large section of the countries joining the United Nations, after the Second World War. Whatever the proclaimed intentions can be, the outcomes have failed, sometimes catastrophically. As society develops, the nature of democracy has come to mean something else. Hegel’s, and now Fukuyama’s dialectic of liberal democracy currently seems to be spiralling down or making a “two steps backward and one step forward move” tango.

The basic premises of a political system focusing on accountability to citizens are the following: First, only individuals can confer on government (i.e., delegate to it) the authority to coerce them in the name of the shared benefits which flow from peaceful cooperation that exploits the virtues of the division of labour. Second, the cornerstone of legitimacy is the will of the people—it is for their benefit that the whole elaborate system is designed (although this

¹²⁰ Fukuyama, F.: Nation-Building 101, The Atlantic Monthly I January/February 2004, Washington.

¹²¹ Fukuyama, F.: The End of History and the Last Man (1992), publ. Penguin. London. Extracts down loaded from: www.PhilosophyArchive.org @ marxists.org

key element is often lost). Third, the legal authority of the state flows from the moral authority of the inherent or natural right of the people to govern themselves. To do so, they delegate authority to their elected representatives.¹²² But this outline is redefined and progressively replaced with a different content.

Jürgen Habermas, continues in the same line of thought when he says that: “A *national consciousness propagated by intellectuals and scholars that slowly spread outward from the urban bourgeoisie—a consciousness that crystallised around the fiction of a common ancestry, the construction of a shared history, and a grammatically standardised written language—did indeed transform subjects for the first time into politically aware citizens who identify with the republican constitution and its declared goals. But notwithstanding this catalysing role, nationalism is not a necessary or permanent precondition of a democratic process. The progressive extension of the status of citizenship to the whole population does not just provide the state with a new source of secular legitimation; it also produces a new level of abstract, legally mediated social integration.*”¹²³ This explanation, provided by Jürgen Habermas illustrates very well why Liberal Democracy is favoured by the ruling elites.

It provides the illusion that everyone’s will is represented, and without any illusion, provides legitimation. It is a process by which true sovereignty is forgone for the exchange of illusions.

Sovereign rights are turned into illusions is by the complex machinery of the Westminster model of government. In his book “The English Constitution” which was published in 1876, Walter Bagehot emphasised the divide of the constitution into two components: the Dignified (that part which is symbolic) and the Efficient (the way things actually work and get done) and called the Efficient “Cabinet Government”. Although there have been many works since emphasising different aspects of the “Efficient”, no one has seriously questioned Bagehot’s premise that the divide exists in the Westminster system.¹²⁴ Efficient to whom and to what effect is interesting to analyse. And how popular sovereignty fits into this so required efficiency, since both these ideas could mean a successful translation of peoples will or a successful control of the masses.

Before confronting face-on this question it is worthwhile to let Francis Fukuyama speak: “*Technology makes possible the limitless accumulation of wealth, and thus the satisfaction of*

¹²² W.T. Stanbury, Page 2, Fraser Institute Digital Publication, February 2003, Vancouver, BC Canada, downloaded from the following web-page, www.fraserinstitute.ca/admin/books/files/westminster.pdf

¹²³ Habermas, J.: On the Relation between the Nation, the Rule of Law, and Democracy (in: Habermas, J.: The Inclusion of the Other, Cambridge, Ma., 1998, 129-153) can also be downloaded from: http://www.zmk.uni-freiburg.de/ss2000/texts/habermas_engl.htm (Retrieved: 2006-02-24)

¹²⁴ Westminster system, downloaded from: http://en.wikipedia.org/wiki/Westminster_system#Bibliography (2006-02-24)

an ever-expanding set of human desires. This process guarantees an increasing homogenisation of all human societies, regardless of their historical origins or cultural inheritances. All countries undergoing economic modernisation must increasingly resemble one another: they must unify nationally on the basis of a centralised state, urbanise, replace traditional forms of social organisation like tribe, sect, and family with economically rational ones based on function and efficiency, and provide for the universal education of their citizens. Such societies have become increasingly linked with one another through global markets and the spread of a universal consumer culture. Moreover, the logic of modern natural science would seem to dictate a universal evolution in the direction of capitalism."¹²⁵

The function of liberal democracy constitutes in constructing a Capitalist Market-System (CMS), in which the social, political, economic agent is the Individual; cleansed from all forms of traditional life and community. All the above mentioned Fukuyama vocabulary, points towards an ambitious economic agenda. The economic structure of the individual has to prevail over the community and the family structure in order to produce high economic growth, which would ultimately lead to greater accumulation and concentration of economic resources in the hands of a few mercantilists. This process formulated and propagated by the World Bank and the International Monetary Fund and came to be known as the "Washington Consensus" of which Fukuyama's writings can be considered the political arguments. A Report by the World Bank -World development report 2002 - building institutions for markets- gives the following recipes: *"Good governance includes the creation, protection, and enforcement of property rights, without which the scope for market transactions is limited. It includes the provision of a regulatory regime that works with the market to promote competition. And it includes the provision of sound macroeconomic policies that create a stable environment for market activity. Good governance also means the absence of corruption, which can subvert the goals of policy and undermine the legitimacy of the public institutions that support markets."*¹²⁶

What is concrete in this report is the bias towards: the enforcement of property rights and the implementations of macroeconomic policies to promote growth (in terms of GDP). If we make abstraction of goods and services, what the World Bank really wants is that states build infrastructure, a kind of a super highways, in which wealth can be transported without hurdles. And the direction which wealth tends to move is fundamental to the study of the nation-state question and its long-term evolution.

¹²⁵ Fukuyama, F., op cit, see the same web-page

¹²⁶ World Bank 2002, World Development Report 2002: Building Institutions for Markets, New York: OUP, p. 99.

Liberal democracy thus becomes an under dog to the over-whelming need to enforce property rights (Rule of Law) and to pay for the externalities generated by the capitalist market-structure (Taxation). Property rights have been in existence since the origins of mankind; why worry about them now? It has become an issue now because the nature of property has become diverse and diffused. Since the 1970s, services have come to play an increasing role in the economic development and the progression of Gross Domestic Product (GDP). The enforcement of property rights is difficult and the reason why draconian states control is needed. If not, the transfer of wealth will be slow and growth would hit the dry earth. The introduction of the concept of service- based economy is not only a major departure for economic history but for society in general. Social relations of all kinds start to be priced, mass-produced and sold in the market like any other commodity. The question is not the survival of the nation-state, it's more the nature of the human, and his/her sovereignty, in the vast network of productive and consumer transactions.

The new nation-state has increasingly focused on the individual because with the individual as the principal agent on which open economy can prevail. With the family on the contrary, we are in a closed economy where are large number “social transactions” fail to become “economic transactions” and thus do not contribute to GDP-growth and cannot be taxed. So it is in the interest of the “financial super-highways” and the nation-state structures to see that social transactions are transformed into economic transactions. The way this is done is to structurally oppose the individual with the traditional community structures such as the family, kinship and the community. The finality of man is culturally defined as a quest for satisfying his needs. Hegel calls this a “system of wants” but as mentioned above the need to differentiate make it not a question of “wants” but one of “needs”. A kind of dictatorship starts to establish itself, where once put into a market every product becomes a must. The way to extend the market is replacing a restricted number of “families” by indifferent “individuals”. The economic impact is that resources that have contributed to strengthen the independence of the individual have been lost in the process and the links of solidarity are lost forever.¹²⁷ When Fukuyama calls for a rationalization of economic relations, he calls for the destruction of the altruistic patterns of relations, since neither the capital nor the state can have a share in this closed circle. Whatever wealth effect is created in the community, it stays there.

The community is also weakened by the new methods of industrial organization. In the same manner as the family and community is pulled down, so has the product structure: only a part

¹²⁷ Ibid., p. 524

of the product is fabricated in a community, the rest is scattered around the world. So the exchange and trade between communities is not products but semi-products, in the process further increasing the dependency of the community while it increases the power of the capital. This all-conquering process is called trans-national organization. Specialists, in this field of research, estimate that there are around seventy thousand such trans-national organizations (corporations).¹²⁸ The immediate consequence of such pattern of production is that certain communities lose long accumulated knowledge and know-how in certain sectors. This again reduces the long-term survival and existence of the communities in the periphery regions of the capitalist organization. 'The goal of warfare was redefined, as destroying the enemy's potential for waging war, which meant destroying the enemy's economy.'¹²⁹ First by breaking-up the community ties, then by re-modelling productive systems the "economic immune system" of the community is being consciously depleted. To understand this process we have to undertake a detailed examination of what can be called the "The Public Domain", one quintessential element of what constitutes a nation-state.

The nature and function of state is changing and consequently has a profound effect on the notion of "Public Domain". There seems to be confusion on what kind of relationship the state should enjoy with nation or community. In a period when private property was increasing inequalities, the state was intended to transcend private property by replicating the altruistic relations of the family.¹³⁰ In such "Public Domain" had a physical as well as a moral aspect. On the physical side the state controlled economic assets in order to provide "social goods". And on the moral side the state assumed the responsibility to protect and foster community spirit by multiplying points of social contact and attachment. At the end of the 20th century the economic logic of growth and homogenization is reversing this. But the citizen is kept in the dark of these changes in state ethics. Jean Bodin (1530-1596), a much-quoted French legalist and philosopher, thinks that in a democratic polity "Public Domain" is fundamental to the existence of the Commonwealth (nation-state).¹³¹

Although Jean Bodin wrote this in 1576 it still holds true to this day. Being a legalist and a practical minded person Bodin realized the vital importance of the public domain, as opposed

¹²⁸ Szigeti P.: Világrendszerezőben, Napvilág Kiadó, Budapest 2005, p. 21.

¹²⁹ Drucker, P. F.: "The Global Economy and the Nation-State," Foreign Affairs, Vol. 76, no. 5 (1997)

¹³⁰ Habermas, J.: "The European Nation-State: On the Past and Future of Sovereignty and Citizenship", Public Culture (Magazine), Winter 1998, Volume 10, Number 2. Downloaded from: <http://www.newschool.edu/gf/publicculture/backissues/pc25/pc25.html> 2006-02-27

¹³¹ Jean Bodin, (1530-1596), Six Books of the Commonwealth, Abridged and translated by Tooley, M. J. Published by Basil Blackwell, Oxford, 1955, Book VI, Chapter 2. See also the following web-page: http://www.constitution.org/bodin/bodin_.htm 2006-02-27

to all other forms of resources that a state can count on. And as such it acts as a backbone of the national community. One can almost sense him saying that one who acts to compromise the national domain commits treason.¹³² By categorizing public domain as something sacred, inviolable, and inalienable, Jean Bodin has given a precise definition of what can constitute an act of treachery. The concept of Public Domain has had its highs and its lows but never had it come under such a strain as at the end of 20th century. The attacks on public domain came several corners, notably from liberal laissez-faire economic policies and ever increasing bureaucracies. It is suggested that the election of Margaret Thatcher in 1979 and that of President Ronald Reagan in 1980 as the beginning of this process. *“By rolling back the frontiers of the State - which stifled individual initiative — Prime Minister Thatcher believed that the genius of the British people would flourish. Hence, her governments attempted to cut back on welfare spending and refused to prop up ailing industries for the sake of avoiding unemployment.”*¹³³ And in the United States, after a long period of economic difficulties, there appeared a general consensus that a radically new economic policy was needed.¹³⁴ As such, the economic policy advocated by President Reagan and Margaret Thatcher was the right medicine in their native contexts; because the main thrust of the policies was to scale down the bureaucratic machine. But it sent a wrong message to liberal forces around the world that: to achieve economic growth, it is an absolute necessity to privatize public sector enterprises. And in some lesser developed countries than Britain, privatization was a synonym for “crony capitalism” or the sale of national assets to foreign government enterprises under more than dubious conditions. This had a net effect of a reduction of public sector without the corresponding reduction in the public debt, or the overall tax burden.

In general, there was confusion between bad management of public enterprises and economic inefficiency. The problem was that even before being privatized state enterprises were quasi-private or operated as such, since appointments to run these companies were not made on the basis of managerial merit but of political connections. There was not only miss-staffing but also over-staffing. The result was that these public enterprises started to make deficits, which in turn creates the logic for their eventual privatization. In this manner Jean Bodin’s definition of treason cannot be evoked, since a “public good” is technically treated as a “public bad” (seen under the light of chronic deficits and managerial deficiencies). Not to

¹³² Ibid., Book VI, Chapter 2.

¹³³ Pearce, R.: Thatcherism, new perspective Vol 9, No 3, this article can also be downloaded at the following web-page: <http://www.history-ontheweb.co.uk/concepts/thatcherism93.htm> , 2006-02-27

¹³⁴ Niskanen, A. W.: Reaganomics, downloaded from the following web-page: <http://www.econlib.org/library/Enc/Reaganomics.html> , 2006-02-27

speak of the fact that when you see a constant transfer of the public domain to another nation-state community, the transferring community becomes a colony or a rent paying community.

This wave of privatization of public domain does not mean the end of it. Devoid of its functional content it has been transformed into what is being called the Public Debt System. The pattern of resources which were supposed come from Jean Bodin's public domain are now increasingly coming from the state's capacity to create debt in the name of its citizens and their children, and sometimes their children's children. The debt-burden thus created an inversed effect of the public domain. Before the community got rents from its Domains now it has to pay rents (interest payments) for its Debts. Again the community is trapped in three stages: first, it loses the public domain, second, it has to pay more for the same services, and third, the tax burden does not decrease proportionally. The method of exploitation of the community becomes perpetual. The nation-state becomes a system of exploitation, as it edifies an inner colony for itself.

These reverse effects are also felt in what we can call the "ethical part of the public domain". In the evolution of the political systems, the state took a set of engagements towards the community, in exchange for its acceptance of the political system imposed. These engagements included such services as free health, education, affordable public transport, along with a safe and healthy environment to name but some. What we are witnessing, since the 1990s, is that there is a lack of public commitment to these services. Whatever budget increases there are, go to paying the increase of the salaries of the personnel, while the equipment becomes obsolete or falls to decrepitude. Given the pressure to increase growth through private sector, the high debt burden and general disengagement there are signs that these services will be privatized in one form or another. This will mean a rise in the cost of these services to the community but there is no overall tax reduction in the horizon, on the contrary in some countries like France and Japan it is on the up.

Continuing on the loss of moral domain and the states engagements to the family and community, to increase tax revenues the state is re-appraising its priorities. New York, San Francisco, London, Paris, Amsterdam, Johannesburg and now Prague¹³⁵ are all economically very prosperous cities and all have, since the 1990s, become example setters for social, cultural and economic life. Increasingly, town-planners and charismatic mayors of other leading cities are striding to follow suit. And in general the evolution of these cities is communicated as something positive. But the reality of the success of these cities or their re-generation has partly

¹³⁵ HVG (weekly), 2006, Feb. 11: „Cseh melegjogok”, 14. p.

depended upon pro-gay or pro-homosexual legislation. The re-structuring of Britain's immigration in the 1990s is interesting to note. Overnight London became a centre for artistic creation, fashion and design-centre, and very famous for its night-life.

This does not mean that a big section of Californian population, or that of Britain or Czech Republic have become homosexual; no, at least not for the moment. They have become proactive in fiscal management. These governments have statistical evidence which shows them that the gay community is composed of high-income individuals with equally high spending capacity. The Zulu Kingdom has this to say on its official website concerning its plans for development: *"According to Tourism Intelligence International in 2000, some 10% of international tourists were gay or lesbians, accounting for more than 70 million arrivals worldwide. This market is thus an important market segment and is expected to continue to grow as a result of a change in attitudes to homosexuality. Gays are regarded as being 'early innovators' and 'trendsetters'. They usually have a high disposable income and no kids - the so-called DINKS of the 21 Century. American gay and lesbian tourists for example are estimated to generate \$54.1 bn a year - about 10% of the total US travel industry. As a result of the fact that this segment tends to have few family responsibilities they have a large pool of discretionary cash for travelling."*¹³⁶ This in itself is fiscally lucrative but it also has a fiscally positive effect on the overall government finances in other ways as well. Since the gay population is known to be very active in cultural life, their lifestyle is propagated to the entire population through mass media. Consumption as a whole increases, with added fiscal revenues for the state and increases GDP growth. In general, these developments are communicated as positive, as pointed out in the quotation from the official Zulu Kingdom website.

But if we look at the impact these developments have had on the community, one can only be alarmed and distressed. One of the fundamental characteristics of a community is its capacity to reproduce itself. In economic terms what this means is that couples have to bear the responsibility to establish a family and maintain it as a stable structure, since raising children means long term responsibility; meaning the willingness by parents to compromise on their own individualistic lifestyle. If individual men and women increasingly adapt gay lifestyles their preparedness to bare children will decrease, thus putting the long term survival of the community at danger. This is shown in the increase in single-parent families, often a mother and child, with a father who refuses parenthood. In Britain for example, it is reported that:

¹³⁶ Zulu Kingdom (South Africa): Engaging the KwaZulu-Natal Gay and Lesbian Tourism Market: Tourism KwaZulu-Natal's Initial Gay and Lesbian Tourism Strategy. Found at: <http://www.kzn.org.za/kzn/investors/186.xml> (retrieved on 2006-03-18)

“According to analysis of British Household Tanel Survey data, 40% of all mothers will spend some time as a lone parent ...Between 1961 and 2001, the proportion of one-person households doubled from 14% to 30%. This figure is estimated to increase to 35% by 2021 .”¹³⁷ So without going into a moral debate on homosexuality, we can say that the state’s sponsorship of it, as a cultural and economic phenomenon, is diminishing the community’s strength to sustain itself; because the state is sexually biased in favour of homosexuality or its economic proto-type.

In conclusion, one could well argue that the real danger to the community (the basic structure of all forms of nationhood) comes from the state and its in-built “structures of exploitation”. The nationalism projected by this state is a political instrument to further its grip on the community. Political nationalism is increasingly used to divert peoples’ attention from a new form of economic treason, the subjugation of the community to the wills of a capital-intensive minority. The chosen methodology of the state is GDP-growth. This growth criterion is used as an instrument to defeat, divide and destroy the community. Since altruistic relations between the members of the community are destroyed and replaced with rent-gaining (tax and profit) relations. By its insistence on over-consumption to promote GDP-growth, the new nation-state is becoming ethically deficient and defunct. By promoting high-consumption lifestyles it is putting in danger the capacity of the community to sustain itself biologically. If the new nation-state succeeds in its policy, then there will be a vertical decline of community life and thus the destruction of the nation.

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¹³⁷ 21 O'Neill, R.: Experiments in Living: The Fatherless Family, CIVITAS-The Institute for the Study of Civil Society (Britain). (September 2002). Found at: <http://www.civitas.org.uk/pubs/experiments.php> (retrieved on 2006-03-18)

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World Bank 2002, World Development Report 2002: Building Institutions for Markets, New York: OUP, p. 99.

HVG (weekly), 2006, Feb. 11: „Cseh melegjogok”,

4. Social Capital, Fukuyama in the Henhouse, and other Dangers to the Family and Community¹³⁸

After two decades of economic globalization, new attempts are made to reassess social structures and their evolution during this period. Although the central theme of the debate is social capital, the aims and the final use of its conceptual framework differ, without anyone of the detractors having a universally acceptable definition. One of the reason why there is not an attempt made to reach consensus on the definition of social capital as a viable concept is because there seems to be a tug-of-war between social theorists on the one side and neo-liberal political thinkers in the likes of Francis Fukuyama on the other side. I will for my part try to put a „*modest*” historical perspective on the matter.

French philosophers and sociologists have tackled with the idea of defining the concept of social capital since the time of Jean-Jacques Rousseau. All the efforts since then have gone into the creation and a continuous renewal of the French Republic. In this sense the notion of social capital is closely embedded in republicanism and the democratic and other social institutions which together form it, the basic principle of „*human rights*” as the guiding force. In sociological terms these relations were borrowed from pre-existing institutions like the „*family*” and other forms of traditional „*communities*”. This is not forgetting the fact that republics, in whatever époque they came into existence, represented a degree of modernity in the face of their traditional counterparts because they were able to transcend some of the closed and restrictive aspects of the former.

Although the republic represented an improvement on institutions like the family, we should be careful not to create an opposition between these two structures. The intermediate institutions (family, village, geographical community etc) standing between the individual and the republic all share the same basic characteristics, namely that of “*solidarity*,” rudimentary forms of “*social justice*”, building and sharing a “*common destiny*,” specific to a particular community. In this perspective social capital as notion cannot be studied, understood and used for policy formation, in isolation with the concept of solidarity. At this point Francis Fukuyama breaks ranks; he reduces social capital to one of the “*factors*” that produces economic “*efficiency*,” output and outstanding GDP. On the surface of it there is nothing wrong with this but pushed

¹³⁸ R. Byrappa, “Social Capital, Fukuyama in the Henhouse, and other Dangers to the Family and Community,” *ÖT KONTINENS: AZ ÚJ- ÉS JELENKORI EGYETEMES TÖRTÉNETI TANSZÉK TUDOMÁNYOS KÖZLEMÉNYEI*, vol. 5, pp. 179–205, 2007.

deeper this logic reveals itself to be a fundamental danger to social capital and social justice in all its forms.

This attempt is nothing more than neo-liberalism reinventing itself and penetrating itself into one of the last bastions of defense against the rollercoaster effects of globalization and failures of neo-liberal policies all over the world: *“The issue, for most societies, is whether they are net losers or gainers from this process, that is, whether globalization breaks down traditional cultural communities without leaving anything positive in its wake, or rather, is an external shock that breaks apart dysfunctional traditionals and social groups and becomes the entering wedge for modernity”*.¹³⁹ Fukuyama would like to redefine social capital in such a way that it will no longer represent a hindrance to global capitalism in the form of trade unions, conservationists, and protest groups against corruption or ultra-mondialists trying to define alternative economic models. This shows the importance of the notion of „*Social Capital*” in contemporary debate on the need for “*social structures*” in order to adapt to “*economic changes*”, which are projected as “*indisputable*” path upon which everyone should tread.

Like in his analysis of Liberal democracy and its dialectical evolution in history, Francis Fukuyama uses the logic of a natural scientist, far from the logic used by some of us who always think that things cannot be so simple. Fukuyama begins by brushing off „*misconceptions*” about social capital and its definition: *“The norms that constitute social capital can range from a norm of reciprocity between two friends all the way up to complex and elaborately articulated doctrines like Christianity or Confucianism. They must be instantiated in an actual human relationship: the norm of reciprocity exists in potential in my dealings with all people, but is actualised only in my dealings with my friends. By this definition, trust, networks, civil society, and the like, which have been associated with social capital, are all epiphenomenal, arising as a result of social capital but not constituting social capital itself”*.¹⁴⁰ Those who think that social capital is a new reincarnation of things like tradition, morality, code of conduct and other ethical behaviour are called to reason by Fukuyama. Max Weber could well turn in his subterranean endowment.

We know what it is not, so let us turn to Francis Fukuyama for a “*scientific*” definition of social capital: *“Perhaps the reason that social capital seems less obviously a social good than physical or human capital is because it tends to produce more in the way of negative*

¹³⁹ Francis FUKUYAMA: *Social Capital and Civil Society*”, The Institute of Public Policy George Mason University October 1, 1999; Prepared for delivery at the IMF Conference on Second Generation Reforms, www.imf.org/external/pubs/ft/seminar/1999/reforms/fukuyama.htm

¹⁴⁰ FUKUYAMA: *Ibid.*, see section I: What is social capital?

externalities than either of the other two forms. This is because group solidarity in human communities is often purchased at the price of hostility towards out-group members. There appears to be a natural human proclivity for dividing the world into friends and enemies that is the basis of all politics. It is thus very important when measuring social capital to consider its true utility net of its externalities. Another way of approaching this question is through the concept of the "radius of trust". All groups embodying social capital have a certain radius of trust, that is, the circle of people among whom cooperative norms are operative. If a group's social capital produces positive externalities, the radius of trust can be larger than the group itself. It is also possible for the radius of trust to be smaller than the membership of the group, as in large organizations that foster cooperative norms only among the group's leadership or permanent staff. A modern society may be thought of as a series of concentric and overlapping radii of trust. These can range from friends and cliques up through NGOs and religious groups."¹⁴¹ This so called radius of trust was at the center of the village life and constituted the core rudimentary institution of a traditional community. So what is that which distinguishes it from industrial or post-industrial emanation of trust?

Although Fukuyama does not contest the existence of trust in traditional community he nonetheless sees a fundamental flaw in it: „...*traditional social groups are also afflicted with an absence of what Mark Granovetter calls "weak ties," that is, heterodox individuals at the periphery of the society's various social networks who are able to move between groups and thereby become bearers of new ideas and information. Traditional societies are often segmentary, that is, they are composed of a large number of identical, self-contained social units like villages or tribes. Modern societies, by contrast, consist of a large number of overlapping social groups that permit multiple memberships and identities. Traditional societies have fewer opportunities for weak ties among the segments that make it up, and therefore pass on information, innovation, and human resources less easily*”.¹⁴² From this it is clear that Fukuyama treats the structures of traditional society as a kind of mafia grouping where the bonds of trust are very strong inside the formation but are often „*conflictual*” and „*coercive*” with the outside world. In fact he sees Chinese society, which uses Confucian ethics as the rule of the game, as structurally flawed because it produces corruption instead of the well awaited benefits from social capital. Fukuyama is conclusive of his propositions: „*In many Latin American societies, a narrow radius of trust produces a two-tier moral system, with good behavior reserved for family and personal friends, and a decidedly lower standard of behavior*

¹⁴¹ FUKUYAMA: op.cit.

¹⁴² FUKUYAMA: op.cit.

in the public sphere. This serves as a cultural foundation for corruption, which is often regarded as a legitimate way of looking after one's family".¹⁴³ Fukuyama and his American contemporaries are evidently biased in their treatment of social capital by focusing only on the immaterial part of social capital. There are reasons for this: material aspect, or social infrastructure as some would say, does not fit either into the neo-liberal school of thinking or the „*privatization of the welfare-state*” policies preached by the World Bank or the International Monetary Fund. It looks like the purpose of this reorientation is to place the ongoing debate on the role of the State on such a direction that past or present attempts on reducing the role the state will not be contested. Since those who oppose globalization are also those who want the State to actively „*regenerate*” the „*public sphere*” – one of the key aspects of social capital. The talk in these circles is not a reduction of the state but an increase in its pro- activeness. So one of the aims of this current study should be to reintroduce the physical aspects of social capital into the debate.

Another trend, and the undercurrents of the actual debate, is to recast traditional institutions of social capital in a negative light. Fukuyama and his neo- liberal clones speak about families, villages and tribes as if these have an isolated existence, totally closed from the outside world, living in perpetual darkness. This is not the case. Pierre Bourdieu and Immanuel Wallerstein¹⁴⁴ have long conceptualized and explained the historic reality: the world, starting from around the 12th Century A. D. was a matrix of interconnected socio-economic systems. It is very easy for Francis Fukuyama, for the sake of theoretical convenience, to refer to historical or sociological evidence which does not enjoy any tangible empirical evidence. But this does not distance him from his intended purpose: traditions and cultural purposes all have, directly or indirectly, economic consequences. Thus whatever modifications we can implant in the traditional patterns of behavior, will ultimately modify the economic structure of society: transform „*socialistic*” behavior into „*commercial*” one. Some would argue that an outright replacement is attempted.

Another false assumption is that free market is something that came into existence in 20th Century North-Western hemisphere. There is an assertion that the rest of world is living in the dark age of „*non-market*” allocation of resources. I challenge Fukuyama to empirically prove his case. Free and fair competition has existed in the Asian continent for centuries and constitutes a corner stone of village economic life. As Wallerstein explains, these movements

¹⁴³ FUKUYAMA: op.cit.

¹⁴⁴ Immanuel WALLERSTEIN, *The Modern World System: Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth Century*, Academic Press, New York 1974.

of exchange of goods and ideas spanned from the rims of the Black Sea area to the remote corners of Indonesia, goods transiting from market to market. But the forces controlling these markets worked within the boundaries of regulated patterns of social capital. Only the positive aspects of the market were allowed to prevail. Any damaging side effects of the market, such as externalities, were thought to be unsustainable. If tradition in market place means less negative effects like „waste” and „pollution” then it has achieved its defined optimum. What „modern” markets do is to produce „externalities” without assuming their costs. This may produce market optimum in capital allocation but taken as a whole it stands on sub-optimum level, since this outcome cannot be sustained.

Continuous destruction of non-renewable natural resources and abrupt modification of social patterns leads to a lowering of both in terms of “stocks”, which are not accounted for in economic indicators like GDP growth.

Fukuyama’s attack on traditional sources or generators of social capital is shrouded in mathematical formulas and a lot of tears shed on the state of civil society and liberal democracy, the decrease of both of which leads to an all-powerful and over-burdening State. While the real purpose of his theoretical gesticulation is economic. It is a systematic attempt to rip apart the Republic and its intermediary constituents like the family and community.

Reappraisal: The state of the family and the community as generators of social capital.

The Individual and the State are entities which enjoy political and legal status but the Family as an intermediary entity does not enjoy any political action or weight; it is treated as pseudo-legal entity defined according to the necessity of the day. This is mainly confined to its „reproductive” capacities and the State supports this function through nominal financial acquittals, and meagre legal recognition. But the physical burden of the State and the Individual are all borne by this entity: it functions as an instrument of economic support, common denominator of public order and the primary social integrator of individuals. In times of political upheavals and economic crisis individuals fall back on the family structure for both physical and moral comfort, without any subsequent cost to the State. In times of prolonged military conflicts, order does exist although there is no State-structure to enforce it, thanks to role of the family. In this way whatever weakens the Family destabilizes the entire society. The Institute for Families in Society (University of South Carolina) sees the role of family as follows: „Families are dynamic and interdependent units of society which take forms and functions according to society’s changing needs and the expressive and instrumental needs of

*the families' members. (...) Whatever their structure, we believe that the primary function of families is to provide for the perpetuation and enhancement of culture and society by the nurturance, care, protection, and socialization of their members throughout life. Conversely, whatever the structure of the families within it, a primary responsibility of society is to provide the necessary supports to sustain them in fulfilling those functions".*¹⁴⁵

This vision is not always shared by the State. The relations between the State and the Family are both co-operative and conflictual. As a relatively newcomer the State sees itself as an opponent of the family in the struggle for „*legitimacy*” and the „*control*” of the individual. David J. Herring has written that the role of the family in democratic society has been incomplete. He advocates a richer discourse around six family functions: three functions supporting the power of the state and three functions which may serve to undermine the power of the state, while supporting the development and functioning of a pluralistic democratic society. Herring describes three positive functions of the family: producing democratic citizens, relieving the state of the burden of caring for dependent citizens, and diminishing the power of other intermediate associations that could challenge the state. He makes a strong case for the three subversive functions that check state power and promote a “*rhetoric of associational respect*,” including the family’s role in the creation and maintenance of a broad array of intermediate associations, the production of adults capable of forming strong intermediate associations, and the development of citizens with associational tolerance.¹⁴⁶

Herring demonstrates the adaptive ability of the family by drawing on American slave narratives, studies of the Israeli kibbutz, and a review of the frontier families in the American west. Despite the family disruption these experiences caused, family ties remained resilient, demonstrating the strong human preference for family associations. Beginning with an historical investigation of African-American family structures, the researchers uncovered a wealth of descriptive ethnographic studies of extended black family life. The black elderly encompassed many roles that other races have in extended families, but were particularly bonded through the „*social, political and economic adversities experienced by black families throughout American history*”. Such roles included being „*family stabilizers*” who provided both physical and spiritual support for families. Medicinal folk-doctors, familial storytellers,

¹⁴⁵ Institute for Families in Society: general statement on families, this institute is part of the University of South Carolina. <http://ifs.sc.edu/textversion/sof.asp> (date of retrieval 2007-01-15)

¹⁴⁶ David J. HERRING: *The Public Family: Exploring its Role in Democratic Society*, University of Pittsburgh Press, Pittsburgh 2003. See also informative review by Rosalie R. YOUNG (University of Maryland), www.bsos.umd.edu/gvpt/lpbr/subpages/reviews/herring0206.htm (date of retrieval 2007-01-15).

family counsellors and mediators could all be positions provided for by the black elders of a family. Likewise, child rearing was often shared with grandmothers, aunts and cousins.¹⁴⁷ For reasons of legitimacy and political pressure from social groups and trade unions the State decided to take over the role of this extended family.

From social capital of „*bonds of blood*” towards „*institutionalized*” social capital

To gain legitimacy and cut a compromise with the family structure of society, the modern State embarked upon two manoeuvres: Firstly, it decided to relieve the family of some of its burdens mentioned above. Reviewing the work of Susan Pedersen on the welfare state, Christiane Eifert writes the following: „*Previous investigations into the origins of the welfare state have treated family policy rather sparingly. They have focused instead on the confrontation between the state and the working class as the central issue leading to construction of social policies, and, as a consequence, they have emphasized topics related to the condition of the labour market for male workers – social insurance, for example. Given this perspective, welfare programs directed at the family have been left unexamined; indeed, the whole issue of relations between the state and the family could not be analyzed. Pedersen therefore takes the economic, social, and political dependence of family members as the starting point for her reflections, arguing that this very dependence, together with normative models of the family, had a fundamental influence on all schemes for redistribution of wealth.*”¹⁴⁸

Asserting to the compromises made towards the family unit, Christiane Eifert continues: „*In the years between the wars, family support programs were established in a number of European countries, either by the state or in industry. Such programs presupposed very broad social agreement that certain family structures ought to be supported and that the family ought to be protected by welfare policies.*”¹⁴⁹ This consensus, which dates from between the two wars, was reinforced in the 1960s and 1970s. In the 1960s because economically the state could afford its engagement since the economies were running at full speed. Later in the 1970s, welfare structures were reinforced because of new realities after the „*oil shock*”.

¹⁴⁷ Linda M. BURTON and Peggye DILWORTH-ANDERSON: *The Intergenerational Family Roles of Aged Black Americans*, Marriage and Family Review 3;4 16:1991. 311-330.

¹⁴⁸ Christiane EIFERT: *Book Reviews*, The Journal of Modern History, Vol. 68, No. 1 (Mar., 1996), 181-183. See also: *Family, Dependence, and the Origins of the Welfare State: Britain and France, 1914-1945*. by Susan PEDERSEN, Cambridge University Press, 1993.

¹⁴⁹ EIFERT: op.cit.

The second manoeuvre, which supports the first, was the promise made to the materially deprived that a „*historic*” correction would be made. Namely the promise that revenue base of the poor would be stabilized and progressively incremented in order to attain a fairer redistribution of wealth. The policy adopted was a two-way process. The first approach was to increase revenue of the deprived by adopting economic policies that would create new jobs, and support incentives that would maintain the stock of existing jobs. The second, and more direct approach, was to have a strong public sector, which, by extension of public services, went to support the equilibrium of the job market. This move reinforced the union power, leading to better bargaining power by the unions, although this also meant prolonged periods of industrial disputes. The end result was that the revenue base of the family, of the lower classes, was nominally protected. The cost of these measures was still considered affordable by the governing instances, rather than facing a social upheaval and a collapse of the social structure. Thus the stock of social capital, institutional and non- institutional, was capped from erosion.

This did not mean that the erosion of social capital was not taking place; it meant that cultural references were still those that were used a couple of decades before. The role of the family in society was continuously weakened but it was still playing the role attributed to it by the state. The lower classes, in particular, supported the state’s legitimacy and did not question the announced benefits of the welfare state. So the „*Grande Illusion*” was in good health and walking straight. The welfare state was not constructed to protect the poor. It is a universal system, which in principle protects everyone. Soon we were to realize that the welfare state was a middleclass institution paid for mainly by the lower classes. Globalization swept away this long-held illusions for good or for the worse.

Globalization and liberalization have always lurked around for some time but kicked off in earnest in the early 1990s. From here onwards begins a process from which states all over the world, and especially in Europe, start to call into question their social engagements. Although there were ideological bases for this, as in the case of Thatcherism, in many cases two reasons were provided: the alarming increase in budget deficits, and the need to be competitive in global markets. Shrinivas Thakur from the University of Mumbai, India, simplifies the formula: „*Globalization is no bed of roses and requires the country’s economic statesmanship to pursue a comprehensive reforms programme and set up appropriate administrative machinery to execute a series of economic tasks. The success of a country’s globalization programme*

*depends on how it takes suitable steps to improve the investment climate domestically and is also able to attract foreign capital”.*¹⁵⁰

The reform of administrative structures meant the reassessment of budgetary priorities. It was argued that the main „*culprits*” causing run-away budget deficits were the welfare state in particular and the public sector in general. The state was portrayed as measly provider of public welfare, and this image of the state was regularly echoed by “*official publications*” and “*guidance*” reports by the World Bank and the International Monetary Fund. Britain and the United States of America who were the first to pass the laboratory test. With a spectacular rise in the federal deficit, alarm bells started to ring. One notable publicist summarized the situation as follows: “Gross interest on the debt, including interest on the Treasury debt in the Social Security and other trust-fund surpluses (which net interest subtracts), now claims over a third of on-budget revenue - something one associates with banana republics. As its share of spending has grown, it has become a force that is driving spending and deficits higher. That is, our deficits are feeding on themselves. Some economists argue that on-budget-deficit and gross-interest figures exaggerate the problem. But we must remember that Social Security's surplus is an obligation of the Treasury, which it must ultimately meet with resources extracted from the private sector. As the GAO (General Audit Office) and others have warned, when Social Security eventually liquidates its surplus to pay benefits, the Treasury will have to pay that debt by taxing or borrowing from the public. The on-budget deficit measures the borrowing the Treasury does now; the real significance of the Social Security surplus (meaning a surplus of charges) is that it represents borrowing (or taxing) that the Treasury must do later.”¹⁵¹

The question of social security was next to become a political trap. On one side the deterioration of public finances cannot be neglected any longer, because if continued it could mean the bankruptcy of the State. On the other hand, how does one go about reforming (for some cutting back) the welfare state in all its avatars. One specialist on the question, called to give his opinion to a Congressional forum, said the following: “Social Security faces a long-term deficit. Restoring long-term financial balance to Social Security is therefore necessary, but it is not necessary to destroy the program in order to save it – especially since the Social Security deficit is not the primary explanation for the nation’s long- term budget imbalance. The tax cuts

¹⁵⁰ Shrinivas THAHUR: *What is globalization?* published online by Global Envision. January, 2007. www.globalenvision.org/library/8/1402 (Date of retrieval 2007).

¹⁵¹ John ATTARIAN: *No time for gimmicks - cutting the budget deficit by reducing entitlement programs*, National Review (biweekly), May 10, 1993, New York. www.findarticles.com/p/articles/mi_m1282/is_n9_v45/ai_13794070 (Date of retrieval 2007-01-18)

and particularly the projected increases in Medicare and Medicaid are much more important factors.”¹⁵²

This balanced declaration in the Congressional Forum partially sheds light on the quiz and quagmire of the welfare state. What was really happening at the time was a redistribution of wealth from the public (sector) to the private sector, and public budgets were being subjected to mounting pressures of resource crunch. The fact that pharmaceutical companies have high margins, and that they are not subject competition as in general market condition is one of the reasons why public deficits were higher than should be. But this fact should not cloud the fact that the social security system was supposed to be one of self-sufficiency. The main problem comes from the fact that it slowly became part of the general budget. In this way a false illusion was create unto which “bad management” led to government deficits, although in some cases this might be true. The true reason behind the near collapse of the system comes from the fact that both government and the social infra-structure became the instrument of the middle classes. The resulting „*double detonation*” of tax reductions and high social spending was the translation of the middle class aspiration of paying fewer taxes but at the same time enjoying the comfort provided by the State system.

Due to the size of the middle classes, and their growing political and economic weight, winning elections could be possible only by a convergence to the centre. In this way, were it the Right or the Left that won the elections, it was always the middle classes that celebrate the victory. Social security was always beneficial to the middle classes but more and more it became a highway for their needs. This control of social security regime produced spectacular results, they could educate themselves, have high quality medical services and enjoy a very prolonged retirement, all at the expense of the state, and for sure on the expense of the lower classes and the younger generations. George Miller, a fellow of the Royal College of Physicians, after investigation and due consideration on the matter, writes the following: „*My feeling is that the rich may have shifted a little of their wealth to their not-so-wealthy relatives, but that in relative terms what the poor have gained through welfare is a drop in the ocean. This all looks very odd when we are told that of a total public expenditure of £126 billion in 1984-1985, social security and health accounted for more than £52 billion. The reason for the apparent contradiction is that most of it goes back to where it came from. Since 1960 virtually the whole working population has been subject to tax, either at source or at the point of expenditure. The Family Expenditure Survey has shown that in 1986, income-in-kind from the*

¹⁵² Peter R. ORSZAG (The Brookings Institution): *Budget Deficits, Social Security, and Younger Generations*, House Budget Committee Forum, September 13, 2004, Washington.

use of the National Health Service amounted to about £900 a year for each family in the bottom 20% of income, and £700 for those in the top 20%. Not much difference. For state education it went the other way: £850 per year for each family in the wealthy 20%, but only £370 for families in the bottom 20%”.¹⁵³ And he continues with this disturbing statement: „In the years between 1930 and 1932 the death rate in infants with unskilled fathers was 25% above the national average. In the period between 1988 and 1990 it was 51 % above the average. Nowhere can I find any assurance that the lowliest in our society are really being helped to catch up”.¹⁵⁴

After a recent study on a poor district of London, Madeleine Bunting, a panelist on the matter for Guardian newspaper had this comment to make: „Instead of being the engine of social democracy once envisaged, it has proved to be an engine of resentful alienation from the state. So postwar "progress" may have served the middle classes well, materially and socially - they've still got their social networks, which they use for personal advancement, status and companionship - but it has served the working class much less well. Their brightest offspring are adopted and well rewarded, but the networks and self - respect of the communities from which they come have largely been destroyed”.¹⁵⁵ One of the problems of the welfare state is that it is projected as a universal system but is designed to benefit mainly the middle classes. It is crafted in such a way that the rules and regulations are difficult to understand for those who are not initiated. And by culturally over glorifying „work”, a moral hurdle is introduced to prohibit the lower classes from wholly benefiting from the welfare state. „The evolution of the welfare state had turned it from a mutual aid society writ large into a complex, centralised and bureaucratic system, run by middle -class do-gooders, "those big-hearted ones who've got their own big houses and make these rules", as one interviewee put it. The system, it was felt, gave generously to those who put nothing into the pot, while making ordinary working people who did contribute feel like recipients of charity when drawing their entitlements.”¹⁵⁶

¹⁵³ George MILLER (Fellow of the Royal College of Physicians): *Failure of the Welfare State*, Reprinted from Land & Liberty, 1994. www.cooperativeindividualism.org/miller-george_failure-of-the-welfare-state.html (Date of retrieval 2007-01-18).

¹⁵⁴ MILLER: op.cit.

¹⁵⁵ Madeleine BUNTING: *Ignored, angry and anxious: the world of the white working class*, The Guardian, Monday February 13, 2006, Britain. (The article is comment on a 12 year study conducted on the impacted of the welfare state on the local population of Tower Hamlets – East London. *The New East End: Kinship, Race and Conflict* by Geoff DENCH, Kate GAVRON and Michael YOUNG is published by Profile, 2006, (Geoff Dench is a professor of sociology at Middlesex University and a fellow at the Young Foundation. Kate Gavron is a fellow at the Young Foundation and a vice-chair of the Runnymede Trust.) London.) <http://society.guardian.co.uk/socialexclusion/comment/0,,1708369,00.html>.

¹⁵⁶ The Guardian (Newspaper Wednesday February 8, 2006): *Lost horizons*, this is an extract from - he New East End - Kinship, Race and Conflict, co-authored by Geoff DENCH, Kate GAVRON and Michael YOUNG, and published by Profile Books, 2006, London. <http://society.guardian.co.uk/socialexclusion/story/0,,1704158,00.html> (Date of retrieval 2007- 01-11). It has to

The same is echoed from other quarters: „*The working class as a whole has rarely benefited unconditionally from advances in state welfare. Even the NHS, arguably the most popular part of all state welfare provision, disproportionately benefits the middle and upper classes. But for great tracts of state welfare provision, class, race and gender divisions were deliberately exacerbated as a means of exercising social control and undermining more generalized class conflict*”.¹⁵⁷ Chris Jones (emeritus professor of social policy and social work at the University of Liverpool) continues, describing the difficulties faced by the lower-classes in attaining social cover: „*With colleagues from the University of Liverpool, I am interviewing a wide variety of users of state welfare. The very notion "user" has become problematic because so few are able to access any but the most minimal services from the state, despite acute need. We are continually regaled with accounts of ever more stringent eligibility criteria and humiliating processes which block access to state welfare. These realities, and the scandal of unclaimed benefits in this country, make so much of The New East End feel completely unreal. But what has further fuelled my deep unease with this study is that our research is revealing that in some of the poorest neighbourhoods the family is becoming ever more central to wellbeing as state welfare retreats*”.¹⁵⁸ The same conclusions were attained by Dr.Houtman (Erasmus University, Department of Sociology, Faculty of Social Sciences): „*The welfare state is often considered a key working-class interest. Focusing on solidarity with the unemployed, this article explains why the working class nevertheless fails to support the welfare state more strongly than other classes. Drawing on insights from political sociology, data collected among the employed Dutch population in 1997 are analyzed. As class theory predicts, the workers' economic position predisposes them to support economic redistribution and social rights. However, the workers' limited tolerance for nonconformity, stemming from their limited cultural capital, predisposes them to apply strict criteria of deservingness*”.¹⁵⁹ This means the room for deception is greater than one would think. What one realizes is that there is a structural diversion of wealth from the families of the lower classes to the upper echelons. This was done by firstly through the welfare „*deductions*” made to the salaried income of less well-off. Secondly, by

be noted that Michael Young (Lord) was from the Conservative Party (U.K.) a key member of neo-liberal political clique, along with Lady Thatcher.

¹⁵⁷ Chris JONES (is emeritus professor of social policy and social work at the University of Liverpool): *New Myths of the East End*, The Socialist Review, April 2006.

www.socialistreview.org.uk/article.php?articlenumber=9709 (Date of retrieval 2007-01-11).

¹⁵⁸ JONES: op.cit.

¹⁵⁹ ²⁰ HOUTMAN D. (Erasmus University, Department of Sociology, Faculty of Social Sciences, Rotterdam, Holland): *The working class and the welfare state support for economic redistribution, tolerance for nonconformity, and the conditionality of solidarity with the unemployed*, published by The Netherlands journal of social sciences (Neth. j. soc. sci.) ISSN 0924-1477, 2000.

keeping salaries of the lower section under pressure. And finally by privatizing public services and thus letting the prices of these services to rise freely.

Families in the lower strata depend solely on their labour for their income, unlike the middle classes who tend to diversify their revenue base. But the welfare state and system of social security in particular, funds itself from deductions made to salaried income. Thus the overall percentage of contribution is greater for the lower classes than for the rest of the society. But on the receiving side there is also a structural prejudice against the families from the lower classes. Apart from the complexities and cultural damnations faced by the claimants, described by Professor Chis Jones, they are unable to enjoy the pitfalls of their pensions because of the longevity gap. In the words of Professor John Ashton (NHS North West region director of public health- Britain): *"The big inequality opening up is not just length of life, it is quality of life. A lot of working class people are living into their 70s but often with multiple conditions, compared with middle-class people who often get to their 80s before problems emerge"*.¹⁶⁰ The 10 year gap, on average, is paid for by cumulative surpluses coming from the lower classes that die ten years earlier.¹⁶¹ If, as is proposed by some European governments, the retirement age is hiked to 67 or 70 years, pension contribution by the poor would be nothing more than a pure extraction of additional taxes to „directly” support the middle-class „surplus longevity”. This goes to show how the welfare state, designed to be an institutional form of social capital to compensate for the loss of traditional form of social capital, is evolving towards a form of social „neo-colonialism”.

The situation in the United States was more direct, where the welfare state reached a new level. It was no longer a place for state solidarity for the deprived families. The Urban Institute (a think tank on social affairs in the USA) after reviewing the welfare reforms of 1990-2000 made the following statement: *„With the 1996 legislation, families with little or no income were no longer automatically entitled to welfare, and most states began to discourage welfare entry and require new beneficiaries to pursue paid work. States got incentives to encourage marriage and the formation of two-parent families and to reduce out-of-wedlock childbearing. The dramatic decline in the welfare caseload -- from 4.5 million families in 1996 to 2.1 million in 2002 -- was the most stunning outcome"*.¹⁶² Statistics might have improved but maybe the same

¹⁶⁰ Professor John ASHTON (NHS North West region director of public health): *What's the prognosis?* The Guardian, Wednesday September 7, 2005. <http://society.guardian.co.uk/societyguardian/story/0,,1563674,00.html>.

¹⁶¹ Office of National Statistics (London): *Life expectancy at 65 reaches record level*, www.statistics.gov.uk/cci/nugget.asp?id=168 (Date of retrieval 2007-01-19)

¹⁶² The Urban Institute: *A Decade of Welfare Reform: How Are Low-Income Families Faring?* Posted to Web: August 30, 2006. www.urban.org/publications/900993.html (Date of retrieval 2007-01-15).

cannot be said of the plight of these families. By redirecting people towards family life, it seems that politicians have not heeded to the advice given to them by Francis Fukuyama: „*Policy makers also need to be aware that social capital, particularly when associated with groups that have a narrow radius of trust, can produce negative externalities and be detrimental to the larger society.*”¹⁶³ Maybe he is asserting that people might find comfort in other things than consumerism.

Second reason mentioned earlier, unto how social capital is destroyed structurally by economic imbalances, is by keeping salaries of the lower section under pressure. E. Ahmet Tonak (specialist on labour economics) after investigation, says the following: „*The main focus of this study is the role of the state in the distribution process vis-à-vis the working class in the United States during the period 1952-1980. This focus led me to formulate and then answer a question: what is the net impact of the distributive activities of the state on the wages of the working class as a whole and various segments within it? In order to deal with this question I proposed a concept, net-tax, which is taxes paid to the state minus benefits and income received from it. The empirical findings of the article concerning the net-tax paid by labor led me to call into question the economically beneficial role of the welfare state in relation to the wages of the working class*”.¹⁶⁴ Ahmet Tonak, here, is speaking about the changes that were brought to wage structure. More of the salary income was going to support the welfare state than was before, and that the situation for the employers was the reverse.

This is not the only reason, as Tom Lewis of Global policy explains: “U.S. corporations extracted huge profits from almost every corner of the world in the 1990s. But as the declining living conditions of U.S. workers show, these profits didn’t trickle down to improve their lives. (...) Downsizing, union-busting, benefit reductions, demands for labor flexibility and forced productivity gains were strategies used by U.S. corporations not only in foreign countries but also here at home to drain more out of workers.”¹⁶⁵ As mentioned earlier the state had tacitly assumed the role of protecting the interests of the workers without damaging those of the employers, by interposing itself as a mediator.

But the wave of neo-liberalism of the late 1980s and early 1990s meant that the state renounced this role, some would say that it was siding with the employers against the interests of the lower classes by legislative deconstruction. Consequently, the destruction of union power

¹⁶³ FUKUYAMA: op.cit.

¹⁶⁴ E. Ahmet TONAK: *The U.S. Welfare State and the Working Class, 1952-1980*, published by *Review of Radical Political Economics*, Vol. 19, No. 1, 47-72 (1987).

¹⁶⁵ Tom LEWIS: *The Growing Gap Between Rich and Poor*, Socialist Worker, August 1, 2003. Published online by Globalpolicy.org/ www.globalpolicy.org/soecon/inequal/2003/0801gap.htm (Date of retrieval 2007-01-19).

meant that institutional form of social capital was eroding, along with the revenues of the poor. According to Vernellia R. Randall (Professor of Law, University of Dayton): „*From 1977 to 1999, the after-tax income of the richest 20 percent of American families increased by 43 percent, while that of the poorest 20 percent decreased 9 percent, allowing for inflation. The actual income of those living on the lowest salaries was even less than 30 years ago*”.¹⁶⁶

The state has foaled on one of its promise that there would be fair distribution of wealth, in exchange for legitimacy transferred to it. Serhat Salihoglu (writing for South-East Europe Review) sums up the situation well: „*Based on the foregoing, we can say that the welfare state policies which were once built up so carefully are now being dismantled step-by-step. Turkey is going through a deep social crisis.*¹⁶⁷ *The privatization of the public sector, the opening up of public services to global competition, the collapse of public finances and the flexibility of the labor market have nullified welfare state policies. Savage global competition has proved to be a massive danger to trade union and social security rights in general. Furthermore, solutions to ‘unemployment’, which is a signifier of social depression, are being abandoned to the ‘hidden hand’ of the market*”.¹⁶⁸

Commenting on the long-awaited „*Tackling Health Inequalities: Status Report on the Programme for Action*” by the Ministry of Health (Britain- August 11th, 2005); and its findings that the life expectancy between the poor and the rich had increased by 10 years. Geoff Rayner, an Academic and former chair of the UK Public Health Association, had the following to say: „*What's so different about now, compared to when the Black Report came out, is that we live in a consumer society. There is no language of paternalism any more. The government has adopted the language of the market to sell public health policy as well as buying into a philosophy of the market. The state - as opposed to governments - needs to protect people, and we need a state structure for intervention that is agreed upon, one that doesn't change with a government or a new health minister*”.¹⁶⁹

And finally, there has been a progressive migration of income from low- income families to the high end of the spectrum by the privatization of public services. This was done by

¹⁶⁶ Vernellia R. RANDALL (Professor of Law, University of Dayton): *Widening Gap Between Rich and Poor and Deteriorating Situation of Worker's Economic and Social Rights*, <http://academic.udayton.edu/race/06hrights/georegions/northamerica/china03.htm>.

¹⁶⁷ The reader has to be alerted to the fact that Turkey suffered deep financial crisis both in the 1990s and 2002, after which both the IMF and the World Bank imposed strict long term budgetary reforms in exchange of short-term credit. This meant privitization of public services and the rollback of the welfare state, dating back to the times Kemal Atturk, the founding father of the Turiksh Republic.

¹⁶⁸ Serhat SALIHOGLU: *Welfare state policies in Turkey*, South-East Europe Review, April 2002, 21-26

¹⁶⁹ The Guardian (Daily): *What's the prognosis?* Wednesday September 7, 2005. <http://society.guardian.co.uk/societyguardian/story/0,,1563674,00.html> (Date of retrieval 2007-01-16).

privatization of public utilities and letting the prices of services provided by these utilities to rise, denting by a large margin the already reduced incomes of the poorer families. Let us limit our analysis to water which is of fundamental importance for human existence. Historically, water has been viewed as a public good, not a market commodity. Over the last 200 years, most water utilities have been publicly owned and managed. And, the vast majority of people around the world receive water and sanitation services from publicly owned and operated facilities.¹⁷⁰ But, as mentioned before, the neo-liberal coalition led by the IMF and the World Bank pressured governments all over the world into privatization of public utilities under the banner of „*better management and efficiency*”: Privatization is on the rise. More than 8,500 state-owned enterprises (SOEs) in over 80 countries have been privatized in the past 12 years, 2,000 in countries that borrow from the World Bank.¹⁷¹ Public Citizen (Watch dog and protest group based in Washington D.C.) came up with historic evidence to prove the neo-liberals wrong: „*The claim that the multinational water corporations will save government money by providing more efficient and cost-effective operation, maintenance and rehabilitation of water and sanitation services is also not borne out in practice. Instead, the cases presented below show increases in consumer water rates, public health crises, weak regulation, lack of investment in water infrastructure, jobs and trade unions threatened, pollution and other environmental catastrophes, secret deals and social turmoil*”.¹⁷²

Britain, under the leadership of Margaret Thatcher, was the first to privatize water companies, which operated as 10 regional monopolies. The evidence there is not one of economic efficiency but more theft and extraction: „*On average, prices rose by over 50% in the first 4 years. The first 9 years produced price increases of 46% in real terms (adjusted for inflation). The public was further outraged when information was released about director’s pay and the profits of the 10 water companies. The real value of the fees, salaries and bonuses paid to the director’s increased between 50% and 200% in most of the water companies. The profits of the 10 water companies rose 147% between 1990 and 1997. Profit margins in the UK are typically three or even four times as great as the margins of water companies in France, Spain, Sweden or Hungary*”.¹⁷³ Although Britain has a water industry watch dog – Ofwat (the Office

¹⁷⁰ A special report by Public Citizen’s Water for All program: *Water Privatization Fiascos: Broken Promises and Social Turmoil*. March 2003, Washington D.C., Public Citizen online publication, page. www.citizen.org/documents/privatizationfiascos.pdf (Date of retrieval 2007-01-20).

¹⁷¹ World Bank: *Privatization: eight lessons of experience*, Outreach #3, Policy Views from the Country Economics Department, July 1992 – Washington DC. www.worldbank.org/html/prddr/outreach/or3.htm (Date of retrieval 2007-01-20).

¹⁷² A special report by Public Citizen’s Water for All program: op.cit.

¹⁷³ Public Citizen, op.cit.

of Water Services) apparently it was not „efficient” enough to regulate the price rises for customers.¹⁷⁴ In turn, as public body, the work of Ofwat is overseen by the British Parliament and the British Government. This shows how far the state is disengaging itself to the detriment of the poor and institutional social capital. *The Daily Mail* sums it up best. „... (T)he water industry has become the biggest rip-off in Britain. Water bills, both to households and industry, have soared. And the directors and shareholders of Britain’s top ten water companies have been able to use their position as monopoly suppliers to pull off the greatest act of licensed robbery in our history. (July 11, 1994).”¹⁷⁵ By stressing the words *licensed robbery* the news paper stresses the involvement of the state – the middle class state.

The family, as a concept of basic social organization, has also suffered from cultural libertarianism – a consequence of a perverse definition of liberal democracy. Reginald W Bibby, from the University of Lethbridge and one of Canada's foremost sociologists, argues that baby boomers (born between 1946 and 1965) have emphasized individualism, consumerism, and pluralism to the detriment of community life and the common good. Personal freedom (...) ranked above family life, friendship, religious involvement, career, etc.¹⁷⁶ In the United States for example, the proportion of married people, especially among younger age groups, has been declining for decades. According to Sam Roberts, between 1950 and 2000, the share of women 15-to-24 who were married plummeted to 16 percent, from 42 percent. Among 25-to-34-year-olds, the proportion dropped to 58 percent, from 82 percent.¹⁷⁷ Among the more than 117 million women over the age of 15, according to the marital status category in the Census Bureau’s latest American Community Survey, 63 million are married. Of those, 3.1 million are legally separated and 2.4 million said their husbands were not living at home for one reason or another. That brings the number of American women actually living with a spouse to 57.5 million, compared with the 59.9 million who are single or whose husbands were not living at home when the survey was taken in 2005.¹⁷⁸

¹⁷⁴ Water price rises are regulated by Ofwat, which reviews charges every five years. During these reviews water companies submit their plans for the next five years and justify their proposed price increases. Ofwat then reviews these suggested prices and decides upon a water price rise that is acceptable to both customers and the water companies.

¹⁷⁵ Public Citizen, op.cit.

¹⁷⁶ Dr. Reginald W BIBBY: *The Boomer Factor: What Canada's Most Famous Generation is Leaving Behind*, Project Canada Books, Lethbridge, 2006. For diverse books and comments by Dr.Bibby go to: <http://reginaldbibby.com/bookordering.html> (Date of retrieval 2007).

¹⁷⁷ Sam ROBERTS: *51% of Women Are Now Living Without Spouse*, article in the New York Times, January 16, 2007. www.nytimes.com/2007/01/16/us/16census.html?pagewanted=2&ei=5094&en=47985bda8ea9f048&hp&ex=1169010000&partner=homepage (Date of retrieval 2007-01-16).

¹⁷⁸ ROBERTS: op.cit.

As to people's intergenerational engagement, one of the basic tenets of social capital, the figures for the United States are very revealing: „*A 1987 survey of nearly 1,460 adults who did not yet have children found 85 percent intended to have children. When the study group was revisited six years later, only 30 percent of respondents who said they desired children had one. Respondents who were childless six years later said they still wanted children*”.¹⁷⁹ This dire picture turns even worse when we look at the statistics for responsibility of couples for their children. As Gordon Neal Diem (Assistant Professor of Political Science, North Carolina Central University) warns: „*In many nations, and in many American states, the failure to procreate is grounds for divorce or annulment of the marriage and dissolution of the family. ... In state- enacted marital and divorce law, the economic obligations among family members insure that children and women are prevented from becoming the financial responsibility of the state. Again, the needs of the state define family and family obligations*”.¹⁸⁰

This dissolution of the family also has dramatic consequences on intergenerational solidarity. As explained earlier the welfare state is progressively being folded back. The situation is that in the absence of state solidarity, old people have turn to their families for help. But the traditional protective structures of the family no longer exist. Economically, as Sam Roberts explained one in two families can no longer be considered viable to provide intergenerational support. „*This is yet another of the inexorable signs that there is no going back to a world where we can assume that marriage is the main institution that organizes people's lives,*” said Prof. Stephanie Coontz, director of public education for the Council on Contemporary Families, a non-profit research group. „*Most of these women will marry, or have married. But on average, Americans now spend half their adult lives outside marriage.*”¹⁸¹ The family as a social pillar, and as an inter-generational support, is being slowly eliminated.

Dame Denise's (House of Lords, Britain) warning came in the annual report of the Commission for Social Care Inspection. „*It warned that 70% of local authorities are limiting home care services to people who are so frail they need help to get out of bed or cannot cook a hot meal for themselves. Those who face "moderate" difficulties such as mobility problems or depression due to isolation do not qualify for help, and have to rely on family and friends or pay for private care themselves. Councils forecast that by 2009, every authority will have*

¹⁷⁹ Marjorie CORTEZ (Deseret News staff writer): *Family structure changes as lives grow busier*, Deseret News, 01/29/1998. URL: <http://deseretnews.com/misc/growth/29side1.htm> (Date of retrieval 2007-01-15).

¹⁸⁰ Gordon Neal DIEM (Assistant Professor of Political Science, North Carolina Central University): *The Definition of "Family" in a Free Society*, published by the Libertarian Nation Foundation, <http://libertariannation.org/a/f43d1.html> (date of retrieval 2007-01-15).

¹⁸¹ ROBERTS: op.cit.

tightened rules so that only those with severe needs qualify for state help."¹⁸² This call was made to show not only the plight of the elderly but the burden faced by the families of these elderly.

But neo-liberal reformers do not heed to reality. Fukuyama for one thinks, by relegating family to ranks of social paganism, that new structures like civil society will do the trick: „*In the absence of civil society, the state often needs to step in to organize individuals who are incapable of organizing themselves. The result of excessive individualism is therefore not freedom, but rather the tyranny of what Tocqueville saw as a large and benevolent state that hovered over society and, like a father, saw to all of its needs. Low levels of social capital lead to a number of political dysfunctions, which have been extensively documented*”.¹⁸³ Fukuyama forgets that it was the liberals that declared individualism to being a liberating force, leading to breakdown of the family. Robert Putman pointed out that liberal spending programmes have all often served to support the individual at the cost of collective social capital. Putnam's arguments anticipate one of the applications of social capital theory, where policymakers justify reduced public spending on the basis that social capital is the crucial form of capital, and cannot be reinforced by financial support.¹⁸⁴ This explains why Fukuyama entered the debate on „*social capital*”. The systematic attack on the „*family*” is not an isolated affair; this attack is also extended against the notion of „*community*” as we know it today. By proposing new replacements to the concept of community neo-liberalism and its mercenaries like Francis Fukuyama want to deal a final blow to the remaining structures of community bonds. We have long known that liberal democracy, as a political ideology, is the other face of neo-liberalism and has the devastating effects on the community and its ability to control its political future. The practice of liberal democracy was to reinforce the national community by giving the instances of government true legitimacy. In reality it has become an exercise of „*selection of the governing elite*” without real incidence on people's wishes or wellbeing.¹⁸⁵ Social capital was the cradle of democracies everywhere and overtime this has been eroded. Like in the case of the family, true democracy is cornered by liberal economic policies- the material assets which upheld democracy no longer exist, so it cannot be exercised.

¹⁸² John CARVEL and Lucy WARD: *Social care system 'failing older people'*, The Guardian, Thursday January 11, 2007. www.guardian.co.uk/uk_news/story/0,1987315,00.html (Date of retrieval 2007-01-16).

¹⁸³ FUKUYAMA: op.cit.

¹⁸⁴ Robert D. PUTMAN: *The prosperous community: social capital and public life*. Published by American Prospect, 1993. 5.

¹⁸⁵ See Raymond ARON: *Démocratie et totalitarisme*, Gallimard, Paris 1965.

The stringency of (World Bank-IMF) Liberal democracy has thus turned democracy into an empty promise. The way this was done is as follows: Firstly by transforming the citizen and community member into a consumer. And secondly by progressively eliminating protest and contention, or the capacity of the citizen to call into question the economic and political agenda of the elite. In most cases economic ideology is standardized by the world economic instances like the World Bank, the International Monetary Fund and the World Trade Organization. Individual consumerism overrides common good. Annual GDP growth is favoured instead of long-term human development and economic sustainability. „*Organization*” is preferred to community. Now let us examine these tendencies in detail.

The community distinguishes itself from the family by taking over those responsibilities which the family is unable to. If we look at social institutions like marriage, traditions varied from one geographic region to another, but in most cases the parents of the groom went to the neighboring villages to search for a bride. This was done to avoid genetic deficiencies and conflicts of social proximity. Whatever the immediate reason, the result was that families and villages were interconnected. This proves that isolation did not exist and it also proves that the interconnecting bonds were sufficiently strong enough to produce solidarity even across several villages – encompassing a whole region. Dr. Opler, Professor of Anthropology and Director of India Program at Cornell University, has gathered evidence to this account: „*A villager in India, besides being a member of a distinguishable local community and interacting with many of its other members, has important ties of a more extensive nature, and participates in practices and understandings and characteristics of wider areas. In discussions of the independence, viability and future of the Indian village it may be useful to keep the nature of these ties to the outside in mind and to consider their past history and the present trends in respect to them. ... (Taking as example a northern Indian village, the author continues) In the first place Senapur does not stand alone. It is one of a cluster of villages covering a seventy square mile area which have traditions of a common origin and descent*”.¹⁸⁶

These social bonds are further increased by economic rationality in areas like local infrastructure, such as the building of complex water systems to distribute water for irrigation purpose. The sharing of woods and commons for the rearing of domestic animals are all examples of strong social interaction and mutual dependence. The only person to be isolated, without the inflow of new ideas, seems to Francis Fukuyama. Maybe earning excessive

¹⁸⁶ Morris E. OPLER: *The Extensions of an Indian Village*, The Journal of Asian Studies, Vol. 16, No. 1 (Nov., 1956), pp. 5-10. Dr. Opler is Professor of Anthropology and Director of India Program at Cornell University. He is the author of books and papers dealing with the culture of American Indian groups, Japan, and India.

royalties and grants from reputed international agencies give him the opportunity to enjoy such isolation, but a villager labouring his fields cannot afford it. He for one needs constant interaction for survival.

Traditional social capital has thus survived hundreds of years of political upheavals because it is deeply rooted in the idea of solidarity and social harmony exclusive of immediate economic gains and profits. As such, this form of social capital is a real GDP buster. After slowly wiping out the rain forests, converting the whole urban world into a hypermarket, and build-bash- build policies, neo-liberals do not know where the next GDP-explosion is going to come from. From the 1990s onwards, with the disappearance of the socialist bloc, it has dawned upon them that: after all their efforts solidarity still represents a big chunk of the socio-economic relations between individuals and communities, in comparison to the economy controlled by the „*Market*“. Furthermore, disregarding the daily consumptions, important investments like health and education are still community based, and do not enter the world of commercial transactions.

Another mistrust of traditional social capital is that village life is self- sufficient and self-sustaining. One newspaper comes to the defense of small communities: „*The world is beginning to understand the importance of living close to nature. Global warming, depleting ozone layer, extinction of millions of plants and animal species, and ravages followed by the tsunami, the super cyclone, landslips, floods and droughts in different parts of the world have led people to seek comfort in things small and beautiful*“. ¹⁸⁷ The Green Party of the United States of America came to similar conclusion when it decided on the following as its political platform: „*No economic system is sustainable unless it accommodates the ecosystems on which it depends. Our current system - based on the notion of perpetual economic expansion on a finite planet - is seriously flawed. We urgently need to apply human ingenuity to the goal of using far less from nature to meet our needs, which is a different goal from exploiting nature and Third World people so that we can meet the invented and implanted false "needs" that advertisers continually push at us in a grow-or-die type of economy. We need to acquire the ability to distinguish between need and greed, in spite of what the media assure us we "need." We also need to restore a progressive tax structure, rather than continuing to move money toward the top echelons of society while squeezing everyone else*“. ¹⁸⁸

¹⁸⁷ Sudhansu R. DAS: *Globalising the Indian village*, The Hindu Business Line (internet edition), Nov 30. 2005. www.thehindubusinessline.com/2005/11/30/stories/2005113000781100.htm (date of retrieval 2007-01-13).

¹⁸⁸ Green Party of the United States: Platform Preamble, 2004. www.gp.org/platform/2004/economics.html (Date of retrieval 2007-01-13)

Translating the wishes of the Green Party of the United States into reality means that goods and services are locally produced, exchanged and consumed. This leaves very little scope for outside market interferences, and its externalities such as pollution and biodegradation. But this economic structure represents a big obstacle for GDP growth. This „*non-growth*” appears namely at three levels: on the level of surplus capital formation, the economic exploitation of negative externalities and the loss of fiscal control by the State.

The OECD (Organization for Economic Cooperation and Development) gives this recipe to „*enhance*” growth and fiscal revenues. It says that the state should go after those activities which the market does not cover: „*The term “Non-Observed Economy” (NOE) refers to those economic activities which should be included in the GDP but which, for one reason or another, are not covered in the statistical surveys or administrative records from which the national accounts are constructed*”.¹⁸⁹ After enumerating extensively the ways in which the state should act, the report continues as follows: „*A third component is the production of goods for own use. This is usually perfectly legal and there is no reason for producers to conceal their activities. It may be omitted from the national accounts only because there are no observable transactions between sellers and purchasers since they are one and the same. In OECD countries, construction and maintenance of dwellings is probably the most important example of production for own use. In transition and developing countries growing one’s own food is another important activity. Following the collapse of Communism in the early 1990s, small scale crop production became an essential survival strategy in most transition countries and may have accounted for up to half of total agricultural output in some countries*”.¹⁹⁰ If one understands this logic to its full scope, planting vegetables in your front garden for your consumption or pleasure is tantamount to „*anti- state*” activity and against progress, in GDP terms.

It was Dr. E. F. Schumacher who tried, in the 1960s and 1970s, to point to the danger of abstracts like GDP, which can have a devastating effect on social capital and community life: „*All important insights are missed if we continue to think of development mainly in quantitative terms and in those vast abstractions – like GNP, investment, savings, etc. – which have their usefulness in the study of developed countries but have virtually no relevance to development problems as such. (Nor did they play the slightest part in the actual development of the rich*

¹⁸⁹ Derek BLADES and David ROBERTS: *Measuring the non-observed economy*, published by OECD Statistics Brief, November 002, Issue No. 5, page 4. www.oecd.org/dataoecd/16/16/2389461.pdf (Date of retrieval 2007-01-13).

¹⁹⁰ BLADES- ROBERTS: op.cit.

countries!) ... *The common criterion of success, namely the growth of GNP, is utterly misleading and, in fact, must of necessity lead to phenomena which can only be described as neocolonialism*".¹⁹¹ Although Dr. Schumacher was making his arguments in the context of „North- South” divide, after 30 years since his statement the same could be said of the situation inside any country pursuing liberal economic policies: it is neo-colonialism inside one country. Since economic resources, both labour and natural, move only in one direction – upward.

So the project of the „*Washington Consensus*” and its mercenaries like Fukuyama is to bust and bankrupt the vehicles of solidarity and mutual dependence, and replace them with outright dependence on „*rent collecting*” systems. The entire debate on social capital from Coleman to Fukuyama is situated in the arid sphere of metaphorical and conceptual patchwork. Although this debate is very important in the conceptualization of „*social capital*” for the purpose of public debate, and in some aspect to observe the social patterns of human behavior. Disregarding the physical attributes or vehicles of social capital will bring about a distortion in its definition. Such a distortion cannot be accepted from a historical perspective because it means removing the main components of it. The question one has to ask is: Can Social Capital exist without its physical and structural attributes? The answer is no!

Historically cities, by the concentration of political and economic power that they represent, have become places where political debates and contestation takes place. For the celebrated American urbanist - Richard Sennett, the most important element of exchange in the city is talk. „*Urban space is also the turf that people have fought for and in some way suffered for. It is meaningful because something happens there politically.*”¹⁹² Sennett focuses on the tension between the public and private realms in which we live, arguing that different types of behaviour and activity are appropriate in each. „*He believes that the barrier between these different realms has been eroded, through capitalism and the secularization of society, and that this breakdown is so profound that public man has been left with no certain idea of his role in society.*”¹⁹³ The notion of active citizen has been progressively replaced by the notion of active consumer, squeezing out democratic debate in the process.

¹⁹¹ E.F.SCHUMACHER: *Small is Beautiful-A Study of Economics as if People Mattered*, published by Sphere Books Ltd (ABACUS edition), 1974, London 162.

¹⁹² Bo GRÖNLUND: *The Civitas of Seeing and the Design of Cities - on the urbanism of Richard Sennett*, The text was written as an introduction to a seminar on Richard Sennett: 'Transformations of the concept of urbanity', at the Urban Design Department at the School of Architecture in Copenhagen in the spring of 1997. http://hjem.get2net.dk/gronlund/Sennett_ny_tekst_97kort.html (Date of retrieval 2007-01-11)

¹⁹³ GRÖNLUND: op.cit.

D. Champlin for one argues that (...) „*privatization of goods such as public safety, education or community recreation may result in more spatially limited social capital, where individuals are less willing to cooperate for the common good. Shrinking the spatial dimensions of "community" to include only members of the same housing development or neighborhood may impose other costs to local governments that offset the expected savings from privatization*”.¹⁹⁴ Frederique Krupa architect and urban activist from the University of Arts – Philadelphia sees it as follows: „*Perhaps more important than the loss of social ideals is the loss of basic democratic rights. Beyond losing the "freedom of the city," in its anonymity and tolerance, the privatization of traditional public spaces such as streets in gated Los Angeles communities or the town center in the Mall of America severely limit free speech and assembly. Where could a revolution occur now that the privately- owned mall has become the substitute town center for most people? The Supreme Court upheld a decision in 1972 giving mall owners the right to limit access to their private property if someone or some activity was considered detrimental to consumption*”.¹⁹⁵ In this way protest in defense of community values is constricted to one's living room, comfortable but not productive.

Different processes have combined in this dissolution – in particular, attempts to privatise and marketise public services have been combined with attempts to de-politicise the public realm. Shirley Kressel argues that “... *privatization of public space also represents a more fundamental elite agenda. Privatization of the public realm substitutes the private corporation for public institutions as the repository of trust, legitimacy, and communal identity in our society.*”¹⁹⁶ And she continues: “*When private agendas of stratification and control are imposed on those places, the very heart of democratic principle is threatened. Democracy cannot survive when we have no place to gather where there is no purchase necessary? Democracy cannot survive substituting property rights for civil rights. Democratic principle cannot survive subordinating citizenship to consumerism*”.¹⁹⁷

It seems that the local authorities not always take into consideration the aspiration of the local inhabitants let alone the calls of civic activists. Local Authorities often put on a positive „spin” to avoid alerting the general public. The city of Leicester recently explained the sale of

¹⁹⁴ CHAMPLIN D.: *Social capital and the privatization of public goods*, International Journal of Social Economics, Volume 26, Number 10, 1999, 1302-1314(13), Published by Emerald Group Publishing Limited (Bradford, UK).

¹⁹⁵ Frederique KRUPA (University of Arts – Philadelphia): *The Privatization of Public Space*, MA thesis – Spring 1993.

¹⁹⁶ Shirley KRESSEL (is a landscape architect): *Privatizing the Public Realm*, published in New Democracy Newsletter, July-August 1998, Boston. www.newdemocracyworld.org/space.htm (Date of retrieval 2007-01-12).

¹⁹⁷ KRESSEL: op.cit.

public spaces to developers in the following: *“The city of Leicester is changing. The physical fabric of the city is evolving as new developments and city initiatives are realised. A major opportunity for the city of Leicester to re-define its public realm has been the redevelopment and expansion proposals of the Shires Shopping Centre. The New Shires is set to open in October 2008. The Council, in response to this redevelopment, has undertaken to embark upon a three-year public realm improvement programme which, combined with major retail and commercial investment, will regenerate and transform the appearance of the city centre”*.¹⁹⁸ Indeed! In truth what happens is that city centers are no longer free for all. Previously public spaces are turned into commercial strongholds, where only middle class citizens with money can entertain themselves. But this leaves out the poorer sections of the population. Hanging around public places was one way young people could meet and exchange ideas on all aspects of society. Brendan Gleeson (Griffith University, Brisbane-Australia) after extensive research came to this conclusion: *„Public spheres are where all citizens - irrespective of socioeconomic or cultural background - are welcome and where the rules and norms that are fundamental to democracy are cherished. Importantly, the public realm is a sort of "civic school" which newcomers (the young, migrants) and outsiders (such as gated communities) can experience and learn key democratic values, such as tolerance, equality of treatment and mutual obligation”*.¹⁹⁹ In short learn to become a democratic citizen.

Increasingly as young and neglected do not have access to public spheres, along with the helping hand of the state, they rightly feel excluded. Fukuyama and neo-liberal politicians should realize it is not expounded individualism, traditionalists or family centric individuals that are putting in danger people’s faith in democracy. Madeleine Bunting from the Guardian, commenting on spontaneous theatrical performances in public spaces, gives the following

warning: *„Politicians bred on GDP and productivity statistics need to take notice of how the arts inspire collective experience in a way that our political languages no longer can. That means culture and its funding is no longer an add-on but central to any politics committed to the vitality of the public realm and how societies build collective purpose. In key areas such as identity, where emotions are raw and intense, culture of all kinds is a vital arena in which to*

¹⁹⁸ Leicester City Council: Public Realm Strategy – *The Big Picture* (in this document Leicester City Council proposes to define its city center development strategy). www.leicester.gov.uk/your-council--services/ep/business--the-economy/big-picture/streets-and-spaces/prs (Date of retrieval 2007-01-12).

¹⁹⁹ Brendan GLEESON (is Professor of Urban Management and Policy and Director of the Urban Research Program at the School for Environmental Planning at Griffith University, Brisbane.): *A city’s health is dependent upon that of the public realm*, published by On Line Opinion. www.onlineopinion.com.au/view.asp?article=3316 (Date of retrieval 2007-01-12).

explore hopes and defuse fears before the latter take violent or political form”.²⁰⁰ The riots in Paris, autumn 2005, show how civic education and the lack of public domains can unleash destruction and communal violence. As these situations showed it was communities and strong sense of family bonds, along with the idea of common purpose that helped calm the situation. But Fukuyama disagrees: *„The vice of modern democracy is to promote excessive individualism, that is, a preoccupation with one's private life and family, and an unwillingness to engage in public affairs*”.²⁰¹

Today's communities all over the world are political and economic dislocations. Socially and culturally communities in general have maintained their identity, but decisions concerning the overall running of these communities are taken somewhere else or the functioning is standardized to such a degree that it does not take into account the local specificities. This leads to discrepancy in the formation, and overall cohesion of the Republic. The new tendency is to push fiscal pressure to the lower levels and adjoining this pressure with that of the level of services provided at the local level without paying attention to the quality of services provided. The framework that is handed down is that of private enterprises. In the words of Francis Fukuyama: *„Virtually all economic activity, from running a laundry to building the latest generation microprocessor, is carried out not by individuals but by organizations that require a high degree of social cooperation. As economists argue, the ability to form organizations depends on institutions like property rights, contracts, and a system of commercial law*”.²⁰² Fukuyama's tendency to compare work place to that of other social organization lies at borders of naivety or extreme cynicism. Unfortunately, the logic of modern entrepreneurialism does not always fit well with that of social capital.

The purpose of the public and that of private sector differ considerably: *„Acting in the public interest requires consideration of natural, social, and economic systems. Natural systems provide the context and sustenance for social systems and, therefore, must be respected, nurtured, and sustained. Social systems provide the context and purpose of economic systems*”.²⁰³ In the past 20 years what the neo-liberal dogma has done is to turn the tables – according to this the purpose of the public realm is to support the private sector at the detriment

²⁰⁰ Madeleine BUNTING: *Culture, not politics, is now the heart of our public realm*, The Guardian, Tuesday October 3, 2006. www.guardian.co.uk/Columnists/Column/0,,1886126,00_ html (Date of retrieval 2007-01-12).

²⁰¹ FUKUYAMA: op.cit.

²⁰² Francis FUKUYAMA: *Social Capital and the Global Economy: A Redrawn Map of the World*, Foreign Affairs, September/October 1995 issue. www.foreignaffairs.org/19950901faessay5067/francis-fukuyama/social-capital-and-the-global-economy-a-redrawn-map-of-the-world.html (Date of retrieval 2006-09-05).

²⁰³ Darrell BROWN, Jesse DILLARD and R. Scott MARSHALL (all three from the University of Portland - School of Business Administration): *Triple Bottom Line: A business metaphor for a social construct*, presented on the occasion of a conference at the Universitat Autònoma de Barcelona, March 2006.

of the community. The French daily – Le Tribune, reported that the French state spent €60 billion (4% of GDP) in financial support for private companies,²⁰⁴ while public deficit for the year did not exceed 3.5%.²⁰⁵ This is a strange interpretation of social capital. The State might argue that, to weaver the hardships caused by globalization, national companies need financial subsidies. But the reality and functioning of these same companies points other directions: „*As corporations grew and as absentee owners (shareholders) became the primary corporate stakeholders, the public interest dimension became subordinate to the goal of maximizing shareholder (owner) wealth. Ultimately, in most capitalist societies, not only did the corporations abdicate any pretext of acting in the broader public's interest, but also their responsibility to shareholders has been effectively outsourced ...*”.²⁰⁶ While Fukuyama pleads for greater participation of individuals and bare more public burdens in the process, the private sector is left free to „*wheel and deal*” itself into „*casino-economics*”.

Tradition as a factor of communal interaction, and of social capital, is not in opposition with structures of the Republic and State. Geographical and social structures like „*Village*”, „*town*” and „*city*” are all words that define gatherings of human individuals and families into communities. They all form a kind of continuous interconnections, from the simplest rural settlement to the largest and most sophisticated urban complex of highly developed and intricately structured institutions. As such social capital which accompanies this structural evolution holds the entire edifice together by bonds of solidarity and common purpose. But the principle of solidarity acts as limit to the logic of neo-liberal economics and arbitrary capital accumulation. This has nothing to do with the positive aspects of market, which for centuries have acted within the limits of community ethics, and was considered part of the social capital- since it was not distorted as today. Traditions and community based way of life are facing a two-way battle. On the one side traditional communities are seen as cell of economic underdevelopment, compared to the cob-web of economic interactions which is globalization. The other, on the political front, by the claiming that traditional communities refuse political integration by denying adapting to the institutional structures of modern government – which are as arbitrary as the modern market. The ensuing destruction of social capital both institutional

²⁰⁴ Anne EVENO: *Les aides de l'Etat aux entreprises représentent 949 euros par habitant*, La Tribune.fr-Paris, 2007-01-25. [www.latribune.fr/info/Les-aides-de-l-Etat-aux-entreprises-representent-949-euros-par-habitant~~ID31A567A485AF879CC125726D004297FA-\\$Db=Tribune/Articles.nsf](http://www.latribune.fr/info/Les-aides-de-l-Etat-aux-entreprises-representent-949-euros-par-habitant~~ID31A567A485AF879CC125726D004297FA-$Db=Tribune/Articles.nsf) (Date of retrieval 2007-01-25).

²⁰⁵ L'Expansion.com: *Le déficit public français atteindra 3,5%*, Paris - 2007-01-25. www.lexpansion.com/art/15.211.62380.0.html (Retrieved: 2007-01-25)

²⁰⁶ Darrell BROWN, Jesse DILLARD and R. Scott MARSHALL: op.cit.

and cultural is creating a new form of economic slavery and political disintegration. Unfortunately, the lessons of history do not hinder the quest for GDP growth.

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Part Two: International structures

5. Tango or Tangle: let us leave Southernization to India ²⁰⁷

1. Abstract:

The art of Tango is about creating order out of chaos, it is about coordinating individuality and coexistence, about movement and balance. Tango in short is about occupying space and territory without stepping on a partner's feet, moving cooperation to a higher level of art and symbiosis. These are the very capacities and qualities that India and China will need to put Asia at the very centre of the New World Order in the coming years and decades. Both have to learn from the past to build the future. Before the European incursions into Asia, China managed a big part of eastern Eurasia and India for its part managed the rim lands and the southern system. Together they produced balance, harmony and prosperity, and made Asia the envy of the world. The time has come, it seems, for them to re-unite and create a peaceful world order based on openness, mutual respect for creeds and cultures and an equitable access to the resources of our world. But although history can serve as a lesson it cannot be a standard for the future. India and China have to use extreme caution and responsibility to bring about a peaceful transition to the hoped for New World Order. There are a lot of positive things about the Western World Order but it has created misery and false hope on an unprecedented scale, brought the humanity to an irrecoverable environmental calamity. The West was not able to wholeheartedly engage itself to building cultural and racial bridges, on the contrary, there is a rise in hatred of all kinds. The white communities all over the world are increasingly feeling that their status in the world and their privilege to the world's resources is in danger.²⁰⁸ A New world order in this perspective means a radical change in perceptions and attitudes. Cooperation between India and China could be the first and foremost change that could act as a catalyser for a New World Order.

Keywords: Tango, Movement, Mobility, Fluidity, New World Order, Southern System, Northern System, Civilizational Edge, Multipolar Specialisation, Deep Heritage, Alphabet of Humanity, Turkic-Tatar Belt

²⁰⁷ B. Ramachandra, "Tango or Tangle: let us leave Southernization to India," in *Az Eiffel-torony árnyékában*, 2019, pp. 513–538.

²⁰⁸ Ben Judah: Donald Trump's greatest weapon is white Americans' fear that they're quickly becoming a minority – because they are, *The Independent* (newspaper) online, Monday 7 November 2016 11:00 GMT

2. Study:

A true order of things is when one allows the elements, in their natural propensity, to fall into place without compulsion, tension and violence of any kind. An order where there is no hierarchy in the way we think and live. The New World Order will become optimal and efficient when each one can do what he or she is best at. Like this, a crippling dysfunctionality and dislocation of the world order could be avoided. Ideally, in a multipolar world led by a consensus of major powers there will be more cohesion, but I feel that this should not be an ultimate goal in itself. A multipolar system could and should mean a distribution of specialisation, there will be centres of specialisation. “I do what I am good at and you do what you are good at and we will weave things in” method of doing things. In many respects the world’s elites are unified more than one can imagine. And although these elites are unified and interconnected, the sheer complexity of their conflicting interests and affinities needs to be managed on an unparalleled level, here great experience in non-conflictual consensus building is needed backed up with economic clout and money power, a tailor made opportunity for Indian and China.

Foreshadowing this phenomenon is the other factor that needs to be taken into account, the world’s masses are increasingly unified by globalisation in many aspects of their everyday life, especially the fear of the future and the fear of each other. This means new ways of governance will be needed and new forms of world order need to be created, in comparison to the current one, where the lack of legitimacy seems to be one of the biggest issues. Combined, what we realise is that we need overarching systems of integration of diverse elites, and the integration of pluralistic minded individuals and groups. Empires, like the Ottoman Empire or the Russian empire were very good at maintaining an integrative system for brief periods, but as their successive collapse proved their ability was limited, although the Russian Empire was more substantive in its cultural prevalence. To be more appropriate and encompassing, the present situation probably requires the return of civilisations; especially the return of the Indian and Chinese civilisations to regulate world order for the benefit of everyone.

At this juncture the Asiatic model of civilisation comes into play. Indeed both the Indian and Chinese civilisations, in their own respective spheres, were able to build and maintain systems of order, built upon confidence and mutual respect, giving priorities to those mechanisms that eliminated conflict by focusing on cooperation. Currently however, India and China are not exactly in a strong position to undertake this civilizational mission. And quite rightly not all believe in such a peaceful settlement, there are regular reminders to the opposite:

“The decline of the west is juxtaposed with the rise of the east, notably China. (It is hard to tell whether Russia is rising or falling; either way, it is disturbing.) Fitting a rising power into a decaying international system has rarely occurred peacefully. Perhaps superior Western and Chinese statesmanship will avert a major war; but this, in historical terms, would be a bonus.”²⁰⁹ Unfortunately there are solid reasons to believe in such an eventuality because the *modus operandi* of the major Asian powers is not Asian but works by borrowed concepts from the West. And according to these scales, China has made strides of progress and seems to be in the scope of preparedness, but I think this is only hypothetical; it is one thing when the tide is high and another when it is low. As for India, it is under current polarizing political atmosphere and might take more adjusting and tough reforms to be planned and implemented, all of which will take time. When one digs deeper, one gets the impression that by all this what these two countries are doing is entrenching the structural violence of the Western system and not at all preparing their countries for a period of fundamental change in the nature of how things are done domestically and internationally. The energies of almost three billion people are wasted because the elites of both countries refuse to take a step back and put their actions into context. If they had done and do this in the future, they will realise that they are doing exactly what the West wants them to do: play a petty game of nationalist divisions and destruction. As Jerry H. Bentley once wrote: “*The power of myths to promote tendentious or distorted understandings of the past and even to inspire the production of historical fabrications is all too evident in both popular and professional historical accounts of all lands and peoples without exception. Yet the production of parallel mythhistories that stroke the collective psyches of national, ethnic, racial, religious, and other groups, while also nourishing their memories of supposed past injustices and encouraging hatred of their perceived oppressors, is a formula for disaster in a world oversupplied with appallingly effective technologies of destruction.*”²¹⁰

Modern Asian nationalism, is the result of western educated or western oriented elite like Nehru, Gandhi, the Kuomintang and even the Communist Party of China.²¹¹ The idea was that the west managed to pull down Asia because they were strong nation-states and therefore let Asia become like them to beat them at their own game – a growing mountain of false assumptions and equally false conclusions. It is not only about sizing down great civilisations

²⁰⁹ Robert Skidelsky: Is western civilisation in terminal decline?, The Guardian online, Tuesday 17 November 2015 10.23 GMT

²¹⁰ Jerry H. Bentley: Myths, Wagers, and Some Moral Implications of World History, Journal of World History, Vol. 16, No. 1 (Mar., 2005), pp. 51-82, University of Hawai'i Press, page 52

²¹¹ William R. Braisted: Nationalism in Eastern Asia, The Journal of Modern History, Vol. 26, No. 4 (Dec., 1954), pp. 356-363, The University of Chicago Press, page 357

to the pettiness of nationalism, it is about expressing one set of particularistic values out of a rich mosaic of shared values; civilisation does not put people against people, to divide and rule. The great tragedy of today's Asia and that of the world order (world balance) is that one gets the view that both India and China, rather than revitalise civilisations, are forcefully forging ahead with particularistic agendas. While China is enhancing with *Han Chinese* domination inside China, in India the *Fringe Mesopotamians* (North-western Indians) are openly questioning and turning upside the very principles of toleration that formed the bedrock of the Chinese and Indian civilisations. This leads us inevitably to two things: domestically, no one will feel safe because the particularistic nature of decision-making and the socio-economic consequence of these decisions. Worldwide, this intolerance at the domestic level shows the world population that this Asian twins can be a danger to their own socio-economically (relatively) harmonised systems. The rise of China and Asia would be thus interpreted as an imminent danger.

In this way the two countries are not only destroying or levelling down their civilisations, they are also incessantly destroying the only alternatives that there may be for the yearning masses of our planet. India and China should stop this mission of 'self-destruction' not for some glorious motives of reviving thousand-year-old civilisations, they have to do it because the imperatives of survival of the whole world system dictates so. Han Chinese nationalism in China and the Fringe Mesopotamian nationalism in India are forces of friction, division, discrimination, arbitrary application of government and tyrannical violence. The world of today has enough of these dangerous commodities, the result of the Western order. In haphazard of climate-change and in an increasingly resource-restricted situation, what the world needs is the comfort of healing and sharing above anything else – if India and China continue in their current path they will be unable to provide the world with a legitimate alternative. Under these circumstances the best way forward for India and China, and for everyone else, would be to learn from history and put forward models that have worked very well in the past. Of course, times and contexts have changed but parts of this civilizational heritage are still viable.

When we talk about a model for the new world order we are of course not talking about economic development or material prosperity. This is the whole point of it, although economic prosperity is very important, structurally it should not have a direct impact on the way we conduct relations with each other. In material terms Asia is nowhere. As one expert put it: "Even at current torrid rates of growth, it will take the average Asian 77 years to reach the income of the average American. The Chinese need 47 years. For Indians, the figure is 123 years. And

Asia's combined military budget won't equal that of the United States for 72 years.”²¹² I do not in any way mean that Asia has to grab the reins of power because it has such a level of material wealth that it can somehow buy itself the cockpit of the world's governance. What I mean is that the West, with its unidirectional model of world order, has sucked the world of all its vital resources by establishing a world order of privileges, a sort of racial entitlements. As one well attuned observer put it in a nutshell: “The white people of South Africa regard themselves as the upholders of Western civilisation but the truth is that no civilisation had ever been established in the land. Instead, a way of life evolved, dominated by patterns of greed and opportunism, so brutal in their effects, so lacking in basic human courtesies, that long after their demise as a dominant power in South Africa, they will be remembered like a nightmare.”²¹³ This statement may be considered provocative by some but it describes well the actual condition of many parts of the world. And this process has left behind a tired planet, unable to replenish itself to give stable livelihood to its inhabitants. My argument therefore is that Asia has to legitimise its claim to world leadership not because of its material success but because of the efficacy and salience of its civilizational model. In no way should either China or India strengthen ‘nationalist’ outlays for Asia and work to reinforce a non-civilizational model.

Building your future on borrowed concepts is never the right thing to do because this means someone else is designating how you think and live. As explained earlier, the root of Western ethics and rise to power has been banditry followed by newer forms of elaborated banditry in all its disguises. The answer cannot be the democratisation of banditry and neither is the normalisation of it. What is necessary and appropriate is that the leaders of India and China take a step back from the precipice and sweep the dust, the western narratives, off their civilisations and take inspiration from the ‘deep heritage’. As Walter D. Mignolo correctly described: *“Today, through visiting monuments as tourists, through archaeological and anthropological work, by researching contemporary codices and reports by European conquistadores and missionaries, and by observing modern international relations and the inequality of world order, we can imagine how the world was before 1500. And above all, the living memories of non-Western people who have begun to assert that their own histories, civilizations, ways of life, and structures of thought are not as bad, demonic, traditional, mythic, false, or strange as the non-European world appears in Western narratives. We have to unlearn*

²¹² Minxin Pei: Asia's Rise, Foreign Policy, No. 173 (July/August 2009), pp. 32-36, Washingtonpost. Newsweek Interactive, LLC. These estimations might change but none-the-less they show the uphill struggle if Asia wants to measure itself only in material terms.

²¹³ Bessie Head: The Lack of a Civilisation, Rhodes University, English in Africa, Vol. 28, No. 1, A Great Heritage: Bessie Head's Uncollected Pieces(May, 2001), pp. 23-27, page 24

what is taught from canonized narratives, sacred or secular. Exploring the meaning, today, of "Global South" is part of this process."²¹⁴ There is a clear call and need to going back to the roots, back to the basics, going back to the alphabet of humanity, in short back to civilisation.

When the dust is cleared, the world of today is in reality a choice between three or possibly four civilizational options: the Indian civilisation, the Chinese civilisation, the Slavo-Tatar civilisation and the Christian-Humanist civilisation. This vision of things might look incompatible with a Universalist vision of the world order, but it is not. The whole idea of the new world order is the reflection of this civilizational mosaic and its inter-play. Up to now everyone was under the illusion of the West bringing about a Universalist world revolution in the world order. Everyone realised that it was nothing else than the "British-Museum" syndrome or logic: "we pillaged the world over so we are a world civilisation", where stealing the Greek marbles is seen as a quick way to having access to the Greek civilisation.²¹⁵ This narrative no longer has legitimacy except in a few renegade circles of 'white supremacists'. The new narrative is that of genuine cooperation between genuine civilisations. First among this has to be the cooperation between the Chinese and the Slavo-Tatar civilisations, more preciously between China and Russia who constitute the Northern System along with the Turkic-Tatar belt of countries.

The paradox of today's context is that everyone is startled or moved by the hypothetical possibility that China will become the dominant power, and equally hypothetical suggestion that it will impose its own order. The question that comes to one's mind is: Why would China want to change a system that offered it the current status on a golden plate? What is the leitmotif for it to pull the rug from under its feet? Is it because it is an order that is contested? In all this, the underlying question is how is China going to integrate the world order, in step-by-step formula or by a sudden systemic change? Some see the arrival of President Trump at the helm of the United States as a sudden collapse of the American power, paving the way for an impatient Mr. Xi to flex his muscle in a world in limbo. However, overconfidence should not lead to self-deception, China would be wise to heed to its own historic perspective.

Currently China thinks it's throwing a loose steel net (OBOR) over the globe that it can progressively tighten to its own advantage. Maybe China can leverage its position in a disoriented world but at the same time certain geopolitical structures of 'longue durée' could

²¹⁴ Walter D. Mignolo: Global South and World Dis/order, Journal of Anthropological Research, Vol. 67, No. 2 (SUMMER 2011), pp. 165-188, The University of Chicago Press

²¹⁵ Jonathan Jones: The art world's shame: why Britain must give its colonial booty back-The self-righteousness of British museums stops them from returning masterpieces pillaged long ago to their rightful owners. It's time they stopped hogging the world's treasures, The Guardian online, Tue 4 Nov '14 15.05 GMT

hinder the process of Chinese hegemonic positioning. Two of the major such risks are that China is overlooking the structural dynamics of the Northern System and the Southern System, it is underestimating the dangers that are disturbing these two systems. Although some fear the rise of China, the author of this essay is more fearful of China's failure and a total dysfunctionality that might result from this. There is a clear need to pause and ponder on the reality of the situation.

Mobility was always the key component of the "Eurasian" world order. If through OBOR China proposes to enhance mobility then there are chances that the order it creates in the process will be enduring. However, if it tries to pave or canalise mobility then the proposed order of things would be rejected or would lead to upheaval: "As the Asian states drew lines across the steppe, they also controlled the movement of populations: refugees, nomads, tribes, traders, soldiers, and other highly mobile groups. Not only did the states need to constrain movement, but they also needed new classification systems to define who lived inside and who outside the new borders. Vaguely defined frontier zones gave way to clearly marked lines; fluid ethnic identities were sharpened into more rigid definitions. Ethnographic atlases, like their later counterparts the cadastral survey, the census, and the imperial atlas, fixed peoples, lands, and identities in new ways. In seventeenth and eighteenth-century central Eurasia, boundaries and maps combined to restrict mobility."²¹⁶ The Northern System like the Southern System are comparable to a living organic systems where movement and mobility are two essential elements to almost everything. As Peter C. Perdue explains: "The closure of the steppe frontier meant the end of an age of fluidity..."²¹⁷ Any curtailments will entail disorder, the whole system gets clogged and crumbles.

The Northern System was quite often a harmonica system, marked by expansive and contracting motions and movements. At various periods in its history it was controlled by Chinese kingdoms, Mongol hordes and imperial Russia but the flow and movement never really changed in terms of geopolitical structure. The Northern System is a system of constant shifts and adjustments in power. Without being misinterpreted or misjudged one could say that it was almost a natural phenomenon, it was almost a process of civilizational affinity and adjustment. This does not mean that the members of the geostrategic 'musical chairs' all have the same

²¹⁶ Peter C. Perdue: *Boundaries, Maps, and Movement: Chinese, Russian, and Mongolian Empires in EarlyModern Central Eurasia*, *The International History Review*, Vol. 20, No. 2 (Jun., 1998), pp. 263-286, Published by: Taylor & Francis, Ltd., page 265

²¹⁷ Peter C. Perdue: *Boundaries, Maps, and Movement: Chinese, Russian, and Mongolian Empires in EarlyModern Central Eurasia*, *The International History Review*, Vol. 20, No. 2 (Jun., 1998), pp. 263-286, Published by: Taylor & Francis, Ltd., page 263

method, the same results or the same socio-economic and cultural impact. Among these contenders only the perimeters of their action varies. Genghis Khan pushed the limits up to the eastern coasts of the Mediterranean, and from here Turkey took the queue and pushed the limits across North Africa and the Iberian Peninsula. Both retracted, progressively giving way to Russian Expansion. The Soviets maintained the Russian empire more or less intact. The Russian Federation under Yeltsin threw away many of its geo-strategic positions, and President Putin spent the best part of his tenure up to now in regaining a modicum of past influence. For how long will the harmonica remain in the current position is the main question? Even if Russia allows China to chip away at its perimeters, will Turkey the other key member of the Northern quartet allow China to stamper on the Turkic turf? But China seems to have out manoeuvred both by throwing the net as far as Central and Eastern Europe, the traditional playground for both Turkish and Russian interests. The big question is: Is the combination of OBOR and 16+1²¹⁸ construct the beginning of the harmonica in motion again? And to whose advantage will it work?

The impression one gets is that the vacuum progressively ceded by the western order is filled in, seamlessly, by the Chinese order; and if possible without conflict. The idea is to leave India out of any future arrangement between the West and China, and make Russia believe that its sphere will be kept unviolated. On the other hand it could also be interpreted as the Northern System, cooperation between China and Russia, being fully established and working in full swing. But at the same time it could be seen as China jumping on a historic opportunity to create a position for itself as never before. For this extent China has developed a wide variety of institutional structures to interfere without notice. For example the 16+1 forum was, it seems, invented to erode power from both the Slavic civilisation and the Western sphere in one go. This could be a turning point and a historic moment in the evolution of world order. Which proves beyond doubt that President Putin saw it long before.

When Putin became the President of the Russian Federation in 2000, he saw the need to reinforce the Slavo-Tatar civilisation. Being one of the biggest realists of our times, in the literary sense of the word, he saw that Eastern Europe and the Balkans had been virtually disconnected from the civilizational orbit of Russia and were progressively being aligned economically to Germany and in a wider sense to the orbit of the European Union and NATO. Given the negative Soviet experience of the cold-war period and the evident economic weakness of the Russian Federation that followed, it was almost impossible for President Putin

²¹⁸ The conference was held and this essay was written during the time of the 6th 16+1 Summit, 29-Dec-2017

to imagine a positive and peaceful reunification of the Slavic section with that of the Tatar. On top of this, for the Tatar section, there were two traditional contenders – Turkey and China. In the late 19th century a great deal of ink was spilt on the Anglo-Russian competition in Central Asia. But this was only temporary because the real contenders, Turkey and China, were both temporarily undergoing structural turmoil. After almost one hundred years of absence, these regionally rooted players are back and increasingly flexing their muscles. Put it simply, the President of the Russian Federation had three serious and ambitious contenders on his doorstep, all waiting to dig deep into Russia's sphere of influence: Turkey, EU-NATO and China.

President Putin's reply to these threats of erosion of influence was both domestic and global in nature. On the domestic front he tried to stabilise the economy that had spiralled down during the 1997-98 financial crisis. And once the economy had stabilised he tried to give a coherent patriotic orientation to it. The success of these policies can be measured in the almost doubling of the Russian middle-classes, and the giving of a realistic backbone to the Russian democratic system. The negative portrayals in the Western media of the domestic situation is no doubt politically motivated, but even the most critical of these will accept that Russia has made huge strides of progress since the collapse of the Soviet system. Having made this progress on the domestic front the Russian President tried his uttermost to build a civilizational bridge between the Russian Sphere on the one side and the West and Turkey on the other. On the far eastern front he made a rational assessment of China's economic rise and went about defusing all potential contentions and conflicts. Applying the same rationality, and wanting to woo the Russian Bear before making its move into Central Asia, China was ready to agree upon a status quo in Sino-Russian relations. On top of this, Russia made serious overtures of friendship to both the United States and reinforced its long-time friendship with the Indian Subcontinent. Between 2000 and 2009 one really got the view that, although a waning super power, Russia had successfully converted itself to the status of the wise-man of the world, offering help of mediation here and cooperation there. From academics to ordinary citizen around the world, felt a relief to see a mature world power step into the world arena in contrast to the west's impulsive and invasive tendencies. Russia was a stabiliser and equaliser.

In a wide contrast, the West grossly miscalculated, it thought Russia's soft and selective approach as a sign of weakness. The West, especially the European-NATO twin construction, adopted new policy instruments like the Eastern Neighbourhood policy which structurally meant a territorial expansion of the West and its influence. Similar policy structures were adopted for countries sitting on the southern and eastern rim of the Mediterranean. None of these envisaged a role for Russia and it was not even consulted. What was worse, at the height

of the subprime crisis of 2009-2010, which hit Russia exceptionally hard, the West was airing the possibility of including the Ukraine and Georgia into NATO. A move that sent alarm bells ringing in the power corridors of Moscow, where this was considered as a gross violation of confidence. Russia swallowed its anger and went as far as proposing to be a member of NATO itself, but this request was squarely rejected. The fact was that, the West had eaten-up Eastern Europe and was now on the verge of taking a bite that would hurt Russia in more than one way; paving the way forward for the Ukraine to become a full member of the European Union. Russia felt cheated and its efforts to build confidence and stable relations with the West had come to nothing, it felt that the sacrifices made had been one sided. The Brits had a lot to answer for the fractious relations with Russia since Thatcher pushed for a rapid expansion of the EU into Eastern Europe.

So it was that Russia decided to take back control of its core sphere but at the same time President Putin was very realistic in his approach and strived to build coherence and realised that a peaceful and rule-based Eurasia was the solution. This was probably one of the most honest and open-minded proposal that a world leader has put forward in the whole of the 20th century. He always accompanied his words with deeds. In a very revealing interview with the BBC's David Frost, President Putin had the following vision of things:

The BBC's David Frost's interview with Vladimir Putin:²¹⁹

DAVID FROST:

Tell me about your views on NATO if you would. Do you see NATO as a potential partner, or a rival or an enemy?

PUTIN:

Russia is part of the European culture. And I cannot imagine my own country in isolation from Europe and what we often call the civilised world. So it is hard for me to visualise NATO as an enemy. I think even posing the question this way will not do any good to Russia or the world. The very question is capable of causing damage. Russia strives for equitable and candid relations with its partners. The main problem here lies in attempts to discard previously agreed

²¹⁹British Broadcasting Corporation: "BBC Breakfast with Frost" interview with Vladimir Putin, March 5th 2000. URL to official transcript: http://news.bbc.co.uk/1/hi/english/static/audio_video/programmes/breakfast_with_frost/transcripts/putin5.mar.txt

common instruments - mainly in resolving issues of international security. We are open to equitable co-operation, to partnership. We believe we can talk about more profound integration with NATO but only if Russia is regarded an equal partner. You are aware we have been constantly voicing our opposition to NATO's eastward expansion.

DAVID FROST:

Is it possible Russia could join NATO?

PUTIN:

I don't see why not. I would not rule out such a possibility - but I repeat - if and when Russia's views are taken into account as those of an equal partner. I want to stress this again and again.

The above extract of the interview shows several things about the situation he was confronted with and his solution to the realities on the ground – Russia alone could no longer operate the Northern System. Ideally, he thought, no other power should dominate the system, it was preferable to establish a structure where by a rule-based system would be operated to avoid the risk of conflict associated with structural adjustments. Russia always had to balance its two halves, the Slavic half and the Tatar half. President Putin felt, after assessing economic and cultural affinities, that it was his priority to start the process on his western neighbourhood and progressively spread it to the east, including Japan. If he had started the process in the East the Western countries would have accused him of building an anti-West alliance. And given the fact there was a wide consensus and genuine friendship between him and President Chirac and Chancellor Schroder, President Putin thought it appropriate to complete the integration with West before taking the process to an ever powerful China in the east. With the initiation of the Shanghai Cooperation Organisation and much later the pre-negotiation on the creation of the BRICS organisation/forum, President Putin seemed, on parallel, to prepare the second part of the plan for a peaceful Eurasian transition. But the process was disrupted by an Anglo-American diabolic campaign against Russia and President Putin in particular for obvious reasons – a continental consolidation that involves Russia was deemed dangerous to their interests, because it would seriously dent one of the main pillars of the Western strength – confusion, chaos and disorientation in Eurasia. As a result successful attempts were made to create chaos on the perimeter of the Russian Federation in Eastern Europe and Central Asia.

This led to a very disappointed Russia to change gear and speed up the second section of the Eurasian strategy, a reaction to the realisation that friendship with the West had become

a minefield of false promises, deceptions and imminent security threat. Between 2010 and 2015 Russia built a solid partnership with China who was only longing and willing for such a vital geopolitical asset. It too was in need of a peaceful and pacified front because developments in its Pacific rim were not all to its advantage, it was not only the USA but also, Japan, Taiwan and Vietnam to take care of. It was in need of a stable and accommodating North System in its backyard. Russia could be of immeasurable help in more than one way to China in its quest for global recognition and acceptance. The first one would be a Slavo-Tatar civilizational grammar that China does not understand but is very much in need of, a difference between a closed and open systems. China talks of Roads and Belts criss-crossing the globe and of free trade but none can deny that China itself is a very closed and insulated system that is activated or closed at want. If every country on earth would be as closed and selective as China is, all would grind to a halt. The Northern System under Russia's influence is an open system, despite the negative media coverage and political statements to this effect in the West. Russia and the Northern System could bridge that towards the Turkic domain and the Slavic civilizational sphere. The danger is that China might stifle this flexibility and openness by wanting to turn everything to its advantage. As President Putin laid out in his interview with the BBC's David Frost: "...if and when Russia's views are taken into account as those of an equal partner. I want to stress this again and again."²²⁰ This means that Putin would want to maintain equality in relations with NATO backed Western countries but also with China. China will fail in its ambitions if it misinterprets the Russian civilizational calculus as the West did.

Due to the tragedy brought upon Russia by the Trotskyists and Bolsheviks, many get the false impression that Russia and the Northern System are a closed system. The reality is quite different, as Marlene Laruelle rightly points out in her (chapter) *Russia as an anti-liberal European civilisation*: "Moreover, Putin has continued his strong advocacy for a Eurasian Union with free movement of member-state citizens (and therefore of labour migrants), despite clear expressions of xenophobia in the Russian population."²²¹ What is more interesting in Marlene Laruelle's proposition is that there exists what she calls "Russia's triple civilizational grammar: Europe, the West, and the rest."²²² Measured in terms of western concepts and terminology Russian identity is deemed fluid, as Laruelle explains: "In the Russian view, there

²²⁰ British Broadcasting Corporation: "BBC Breakfast with Frost" interview with Vladimir Putin, March 5th 2000.

²²¹ Pål Kolstø and Helge Blakkisrud (editors): *The New Russian Nationalism - Imperialism, Ethnicity and Authoritarianism 2000–2015*, Edinburgh University Press, Edinburgh, 2016, page 276.

²²² Pål Kolstø and Helge Blakkisrud (editors): *The New Russian Nationalism - Imperialism, Ethnicity and Authoritarianism 2000–2015*, Edinburgh University Press, Edinburgh, 2016, page 278.

is a triple choice of identity: being a European country that follows the Western path of development; being a European country that follows a non-Western path of development; or being a non-European country. Defining Russia as belonging to a ‘civilisation’ is always made in relation to Europe as the yardstick, never to Asia.”²²³ Affinity to Asia and Eurasianism do not come naturally to the Russian elite but as the European Union and NATO encroach into the Slavic part of the Russian sphere and demands exclusivity, the Russian elite was faced with a predominantly Asian Identity. Unwilling to accept any partial expression of this identity, President Putin is in the process of making the Northern System increasingly open by calling it the Eurasian Union. Rather than display the exuberance of Western type of nationalism, President Putin has returned to what was always at the heart of Russia – Patriotism. By definition patriotism has no borders and can never be confused with the heresy of a xenophobic nationalism. This could make Chinese penetration into Central Asia and a step from there into Europe much easier, anti-Chinese sentiment will not be on the Russian agenda. On the other hand, if China were to collude with the West to maintain the current dysfunctional system or enhance its ways by using Western “choreography” of world resources extraction, Russia will not hesitate to reassert its civilizational pre-eminence over much of Eurasia, whatever its economic state might be and whatever it might cost, as it has shown many times in the past.

China should not forget, however attractive places like Britain might be for her, that structurally it cannot build a solid partnership with these countries. British foreign policy was always riddled with duplicity and back-peddling. An European diplomat said the following to the Independent Newspaper: ‘There is also a degree of scepticism about the British Foreign Secretary’s pronouncements. The ambassador of one West European state said: “Just one example: this is a man who led a Brexit campaign which claimed, falsely, that 100 million Turks can come to Britain if Britain stays in the EU. Then after Brexit he went to Turkey and said that Britain will do its best to ensure that Turkey joins the EU.”’²²⁴ Boris Johnson, in all honesty, is not doing anything different from most of his predecessors. What China forgets is that civilisation came late to the West compared to India and China. And at various periods of its history, the West went through points of no return, as it looked death and horror in the throat. Same bouts of death and villainy can return, and it would be inappropriate to underestimate the civilizational risks when one is dealing with the West. It would be wise not to forget the fact

²²³ Pål Kolstø and Helge Blakkisrud (editors): *The New Russian Nationalism - Imperialism, Ethnicity and Authoritarianism 2000–2015*, Edinburgh University Press, Edinburgh, 2016, page 278.

²²⁴ Kim Sengupta (Defence Editor) : *Pesco: Remaining EU countries agree to plan to integrate their military forces after Brexit*, The Independent online, London, 14-12-2017.

that the West purchased eminence and respectability through pillage and organised banditry right up to the end of the 19th century, and China, along with India was one of the biggest victims of it. The system of international order is fortuitous to the West because it was meant to be. Under the cloak of extreme material development, the West has put into place a highly intricate and elaborate “system of world’s resource appropriation”. Nothing, in reality, distinguishes this from the confederacy of noble gentlemen that pillaged Rome and burnt it down in the 5th century. The West always tries to reach civilisation but it always slips back into barbarism. As a civilisation with a capital “C” the primary function of a civilisation is about building bridges between different cultures and communities. Deception and pillage of one form or the other cannot be equated to civilisation. China should invest more into building the Northern System with more open focus and less distraction in the outlay of its foreign policy, in this way it would strengthen the civilisational linkages inside the Northern System.

For example one such distraction was China’s foray into the Southern System. The Belt and Road project for many looked harmless on the drawing table. But as it comes to the ground there is a sharp contrast between the promised land of hope and friendship, and the cruelty of a realisation that it was a one-way strategy, benefiting China only. Not long ago the South China Morning Post ran a detailed article of how it turned out to be a nightmare for Pakistan, one of the first countries on whom the ‘One Belt, One Road’ was administered: “The similarities are growing more apparent by the day. In Pakistan, for example, politicians are increasingly critical of the exploitative nature of the so-called China-Pakistan Economic Corridor, which obliges Islamabad to borrow heavily from China to fund Chinese state companies to buy Chinese materials to build infrastructure that mostly benefits China, while loading Pakistan with debts that threaten to crush local economic activity.”²²⁵ Those of who pay close attention to how things work in Pakistan know how all this will end up as the South China Morning Post reminds us: “Inevitably, if Beijing attempts to pursue projects at a pace and in a number sufficient to make a dent in its excess capacity, it will end up building white elephants, wasting money, and encouraging corruption on a scale never before seen.”²²⁶ As for the cost-benefit analysis, the Asia Times online has this to say: “The US\$56 billion China-Pakistan Economic Corridor (CPEC) – a part of China’s “One Belt, One Road” vision – has yet to translate into the game-

²²⁵ Tom Holland: Why China’s ‘One Belt, One Road’ plan is doomed to fail, South China Morning Post – online edition, 6 Aug 2016 / updated on 1 May 2017, URL: <http://www.scmp.com/week-asia/opinion/article/1999544/why-chinas-one-belt-one-road-plan-doomed-fail> (accessed: 11-12-2017)

²²⁶ Tom Holland: Why China’s ‘One Belt, One Road’ plan is doomed to fail, South China Morning Post – online edition, 6 Aug 2016 / updated on 1 May 2017, URL: <http://www.scmp.com/week-asia/opinion/article/1999544/why-chinas-one-belt-one-road-plan-doomed-fail> (accessed: 11-12-2017)

changer envisioned by its sponsors. Worse than that, the unparalleled tax breaks and mounting security costs involved have already saddled Islamabad's exchequer with a hole in its finances of more than US\$2.5 billion."²²⁷ The situation in Pakistan is turning ugly by the day and the end of this downward spiral is not yet in sight. Within the last few months Pakistan, Nepal and Myanmar have all openly rejected further Chinese OBOR projects as the Voice of America reported: "In the short space of just a few weeks, Pakistan, Nepal and Myanmar have cancelled or side-lined three major hydroelectricity projects planned by Chinese companies. The rejection of the three projects, worth nearly \$20 billion, comes as a serious jolt to China's ambitious trade-linking project, the Belt and Road Initiative (BRI)."²²⁸ All these statistics pale as one reads the statement made by Muzammil Hussain, chairman of Water and Power Development Authority (Wapda) in Pakistan told the Public Accounts Committee (PAC): "Chinese conditions for financing the Diamer-Bhasha Dam were not doable and against our interests."²²⁹ This is a big blow to China's prestige and credibility as a foreign investor in a country that is supposedly the first and best friend of China the world over. The problems do not curtail themselves to the economics of the OBOR project. Indeed, due to the level of corruption directly or indirectly provoked by this project, political communities here and there are sucked into the same turbulence. Not so long ago the Australian Prime Minister accused China of 'covert' operations on the Australian soil: "Media reports have suggested that the Chinese Communist Party has been working to covertly interfere with our media, our universities and even the decisions of elected representatives right here in this building (Parliament). We take these reports very seriously."²³⁰ There is a sense of exasperation from politicians to people, from Australia to Africa, that wanting to impose its will on the world in a very short period, China is forgetting the key element: the interests of the local people.

Of course China is not alone in facing such criticism or situations but given the ambition of the OBOR project and China's wish to stride the globe like a colossus, a failure in implementation could have long lasting effects on the geostrategic position of Asia, and its ability to regaining its strength. If for some reason China blunts its appetite for international venture, as it did several times in its history, then consolidation of order within and the emergence of Asia as the leading continent in global politics will be postponed for several

²²⁷ F.M. Shakil: China has Pakistan over a barrel on 'One Belt, One Road', Asia Times, April 28, 2017 2:12 PM,

²²⁸ Saibal Dasgupta and Anjana Pasricha: Pakistan, Nepal, Myanmar Back Away From Chinese Projects, Voice of America online, December 04, 2017

²²⁹ Saibal Dasgupta and Anjana Pasricha: Pakistan, Nepal, Myanmar Back Away From Chinese Projects, Voice of America online, December 04, 2017

²³⁰ South China Morning Post: Turnbull says Australia will 'stand up' to China as foreign influence row heats up, South China Morning Post (online edition), comment section, Saturday, 09 December, 2017, 5:20pm,

decades. To avoid such an eventuality, China should revert to the teachings of its civilisation and not espouse Western instruments of domination with “Chinese characteristics”. The epitome of Chinese civilisation was under the Ming Dynasty and the pillars of its success were ‘openness’ and ‘harmony’ with other Asian powers. It did not build and operate an Asian order (at that time the world order) by itself. It engaged where it was opportune and let other do the same when the situation asked for. Today the time has come for Asian powers, including Russia, to cooperate. In short, the lessons from history are clear, help Russia re-establish its pre-eminence in the Northern System and let India assert its pre-eminence over the Southern System and Southernization, otherwise it will be ‘barbarians at the gates’ again.

The inefficiency of the current system is in great measure to do with inequity of the flow of economic resources. The flows are controlled so that resources appropriated can be shared by only designated countries or primary actors in the system. The liberal order was never liberal and never an order. It was a highway system of resource control and selective application of liberality. Creating a few liberal zones here and there does not create a world system but a system of disequilibrium and impending disorder, if not a permanent chaos. Thus it is that the Western system would never bring the world order to an equilibrium. Today China wants to build physical highways across continents where it can control the flows and selectively apply liberalism where it deems appropriate and communism where it deems necessary. As soon as movement becomes selective, world order becomes partial or even ceases to exist. China is building super structures for its goods to reach every corner of the planet. The question is whether China will be willing to use these super structures to take in those people who have lost their jobs because of its economic intrusion? It is no secret that China will literally need tens of millions of people because of the Chinese demographic deficit. Last autumn the China Daily online reported: “The working-age population of between 15 to 59 years old peaked at 925 million in 2011 and has fallen every year since then, with 3.45 million fall in 2012, 2.44 million in 2013, 3.71 million in 2014 and 4.87 million drop in 2015.”²³¹ And this number will keep rising. To counterbalance this trend, has China allowed more immigrants? According to the International Organisation for Migration (a United Nations agency) China allows only several thousands and most of them North Korean or ethnic Chinese from South East Asia.²³² Isn’t it a historical fact that at regular intervals millions emigrated from China to other regions of the world, escaping one hardship or the other? Those systems that opened their arms to impoverished Chinese migrants were open systems. Of course there were cultural differences

²³¹ Wu Yan: China's labor market: Shrinking workforce, rising wages, chinadaily.com.cn, 2016-11-21

²³² International Organisation for Migration: China, URL: <https://www.iom.int/countries/china> (18-12-2017)

but coexistence was possible. Why does China worry so much about cultural integration as a nation-state does? Can a real civilisation be fearful of mothering diverse cultures and customs? The CPEC is up and running in Pakistan, will China accept millions of young Pakistanis to go to China to man its factories? Or does the friendship with the Pakistani elite not descend down and reach out to the people of Pakistan?

There is a legitimate fear in many corners of the globe that China's super structures will only enhance the world resource appropriation in China's favour. Leaving others to pick up the bill for the devastation caused as a consequence, both economic and environmental. On top of this there is a rightful suspicion that China is encouraging closed systems in client countries, wanting to preserve its economic primacy in these countries. The fear is that this attitude will cajole local regimes into more oppressive and arbitrary methods of governance. The new Chinese order boils down to closed systems, open only to itself and governed by oppressive regimes ready to obey its commands in the likes of Sudan and Zimbabwe, to mention a couple. If this were true it would be worse than the dysfunctional Western order. The world, especially the younger generation are tired of the current state of affairs and are desperately in search of a fairer and freer system of coexistence. A system that existed and still exists in bits and pieces; a bit rusty and neglected but the core remains strong to this day.

The first and the most efficient world system was created and operated by South Asia, especially by the Southern Peninsula. The system probably started taking shape before 500 CE. The socio-economic system along with the political system was largely influenced by then reigning religion of South Asia – Shaivism. It was a religion that did not believe in forceful and collectivist religious masses, rather it believed in individual attainment of spiritual salvation, a community of thinkers that were ready to use peaceful dialogue than use a sword to attain the all-encompassing order. Conflict at all levels was instantly dissipated, unlike the feudal system that plagued the West for centuries. In the same manner no overbearing political 'leviathan' was needed. The whole system was organised into small independent and interconnected communities and yet self-contained. "Economic conditions of rural prosperity, urban growth, political consolidation, and expanding trade networks contributed to the institutional organization of the Buddhist sangha (community/assembly), which emerged in an environment of material prosperity rather than hardship."²³³ The system was so harmonised and peaceful that

²³³ Jason Neelis: *Early Buddhist Transmission and Trade Networks - Mobility and Exchange within and beyond the Northwestern Borderlands of South Asia*, Brill Academic Publishers, Lieden - Germany , 2011, page 74

Emperor Ashoka planted some 80000 pillars²³⁴ and *Stupas* enunciating basic laws of coexistence and self-government; precipitately abdicating his throne and dissolving all central (hegemonic) authority. Further analysis of the edicts of Ashoka show us that the valiant Emperor was only, with his actions, trying to re-establish order that was disturbed by the influx of organised bands or groups from Mesopotamian confines – a new breed of Brahmins. As one expert in Ashoka's edicts puts it "... these new special administrators were empowered and directed to readjust the innumerable group *dhammas* to the needs of society as a whole in order to reduce the state's drastic use of force and punishment in the Arthashastra²³⁵'s system of administration..."²³⁶ Brahmins had taken to the 'business' of government in a tyrannical and parasitical manner, and their power had to be quartered. The State had too much power over the individual and was the biggest infringement to the good functioning of the society and the advancement of economic well-being.²³⁷ It was rightly deemed that individual freedoms were the best guarantor of everything, since blind belief was playing into the dark schemes of the Mesopotamian Brahmins. Emperor Ashoka, with the inscription on the pillars, was asking his people to think and not be entrapped to Brahmin charlatanism. Ashoka and Buddhism had managed to re-establish ethical order that a wounded Shaivism could no longer give in the northern parts of South Asia. The auto-regulation of the socio-economic system was re-adorned and tyranny of all kinds kept at a distance.

From this perspective, South Asia was a fertile soil where the grains of a perfect world society could be sown, where peaceful coexistence was the name of the game. Nerses Kopalyan, of the University of Nevada gives a concise description of what he calls the Indic-system: *"A system primarily refers to the political interactions, inter and intra civilizational relations, and competition for system-wide hegemonic status between political units/entities/actors within the region that the given world political system encompasses. This fundamentally presupposes a group of political units/entities/actors having relations that are, to a strong degree, permanent or continuous with one another. Spatial-territorially, a system covers a specific geographical area, but to specify set regional and territorial boundaries in*

²³⁴ Patrick S. Bresnan: *Awakening: An Introduction to the History of Eastern Thought*, Routledge, New York, 2003, page 248.

²³⁵ Arthashastra is supposed to be a treatise on the art of government by a Mesopotamian Brahmin called Kautilya, the South Asian version of Machiavelli. Those who would like to read more about this treatise should read the following- Patrick Olivelle and Mark McClish: *The Arthashastra: Selections from the Classic Indian Work on Statecraft*, Hackett Publishing Company, London, 2012, 256 pages.

²³⁶ D. D. Kosambi: Notes on the Kandahar Edict of Asoka, *Journal of the Economic and Social History of the Orient*, Vol. 2, No. 2 (May, 1959), pp. 204-206, Published by: Brill, page 205

²³⁷ Ashok Chousalkar: Political Philosophy of Arthashastra Tradition, *The Indian Journal of Political Science*, Vol. 42, No. 1 (January-March 1981), pp. 54-66, page 62-63

absolute terms in the conceptualization of a world political system will obscure the reality of the political realm. The regional boundaries tend to be flexible, with political entities at the periphery at times being incorporated in the system, and at times being absent from the system. System's classification, then, does not specifically rely on establishing absolute regional boundaries, but rather considering the political contacts, interactions, and power configurations of system-wide hegemony that function within the region that the given system encompasses."²³⁸ In essence the post Ashokan period was a dynamic and flexible system of pan-regional integration where mobility was continuous and unhindered. There were no physical boundaries or limits, rather there was a juxta positioning of ... "socio-cultural region composed of smaller units of villages, towns, and cities."²³⁹ In this way people, products and prosperity could spread without blocking or creating systemic disturbances. Jason Neelis describes the efficiency of system through its trade routes: "The designations applied to routes used by merchants and religious travellers refer not only to their itineraries, but also to geographical regions with flexible boundaries and polyvalent socio-religious connotations. Encounters, contacts, and exchanges along these overland and maritime routes contributed to changing definitions of insiders and outsiders, demarcating norms of purity and pollution, and contrasting Buddhist and orthodox Brahminical xenologies. Patterns of religious mobility can be retraced by mapping trade networks and surveying commercial nodes."²⁴⁰ The centre of all attention therefore was mobility.

The responsibility of the state therefore was not the protection of the borders as in the modern Nation-State, rather it was the maintenance of the arteries of mobility. As Neelis describes: "The epigraphic evidence of Aśoka's inscriptions clearly indicates that roads were maintained in order to facilitate long-distance travel, both by his administrative agents and armies, but also probably by merchants and Buddhist monks who circulated between urban centers and religious sites associated with the Buddha's life and significant early monasteries."²⁴¹ The maintenance did not involve only the physical condition of the trade routes but also the ethical upholding of principles of fairness and the weeding out of corrupt officials or ad hoc Mesopotamian Brahmins that constantly filtered through the system. From the 7th

²³⁸ Nerses Kopalyan: *After Polarity: World Political Systems, Polar Structural Transitions, and Nonpolarity* (doctoral thesis), University of Nevada, Las Vegas, December 2014/2015, page 27

²³⁹ Jason Neelis: *Early Buddhist Transmission and Trade Networks - Mobility and Exchange within and beyond the Northwestern Borderlands of South Asia*, Brill Academic Publishers, Lieden - Germany, 2011, page 75-76

²⁴⁰ Jason Neelis: *Early Buddhist Transmission and Trade Networks - Mobility and Exchange within and beyond the Northwestern Borderlands of South Asia*, Brill Academic Publishers, Lieden - Germany, 2011, page 184

²⁴¹ Jason Neelis: *Early Buddhist Transmission and Trade Networks - Mobility and Exchange within and beyond the Northwestern Borderlands of South Asia*, Brill Academic Publishers, Lieden - Germany, 2011, page 189

century the system came under attack and occupation in North India by the Arab invaders but the Peninsula, which constituted the heart of the system, was almost untouched until the 16th century when European fortune seekers started to enter the Southern System. Even then everything worked unharmed because everyone saw the salience of the system.

The Portuguese, when they conquered a few, strategically placed Indian Ocean islands thought that they were conquering the Indian System and accordingly called their new conquest 'Estado da India'. As Leonard Y. Andaya says: "Much has been written of the heyday in the sixteenth century of the Estado da India, or the 'State of India', an all-embracing administrative term for the Portuguese empire east of the Cape of Good Hope."²⁴² This further goes to showing that the then unbeatable Portuguese maritime power was into expanding and deepening the structures of the Indic System at another level. They physically controlled a minuscule part of the Indic-System but gloriously believed, boasted abroad and at home, that they controlled the whole system. But what did it mean that they were in control of the system? As Sar Desai explains that anyone could designate himself as a potentate but in reality everyone had to build consensus at several levels: "...an examination of early Portuguese contacts with Muslim potentates in Africa and South and Southeast Asia would bear out a generalization that the Portuguese sought alliances among indigenous rulers, irrespective of their religious persuasion. Thus, Diogo Lopes de Sequeira, who was sent by the Portuguese King to Malacca, was specifically instructed to make the establishment of mutual trust with the native rulers, so as to ensure a profitable and reciprocal trade, the "mainspring of all your action"."²⁴³ None could survive if controls on the whole state apparatus was imposed. As a noted scholar reminds us: "...the state was deeply enmeshed in the local social forces, and that the 'office' itself was quite incapable of serving as an earnest instrument of the imposition of imperial will on local customs and practices".²⁴⁴ Mobility and common interest were the two guiding principles: "Most contemporary accounts allude to Malacca as the richest city in the world. This may be wrong; but it was undoubtedly the most convenient meeting place for traders from Arabia, Persia, India, Pegu, Java and China. Since the founding of the Kingdom of Malacca in 1403 the Malaccan

²⁴² Leonard Y. Andaya: The 'informal Portuguese empire' and the Topasses in the Solor archipelago and Timor in the seventeenth and eighteenth centuries, *Journal of Southeast Asian Studies*, Vol. 41, No. 3 (October 2010), pp. 391-420, Cambridge University Press on behalf of Department of History, National University of Singapore

²⁴³ D. R. Sar Desai: The Portuguese Administration in Malacca, 1511-1641, *Journal of Southeast Asian History*, Vol. 10, No. 3, International Trade and Politics in Southeast Asia 1500-1800 (Dec., 1969), pp. 501-512, Cambridge University Press on behalf of Department of History, National University of Singapore, page 502

²⁴⁴ Jorge Flores: The Sea and the World of the Mutasaddi: A profile of port officials from Mughal Gujarat (c.1600—1650), *Journal of the Royal Asiatic Society*, Third Series, Vol. 21, No. 1 (JANUARY 2011), pp. 55-71, Cambridge University Press on behalf of the Royal Asiatic Society of Great Britain and Ireland, page 57

rulers had striven to maintain the cosmopolitan character of Malacca's trade and population.”²⁴⁵ This goes to show that race, nationalism and any other discrimination for that matter was promptly weeded out, something pertaining to the anti-systemic domain, and therefore avoided at all costs and by everyone.

Whoever came into the Indic System was forced to convert to its cultural, economic and socio-political set-up. Whenever this principle was abandoned the system became “unfaithful” to the pretender because it somehow turned him into a predator. “...without actually using the word, the method for surviving in the tropics, or anywhere else, was adaptation to local air, local plants, local customs, and local languages. This is, in fact, what the Portuguese had already been doing, in fits and starts, partially and un-self-consciously both in Asia and in Brazil.”²⁴⁶ It was probably this insight that made the Portuguese hate all the other European incursions into the Southern System, polluting by prejudices brought from particularistic European background: “In the diplomatic and military sphere, peace was (correctly) seen as essential. In Europe, Pedro refused to join France in an alliance against Holland, while in the Indian Ocean the Estado strove to avoid alienating the various Indian states on its borders.”²⁴⁷ The system was so well integrated that none could be neglected, neither the foreign trader nor the local producer or intermediary: “The Mughal foreign trade was the product of a larger economic environment and its fortunes were tied to the system of production and exchange in the rural hinterlands, local markets and urban entrepôts.”²⁴⁸ The same system of mosaic integration extended from the hinterlands of the southern peninsula of South Asia to the shores of Africa and to the straits of Malacca and beyond: “The Bania high-seas merchants of Surat even maintained an extensive network of agents and correspondents (mostly again Banias) all over the Persian Gulf and the Red Sea region who lived in the region for extended periods of time. But perhaps an even more critical role the Bania merchants played in Indian maritime trade was as facilitators performing the role of being suppliers of export goods to ship owners and other merchants actively engaged in coastal and overseas trade and generally acting as their agents

²⁴⁵ D. R. Sar Desai: The Portuguese Administration in Malacca, 1511-1641, *Journal of Southeast Asian History*, Vol. 10, No. 3, International Trade and Politics in Southeast Asia 1500-1800 (Dec., 1969), pp. 501-512, Cambridge University Press on behalf of Department of History, National University of Singapore, page 503

²⁴⁶ Ines G. Zupanov: *The Catholic Frontier in India (16th-17th Centuries)*, The University of Michigan Press, Michigan, 2005, page 11

²⁴⁷ M. N. Pearson (Book Review): *Renascent Empire? The House of Braganza and the Quest for Stability in Portuguese Monsoon Asia, c. 1640-1683* by Glenn J. Ames, *The International History Review*, Vol. 23, No. 3 (Sep., 2001), pp. 657-659, Published by: Taylor & Francis, Ltd., page 658

²⁴⁸ Najaf Haider: *Precious Metal Flows and Currency Circulation in the Mughal Empire*, *Journal of the Economic and Social History of the Orient*, Vol. 39, No. 3, Money in the Orient (1996), pp. 298-364, Published by: Brill, page 299

and brokers.”²⁴⁹ The system was open and with complex layers of checks and balances, and a well interwoven fabric of socio-economic interests. In this way, it still represents the ideal model for world integration and order. China should take note and understand the essence of this system.

China has taken the wrong Road. With the OBOR and its affiliate programs China is paving the way for a domination of the system in the same manner as the United States did after the Second World War, namely through the billions of debt that other countries had contracted with it. It was a huge leverage to twist arms and impose the United Nations and a US dollar denominated system. China, with the OBOR project, is proposing to use its surplus trillions to do exactly the same. When we read the strategy between the lines and look deeper into the experience of Sri Lanka and Pakistan with the OBOR project, we realise that the primary objective of the whole process is the creation of “indebtedness” at many levels of the term. And then follow this up to appropriate sovereignty of a local country in exchange for the debt. One hundred years lease on ports and facilities does not only mean the control of infrastructures but the future financial, and thus the economic and the political process in a given country. In this sense China is not original and is not likely to create a new world order that the population of the world is desperately looking for, China is strengthening the Western system of domination with a made in China tag – New World Order with Chinese Characteristics, meaning that there will be even less transparency than before. Creating order means confronting the chaotic nature of the world, not circumventing it. With all its deficiencies and short comings, India has deeper knowledge of how to operate in a system in a chaotic environment. It is true that even India is moving away from the civilizational model of order but there is still time for reorientation. Both India and China have to recognise that they are civilisations and not nation-states. Civilisations by nature are mothers to nations, nurtured under the guiding principle of openness. For this reason, China should not rush, it should help to consolidate the Northern and Southern systems before further world integration. Build roads by all means but do not forget to add brides; retract from destroying the green fields around otherwise you risk making everything barren. China was a great civilisation, and no one can stop it becoming once again, for the benefit of the whole world.

²⁴⁹ Om Prakash: *The Indian Maritime Merchant, 1500-1800*, *Journal of the Economic and Social History of the Orient*, Vol. 47, No. 3, *Between the Flux and Facts of Indian History: Papers in Honor of Dirk Kolff* (2004), pp. 435-457, Published by: Brill, page 437

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6. Unpegging the Third Sphere of the World Order: India and Yugoslavia in the 1990s

Abstract: The ripples of NATO's attack on the Former Republic of Yugoslavia reached India with devastation. It was a tectonic moment of realisation that India has to move out of the comfort zone of false illusions and face the hard realities of the new shifts in international dynamics and alignments. NATO's bombing of the Former Republic of Yugoslavia came as the third and consequential blow to India, after the collapse of the Soviet Union and the financial crisis of early 1990s. These three blows shattered the three-level architecture that India had crafted over the preceding 50 years. My main question is: Was the United States of America and its allies punishing India and Yugoslavia because of their perceived proximity with post-Soviet Russia or was it for reasons of a systemic nature? My major hypothesis is that NATO's aggression should be put into a systemic context and understood in the *longue durée*, in terms of structural domination and the control of the world's resources.

Keywords: Third Sphere, Non-Alignment, Eurasia, India, Yugoslavia, Southernization, Westernization

Westernization is a failed project. The management of the world's resources, both mineral and human, has been the backbone of Western foreign and security policies. There are patterns of behaviour that consequently gave birth to a structure. (Kupchan, 1996, p.93). The West collectively imposed a hierarchy on the use of the world resources. The strategy had two main components. First, channelize resources to the West in a direct manner. Second, disrupt the economic development of a given country, stop it from using those resources for its own development. (Mason, 1949, p.158). Third World countries are not only possessors of large reserves of natural resources, given the chance to develop, they could become the biggest consumer of them. (Fidler & Ganguly, 2010, p. 149). Although the West won the Cold War, it's real enemy, the Third World, was striding ahead. (Klare, 2008, p.11). The other factor influencing its policy could be the fact that the importance of mineral resources could bring Russia back to the forefront. (Klare, 2008, p.11). Nehru was one of the Third World leaders that identified this structure of international relations, which led to the creation of the Non-Aligned Movement.

1. NEHRU AND THE STRUCTURE OF INDIA'S FOREIGN POLICY

The situation of post-Independence India was dire. (Kane, 1946, p. 410). There was every reason to believe that India could disintegrate even further after the fateful partition. (Srinivasan, 1986, pp. 528-529) National consolidation was extremely fragile giving way to a risk of disintegration. Integration was an urgent need but nationalism had to be avoided at all costs if the subcontinent were to curtail intestinal fratricidal wars. And after being divided on communal lines it was deemed necessary to keep Maoism at bay. On top of all this the colonial system had privileged a thin administrative structure for the purpose of resource extraction and not for serving a newly enfranchised democratic country. Although this administrative model had allowed for strong bureaucratic control of the country, it was never intended to achieve a true consolidation. These structural weaknesses were bound to have an impact on India's international standing. It was uttermost important that the Indian Ocean, and the access to it does not become a theatre for Cold War confrontation. (Harshe, 1990, p. 399). The Indian elite knew that it lacked the material resources to have an assertive position in the world arena (Rohan Mukherjee and David M. Malone, 2011, p. 311). In a very strange and devious sense, the only sure assets India had was Nehru and a thousand year heritage of world order - Southernization.

Nehru's '*domination by the pure force of intellect*' is a geopolitical factor in itself in the post-WWII period. Nehru had a deep sense of South Asia's history, tradition and civilisation; and in particular the diffusion of its influence across continents for the benefit of everyone. India across millennia was the primary source of world order by imposing a structure of international intercourse (Chatterjee R. in Nag, 1941, p.vii). The system was not composed of the "nation-states", a recent system sponsored by the West, but rather a system based on a "patchwork of assimilative patriotisms." (Bayly, 2004, p. 703). The Portuguese and later the British introduced themselves into the system and used it as a platform for their global ambitions but they never altered it. In the earlier times the system extended from Eastern Mediterranean right up to the Korean peninsula. The sub-systems to this were Eastern Mediterranean, East Africa, Western India, Eastern India, South East Asia and the North-East Asian seaboard. Cleaning the system of colonial influence and re-legitimising the system became the only way forward for India, and Nehru knew this. It is true that in the beginning Nehru put more emphasis on the Afro-Asian perspective but soon realised that China had its own designs in Asia, and that for the sake of urgency he had to forego Northern Asian part. (Kim, 1992, pp. 142-143). As events in the Bandung Conference of 1955 unfolded. Nehru

understood the pivotal necessity of broadening the scope to the Eastern Mediterranean region. The reasons for this were simple, all the sub-systems possessed a lot of similarities; they were all loose empires in their own respect and could be exploited by the structurally neo-colonialist Superpowers with their divisive 'nation-state' strategies.

2. THE THIRD ORDER AND THE CONFLUENCE WITH TITO'S YUGOSLAVIA

Marshall Tito of Yugoslavia was faced with similar problems at home and abroad as Jawaharlal Nehru, but keeping the country's independence was the highest priority. (Campbell, 1980, pp. 1046-47). The experience of the Second World War had shown that the country had a fragile unity that could collapse if the forces of nationalism were let loose. Geopolitically, occupying the heart of the Balkans was not an easy burden to manage. It lay in the route of Communist USSR's reach to the Mediterranean and the West's desire to refuse it this access. The only way to circumvent any confrontation in the Mediterranean was by adapting a hegemonic pacificator attitude. It was vital that Tito used his charisma, as the leading 'Partisan and Patriot', in the decolonisation of East Africa, Middle East and North Africa to become a leading player in the Mediterranean. (Rubinstein, 1972, pp. 528-529). And this was exactly what Nehru was hoping to achieve in the Indian Ocean sphere. Confluence between Nehru and Tito was brought about by the charismatic supremo of the Middle-East - Gamal Abdel Nasser. Joined by other leaders from Indonesia to Africa 'Southernization' was re-established, similar to what Vijaynagar empire and Justinian's empire had achieved from the sixth century onwards, a seamless Southernization, giving unity to the 'civilizational corridor'. (Alam, 1977, p. 171) Justinian tried to vamp up support against the Vandals and other Barbarians from the West, now it was the turn of Tito to do the same by confronting the dialectical barbarism of the Cold War. (Alam, 1977, 182).

The stakes were high in the 1950s and 1960s for those who had inherited these disintegrating empires. (Rubinstein, 1972, p. 533). The process started in earnest at the time of WWI and there lay open unto what new system these 'orphaned' parts would be reintegrated. Lenin was sponsored to adopt Marxism and create a new 'integrative dialectic' in opposition to Capitalism of a new kind, with the main centre of gravity moving to the United States. The novelty of this new capitalism as opposed to the European model was a combination of 'Nation-State-Market' and 'Liberal-Democracy'. Although on the nominal level these two ideologies seemed to contradict, clash and confront each other, in reality they were implementing the same process on a massive scale, that of economic integration and consolidation; the creation of

national markets which could later be aligned to the world market. For both, the main enemy was 'patriotism', especially economic patriotism. The debate started in the 18th century. (Cunningham, 1981, p. 13). From the perspective of this dialectic market/central control was restricted by the unwillingness of 'localism' to give-up local circuits of economic exchange and existence.

In in a majority of cases, even in Europe, nationalism is nothing more than a privilege system where economic structures are bended to destroy local autonomy, resilience and sovereignty, where local patriotism is replaced by national functionality. In this manner one could easily say that nationalism is the destruction of many patriotisms and cultures for the benefit of one selective or 'assigned nationalist' community. So the real dialectic was between the localism and the level beyond it, or to put it in a more direct manner: a battle between nationalism and patriotism. This was a confrontation that cut across all levels of state and society. For the leaders of the Non-Alignment Movement, this was something that had to be avoided at all cost, the Cold War dialectic was making a nonsense of their newly won Independence. (Hudson, 1964, pp. 544-545). By design or by default their strategy was to defend the 'corridor of civilization', from Indonesia to the coasts of the Adriatic which was a patchwork of integrated patriotism in one form or the other.

This was Southernization all over again. For patriotism was at the heart of Southernization. And the Non-Aligned Movement was a resurrection of that World Order, an order that had the intention to preserve local sovereignty and yet be connected. It was a permanent process of negotiated consensus, without a transactional middleman. However, what Nehru and Tito realised was that a strong centre was needed as a paramount power that could defend the territorial integrity, both politically and economically, coordinate civilizational integration and propose a developmental model that would weed out tensions by setting progressive priorities. Similar challenge was faced by the East India Company in the 19th century. The solution it adopted was very creative, it left the ethnic and linguistic patchwork alone but laid a strong administrative frame around the patches of patriotism; it maintained equanimity. This allowed for a sort of socio-cultural patriotism without the destructiveness of political patriotism, which tends to spill into violent and negative nationalism. (Inge, 1920, pp. 35-58). All of the Non-Aligned Movement countries adopted similar methods in governing themselves. These countries were literally a long catalogue of nationalities and ethnicities. To compensate for the loss of political patriotism what the leaders did was to keep the high-handedness at bay, by proposing a planned and balanced development. For this the leaders of

the Non-Aligned Movement, especially Nehru and Nasser, would transform it into an instrument of negotiation with the West, thus linking the national with the international.

3. THE SOLIDARITY BETWEEN THE FIRST, SECOND AND THE THIRD ORDERS AND ITS REALITY

For the purpose of this essay we can apprehend world order from 1945-1990 as a three-way interaction in a very loose sense of the term. But in reality it was a bilateral intercourse. Under conventional wisdom, dominated by western scholarship, there were three worlds during the Cold War: 1st (West), 2nd (Communist) and 3rd (Underdeveloped). This was a nominal categorization. But polite parlance aside, what this brut categorization meant was: 1st – White, 2nd – Semi-white and 3rd – Coloured. During the Cold War the West saw the USSR-led Communist Bloc as undertakers with the support of the Marxist academics in the West. The job of this group was to create ‘Marxist revolution’ in the newly decolonised countries which would then give the West a rationale to intervene. In this way it could achieve the earlier mentioned double object of either developmental disruption in the resource rich countries or induce illicit regimes to give-up control of these resources in exchange for Western support. Again I would like to remind the reader that when I mean resources I also mean ‘human resources’. The recent example of ‘war on Syria’ is a very good example of this. The Syrian population is one of the best educated in the Middle-East, probably the only tangible resource the country had. The political and economic disruption created, forced Syrians, in their millions, to flee the country. The best minds and their capacities were ‘welcomed’ by the West, especially Germany. In short, as time went and as Stalin eliminated the ‘Western oriented’ communists it was evident that the Soviet System had gone rogue, it failed to produce the results expected from it since 1917. The Communist Bloc was indeed becoming accommodable; the assigned solidarity between the 1st and the 2nd worlds had gone bankrupt. And in a perfect and seamless logic the West was looking for alternatives and soon Henry Kissinger found China to replace the now defunct Soviet Union. I do accept that it is a perverse definition of solidarity but it is the only meaningful way to describe the relation between the First and the Second worlds as assigned by the West. (Hoff, 1996, pp.115-116)

It very much looks like that the Soviet Union realised the nature of the First and Second world solidarity quite late. In strategic terms it becomes quite evident that as the West ‘integrates’ the best parts of the Third World into its ‘world governance system’. The resource rich Soviet Union, which stretched across the Eurasian land mass, would be the next one for world

integration in one way or the other. The reaction of the Soviet Union, starting from Nikita Khrushchev and in earnest under Brezhnev was to side line the ideologues and undertake a pragmatic restructuring of its approach to world affairs. Solidarity between the Second and Third Worlds was based on equality, respect and mutual interest. Brezhnev moved onto reassure the Third World countries, especially in South Asia, Middle-East, East Africa and North Africa. (Crabb, 1972, p. 289). In the Middle-East, notably, governments supported by the Soviet Union swiftly nationalized the extraction of petroleum, thus barring it from the reach of the West. In the same manner the Soviet Union lent its support to India in its effort to liberate East Pakistan; while the Nixon administration was moving the 7th Fleet to the Bay of Bengal for the eventual bombing of targets in India. (Walter, 1979, 299) The solidarity between the Second and Third Worlds showed signs of patriotic harmonisation against the brutality of nationalism sponsored by the West. This restructuring of the Soviet approach offered nothing new because Tito had constructed his model from the beginning, based on a sort of patriotic front from the Horn of Africa to the Atlas Mountains of Algeria. Although Yugoslavia under Marshal Tito was considered part of the Second World it managed a common patriotic platform, a form of civilizational pact, with the Third World. This made Tito more credible than the late rally by the Soviets. (Zukin, 1975, pp. 48-51).

4. THE COLLAPSE OF THE SECOND ORDER AND THE CONFLICT BETWEEN THE FIRST AND THIRD ORDERS

Society in the Soviet Russia paid the price, but as was expected the renowned Russian patriotism was the biggest casualty and this in turn created a tsunami effect as corollary pillars of society collapsed. Communism, as was expected by its designers, had devastated all the protective walls and layers of patriotism. Academics falsely conclude that the Sputnik and Soviet technological prowess was the result of a Communist system, it wasn't. It was the result of the Russian patriotism dating back to several centuries before. By the late 1980s this legendary patriotism had petered out. From the point of the West its bet was paid off. It looked like that Marxism-Leninism not only created disturbances elsewhere, it also brought chaos to Russia itself; giving the West several decades of breathing space. From the point of the West, the Russian sphere not only disintegrated but temporarily joined the Third World category, in economic sense if not colour. (Gidadhubli, 2007, pp. 1818-1819). The West just encouraged President Yeltsin to make the fall inevitable. (Stern, 1994, p.44)

This tsunami and its devastating effects did not end at the Soviet borders, they badly dented Third World states that were recovering from the economic collapse caused by the oil crises of the early 1980s. However damaging this might have been, it was not a handicap that they could not recover from, they had gone through similar crises before. The disappearance of the Soviet Union had created a structural problem that attacked the root of their existence. (Ray, 2012, pp. 36-39). Although, for obvious reasons described earlier, the Soviet System was dysfunctional domestically, it had irreplaceable functionality and benefits, at several levels, for the Third World countries. Firstly, it brought upon them a mathematical dysfunctionality. Theoretically at least, in a bipolar world, with all their weaknesses, the Third World countries could still weigh and change the end result, do the balancing act. This rock solid illusion had its magic, the superpowers generally entered a bidding war to gain the favours or support of the Third World countries. As the Soviet system collapsed, this opportunity was lost for the foreseeable future. (Kridl-Valkenier, 1987, p.652). Secondly, and more fundamentally, the Soviet friendship of the Brezhnev period was a real defensive umbrella against the threat of invasion by the West. (Belikov, 1991, p. 36). This had a positive impact on the fiscal and budgetary situations of the Third World countries. Without this cover their meagre budgets would not have been enough to cover their defence needs, compromising the much needed developmental expenditure on items like education. The other side effects of the non-visible Soviet defence umbrella was that fiscal pressure on the populace was kept to a minimum. This point is particularly important as far as patriotism was concerned, over centralization and Western style high taxation could be limited in favour of local autonomy and the preservation of patriotism. Finally, for the very reasons outlined above, the limitation on over-marketization of the Third World economies gave the population a breathing space. What happened in the West, especially when the service industry was liberalised, is that solidarity was marketed and transactionalised, leading to the weakening of patriotism, the community and the family; basic elements that helped keep society consolidated. (Schwimmer, 1979, p.687). Although marketing solidarity can be beneficial to the state in the short run, in terms of tax revenues, in the long run these societies cannot sustain on their small economic base. This led to tension and civil strife.

This is exactly what happened after the collapse of the Soviet Union. When the ‘Western Coalition’ decided to invade Saddam’s Iraq in 1991, there was no real voice of opposition to it. Rather than ponder upon the rights or wrongs behind the motives to invade Iraq, I would like to concentrate on the ripple effects of this invasion on the Third World countries. The tri-polar world that I earlier described had vaporized; now it was the West against them, locked in a new

structural bi-polar world. They were caught literally naked without the Soviet umbrella. The unhindered invasion of the Third World had begun in earnest. Since then the West has undertaken a string of invasions, engineered socio-political disturbances and economic dislocations. The Arab Spring and the current crisis in the Middle-East being the latest. The compound effect of this has been that, not knowing to compete effectively some of these Third World countries have adopted the 'Western Agenda' catered to render them easy targets for 'economic integration' by the world economic regime. (Herring & Rangwala, 2005, 668). The agenda in question has introduced the detrimental combination of exacerbated nationalism and the uncontrolled market exuberance. India was one of the first countries that succumbed to this medicine administered by the International Monetary Fund and the Washington consensus. This was a path that had traced the way to the bombardment of the Former Republic of Yugoslavia. After the collapse of the Soviet Union in 1991, India experienced economic meltdown in 1991, followed by the Indonesia's financial collapse in 1997, stepped up by bombing of FRY by Western forces in 1999 and the Arab Spring of 2010; the West had geared-up for the Ukrainian crisis and the commencement of its 'Eurasian consolidation and integration'. (Brzezinski, 1998, 30-31). Nationalism combined with the unbridled market liberalism might create the necessary conditions for the removal of hurdles for an eventual military consolidation of Eurasia by the West. As was demonstrated this is not speculative, rather the result of structural evolutions and trends. Time scales might vary, due to the unpredictability of a number of variables but historic structures and the evolutions point to this eventuality, unless there is a tectonic shift brought about by actors like Communist China. This said, as things stand, China will oppose in order to get a fair share of the spoils but will not upset the fundamentals.

5. THE THIRD ORDER AND THE ORDER OF PEACEFUL COEXISTENCE

World Order as a concept, beyond orders created by mighty empires, started with the advent of Southernization somewhere between the 6th and 8th centuries. It lasted until late 18th century as a whole. The West developed itself as a contender, in the shadows of Southernization. (Anievas & Nişancioğlu, 2015, pp. 246-247). And since the West has tried to impose itself with Pax Britannica, with the UN in a more institutional format until 1991, and thence, by circumventing international rules and norms imposed by itself. The post-war system conceived by Franklin D. Roosevelt was definitively pulled down by the persistent actions of President Bill Clinton in both domains of international politics and economics. It will not work and will not be accepted by sovereign states because it is one-sided. It puts the West as the

ultimate beneficiary of the system. This is diametrically in opposition to the essence of Southernization where the benefits of the system were equally shared by all the participants. At its centre, Southernization permitted and made space for total movement, both of goods and people, whereas the West cherry picks, and is selective in the movement. Southernization was about avoiding dislocation whereas the West has made it the backbone of its ideology. It thinks that it can loot everyone without some of these victims follow the route of the bounty.

During the Cold War, the West created a dialectic to disrupt what remained of Southernization. It might do that again with the involuntary cooperation of China but the reality is that China in the past was one of the pillars of Southernization and it would be very difficult to see how China could bring about self-destruction upon itself. This means that a violent West will confront a peaceful system of Southernization, unless the demons of Westernization comeback to it and are mirrored upon it. By the indiscriminate destruction of patriotism, community and the family, Western societies are senseless towards polarization if not outright balkanization. This most certainly will lead to exacerbation of national communities, accompanied by the rise of transactional costs and feudal levels of direct and indirect taxation. All this will lead, as we are currently witnessing, to conceptual nationalism as diversions. These nationalisms will be increasingly devoid of popular support, as society goes rogue and tribal to survive, subsist and confront the realities on the ground. Again, with no definitive time-scale, the West will be forced to adapt partially or in its entirety the principles of Southernization. But what will trigger the process and who will be the vector to this process is a question that concerns Serbia in particular.

6. CONCLUSION: SERBIA AS THE VECTOR OF THE SOUTHERNIZATION (THIRD ORDER) IN EUROPE

Serbia has once again reached cross-roads. Given its geography, its ethnic composition, its historic evolution the best suited strategy for Serbia is to adopt a Justinian attitude and heritage. Serbia and its people are by nature a highly patriotic people, believing in the traditional configuration of family, community and country. Whenever it digressed into nationalism Serbia has courted a myriad of problems. The region needs Serbia as a regional leader but it cannot fulfil this role because of nationalism, or the perception of it. It is increasingly becoming urgent for Serbia to address this problem due to the rapidly changing nature of the geopolitical position of the Balkans. After being absent all through the Cold War, the United States is building a massive position in the Balkans. It is in no one's interest to have conflictual relations with the

United States. It can be both benevolent and malevolent as no other nation, it is therefore strategically important for Serbia to create a role for itself as a bridge between Russia and United States. It could play an even greater role in the European Union.

Serbia should make a strategic decision to consolidate a socio-political model based on patriotism, a model that can be adopted in a 'nationalism-devastated' European Union. If it is the wish of the European Union that nation-state structures are side-lined, then it needs something to replace it with, something cooperative rather than conflictual. (Beer and Koster, 2009, p. 159) Thus, patriotism and the community become vital centres of cultural, economic and social identification. In this endeavour Serbia and its people have a millennial experience to offer. What is even more important is that Serbia will be simultaneously a vector for 'spheric integration' because it will be putting Southernization in the heart of the European Union reconciliation process, which could have the additional benefit of reducing tensions with Russia and bringing about a common platform based on patriotism in Eurasia.

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7. BRICS and the new world order - the dance of the Elephant and the Dragon²⁵⁰

Abstract:

Many in the political, as well as academic circles believe that the BRICS grouping is a direct challenge to the global position of the United States of America. And the same group believes that China is the driving force behind this move. After the economic collapse of 2008-2009, Russia, followed by China saw the need to build a safety-valve to the current international economic system, which was built and dominated by the USA. China has benefited enormously from the actual world economic system and was not aiming to pulling it down. China's fears were related to the uncertainties of the current system. By increased complexities and a shady regulatory system the US had made it into a gigantic casino where countries like China were structurally cornered to lose. China's response to this was to support the BRICS initiative, which was purely economic. Recently however, things have taken a new turn. It has become evident that the United States can no longer sustain its dominance in the economic sphere and cannot supplement its deficit of influence through military means, so it has to resort to "terror" as a means to regulate world affairs, although it is certainly not the author or instigator of such acts. Terror has taken the centre stage in world affairs. This makes the BRICS a safe haven and a safety net for a new world order, but everything depends on the attitude of India and the "China-India" relationship.

The Study:

Everyone thought 2001 had brought rule-changing paradigm in international relations until we received 2008 which sent us reeling around, thinking we were about to enter yet another paradigm change. Changing paradigms so often in a single decade could leave everyone feeling out of place and uncomfortable with the international system. It's like changing the rules of the game every five minutes in a football match, the rule maker would be the obvious winner and everyone the evident losers. The obvious long-term result would be that there will be fewer and fewer players or fans of football. Of course the international system is no football match, in a globalised world the stakes are high and many tens of millions of lives and billions of livelihoods depend upon the system working well and fairly.

²⁵⁰ R. Byrappa, "BRICS and the world order - the dance of the Elephant and the Dragon," in *Kína a globális kihívások tükrében*, 2017, pp. 220–238.

Everyone knew that the system set-up after the Second World War and frequently tinkered was not a perfect one but the pretence of trust was kept alive, with the hope that things will eventually improve one day. This was especially true with the newly developed Asian countries like India and China, and many of the poorer developing countries, who generally started to believe that globalisation could work miracles for them as well. This was topped by the countries who had thrown off the yoke of communism in Eastern Europe and Central Asia. Their membership and the fact of belonging to the international community reinforced their newly regained sovereignty. This was one of the main facts that lead them to believe and support the current system, although the benefits of globalisation were surely not beneficial to all of them. In this perspective a stable global system was an integral part of their nationalism, which is quite often misunderstood. China and later India had little to complain as long as the system did not touch the fundamental principles of their sovereign integrity, staying true to the notion that globalisation and the international system was about free countries engaged in a free and fair economic competition in the global trading system. The economic crisis of 2008 had greatly damaged the system but fortunately it did not collapse, it was a very close call.

The BRICS organisation was created by those countries who had much to lose from such a failure, if it repeated itself. It was the frustration that they did not have enough power to strengthen the current system that lead to BRICS countries to imagine their gathering as a possible safety-valve. But in no way was it a challenger to the current system. The motivation behind the BRICS group was to better coordinate their demands for reform of the international economic regime, use the group to add pressure on the West to step-up the reform process. To side-step the current system would mean putting the principal source of trade and economic intercourse at risk. For most of the BRICS countries, the United States and Western Europe still represent the biggest markets and sources of investment. It is impossible to believe that any of the BRICS countries would come anything close to wanting to pull down the current system, where each and every one of them is so deeply implicated and entangled. Implying that the BRICS wants to supplant and gang together to create a new system still does not make economic sense. This would happen only on one condition, when the principles of national sovereignty and integrity are jeopardized.

The Arab Spring which started in 2010 might just be bringing us close to such a scenario. Although political and defence analysts might suggest that we are yet again in another of those paradigm shifts, this time it might be for real. There is a qualitative difference between this one and the previous ones. Through the game of proxies, the very fundamental principles of the United Nations, namely that of national sovereignty and integrity came directly under attack.

Although there were immediate assurances that it was the result of a spontaneous burst of demands for democracy, the whole episode put international law in a grey zone, signalling the next step where proxy wars will be replaced by real conflicts that no longer respect the territorial integrity of nations, especially the smaller ones. A disturbing pattern of civil outbursts followed by immersion and resurgence of terror groups to challenge the status of established nation-states. The media systems of certain Western countries even started giving credence to terror groups, promoting them to statehood.

These changes in the international climate have radically changed the prospects of the BRICS group. It is pushed into becoming a serious candidate to explore the possibilities of somehow bringing order where chaos has erupted. When the United Nations was established the main architect was one predominant power, which was unchallenged in its will to push through a new world order. The BRICS even if they wanted, do not possess the political will, the military back-up or the economic resources to push forward a new world order to stabilise the international system. At least for the moment, no one country of the group comes close to the power enjoyed by the United States of America after the Second World War, in 1945. The way forward is a partial world order in the Asian continent built around the BRICS group. The dynamics for such an eventuality are not there and have to be put together, mainly by a Chinese initiative. To do this it has to understand the real workings of India, without whose partnership it will be very difficult to make any substantive progress. As history has shown several times, by concentrating too much on the Silk Road initiative and the northern flank, China might leave the southern flank open to the encroachment of powers from outside. This would put the long term plans of making Asia a stable and peaceful economic sphere into disarray. The relationship with India has to be one of the central element for China and a cornerstone to the development of its BRICS strategy.

Before going into details of the BRICS and the way forward it has to be made absolutely clear that most of its members have greatly benefited from the current international economic regime. It also has to be made clear that the BRICS does not want to damage or destroy a system that was at the base of its current international standing. China is incomparably the biggest industrial concentration that had ever existed. Much of this evolution can be credited to the existence of a very capable political elite, who had the insight and vision of how fast the world was evolving, the direction it was taking. However, China was greatly helped by the current international free trade system: "Seventy percent of China's economic achievements this decade can be attributed to our membership in the WTO," says Zhang Hanlin, head of the WTO Studies

Institute at the University of International Business and Economics in Beijing.²⁵¹ In the year 2015 the country had a \$2.3 trillion-a-year export sector.²⁵² As the workshop of the world China could not have done so much without the structural help of the current trade regime. The WTO has done a monumental job in integrating China's productive capacity and spreading its goods across the globe in an unprecedented manner.²⁵³ Surely, China might optimise its possibilities by reforming the current system but not pull it down or challenge the leadership of the United States of America.

Ana Palacio, a former Senior Vice President of the World Bank and member of the Spanish Council of State in a way agrees with the above situation when she says: "There is something deeper going on here. The world's seeming obsession with the BRICS' perceived rise and fall reflects a desire to identify the country or group of countries that would take over from the US as global leader. But, in searching for the 'next big thing', the world ignores the fact that the US remains the only power capable of providing global leadership and ensuring some semblance of international order."²⁵⁴ Ana Palacio thinks that after their initial semblance of success the BRICS has gone into insignificance: "... recognising that economic power could translate into political influence, the BRICS held their first informal meeting in 2006, and their first leaders' summit in 2009. The bloc was going places – or so it seemed. But seven years, seven summits, and one new member (South Africa joined in 2010) later, the significance of the BRICS remains hotly debated."²⁵⁵ Ana Palacio credits much of the success of the BRICS to media hype when she elegantly declares: "Clearly, the BRICS are a thing. They are just not the thing."²⁵⁶ Although this might seem cruel for the BRICS she might be right in the sense that one has to put the portrayed success of the BRICS into perspective, the West was bleeding in a prolonged economic crisis and the BRICS could steal the stage.²⁵⁷

Senora Ana Palacio could have stopped there, she did not, and she finished off by something very disturbing: "The international order is at a crossroads. It needs the US to guide

²⁵¹ Peter Ford (Staff writer): How WTO membership made China the workshop of the world, The Christian Science Monitor (online), DECEMBER 14, 2011, <http://www.csmonitor.com/World/Asia-Pacific/2011/1214/How-WTO-membership-made-China-the-workshop-of-the-world> (downloaded - 15.05.2016.)

²⁵² James Pomfret (Reuters): 'The workshop of the world': What 'Made in China' really means, Business Insider Online, Aug. 6, 2015, 6:44 AM, <http://www.businessinsider.com/r-special-report-how-smuggled-workers-power-made-in-china-2015-8> (downloaded- 15.05.2016.)

²⁵³ Ibid.

²⁵⁴ Ana Palacio: The BRICS fallacy, World Finance (online), November 12th, 2015, <http://www.worldfinance.com/home/the-brics-fallacy> (downloaded - 15.05.2016.)

²⁵⁵ Ibid.

²⁵⁶ Ibid

²⁵⁷ Ana Palacio: The BRICS fallacy, World Finance (online), November 12th, 2015, <http://www.worldfinance.com/home/the-brics-fallacy> (downloaded - 15.05.2016.)

it – with ingenuity, initiative, and stamina – in the direction of peace and prosperity. Obsessing about who might eventually replace America is bound to get us all lost.”²⁵⁸ Firstly, her comment seems to exclude the possibility that the United States might have something to do with the current upheavals. Those who created and ignited the financial crisis of 2008 are American, those who supervised the financial system in the US at that time were naturally American. The United States has many very capable leaders but they did not curtail the American financial system turning into a grand casino. Ana Palacio does rightly enumerate the weaknesses of the BRICS but quite ignorantly forgets to question the professionalism of the United States as far as the running of the international financial system is concerned. It is because of such expert ignorance and arrogance that the BRICS is becoming increasingly credible in the eyes of the world’s public. The expectations are immense, and this is something that the BRICS have to handle, to live up to. The simple truth that escaped Ana Palacio is that when the Wall Street boys were playing casinos, they were literally playing with the savings and livelihoods of billions of people around the world. With billions of people within their borders, China and India were the most sensitive to such calamities.

The years 2001 and 2008 have shown how the combination of financial chaos blended with international disorder, as a consequence of international terrorism, could be highly detrimental to economic stability and the modernization project of China. The BRICS started as an economic safety-valve but recently the priorities seems to be re-adjusted. Rather than diminish in importance the BRICS is taking extra responsibilities. In a very interesting study on the changing nature of the BRICS, Peter Van Ham made the following remark: “The discourse around the BRICS has been predominantly economic, and has only recently shifted into the domain of security. Starting off with the BRICS’ call to have a greater voice on global economic and financial governance (in the IMF and World Bank), the on-going war in Syria proved their growing role in security matters. In October 2011, Russia and China (backed by abstentions from Brazil, India and South Africa) blocked a European-drafted UNSC resolution that called for an end to Syria’s crackdown on protests. The BRICS acted in concert and as a strategic grouping to prevent a Western call for ‘regime change’ in Syria.”²⁵⁹ In 2008 the international economic system almost collapsed and the BRICS was put together to stop the contagion spreading to the developing regional powers. Since 2010 Arab Spring, the

²⁵⁸ Ibid.

²⁵⁹ Peter van Ham: The BRICS as an EU Security Challenge - The Case for Conservatism, a Clingendael Report, September 2015, found online at: http://www.clingendael.nl/pub/2015/the_brics_as_an_eu_security_challenge/ (downloaded – 15.05.2016)

international political system is coming under increasing pressure. It looks as if the BRICS is not about projecting power, there is no hidden project to create a challenger to a system built by the West. It very much looks like an initiative that is trying to guard against the negative effects created by the indiscriminate use of morally suspect methods by the West.

As the leading member of the BRICS, China has several policy options to deal with eruptions of conflicts in areas otherwise considered politically stable. One of this option, privileged by China is the concentric outward expansion of its economic sphere. Again, there are precedents. The economic integration of South-East Asia by Japan, starting in the 1960s, acted as a pacifier in a region where things could have flared up, especially due to the Cold War tensions spilling into the region. Through economic integration Japan imposed a modernisation agenda that forced the political elites of the region to concentrate on economic planning, and accompany it with political reforms to achieve an overall systemic transformation. What happened to Vietnam, Laos and Cambodia during the height of the Cold War could have easily infected the rest of the region. The contribution of Japan in a sense was a trigger to a greater good. Japan might have done this for its own economic good, to have access to a pool of skilled labour but indirectly it pulled countries like Malaysia away from political infightings and pegged the elite tightly into a healthy economic competition with other members of the South-East Asia region. In the process making them globally competitive.

China has to deal with labour shortages that might cause inflationary pressures inside the labour market which are having a dysfunctional effect on the rest of economy, leading to the possibility of a degradation of its international competitiveness. China should take the example of Japan in the 1970s and the 1980s when the Japanese economy started to face similar labour shortages and similar wage inflations. Although Japan was forced to build factories in Europe to escape regulatory and trade restrictions, the main bulk of its industrial expansion took place in concentric circles. As the Factory of Asia, Japan expanded its production capacity to Taiwan and the ASEAN countries. China was avoided initially because of political reasons, and in retrospective this could be interpreted as a mistake because the normalisation of relations between these two countries could have laid the re-foundation for long term Asian consolidation. Another lesson to be learned from the Japanese experience is that Japan's inability to manage the rapid rise in wage inflation lead to the creation of the property bubble, and generally the creation of the asset bubble which eventually burst in the late 1980s. Economic analysts differ in their interpretations unto why industrial production stalled in Japan, in what was called the "Lost Decade" but they all agree on the fact that wage inflation and the consequent property price rise lay at the base of the problem. What is more important to notice

is that unlike Europe where unemployment keeps rising due to the lack of economic growth, Japan did not face serious problems of unemployment.²⁶⁰ China still has time to do things differently and avoid blockages to its international competitiveness.

It is very urgent that China reduce the inflationary pressures to remain competitive in the global market. As one commentator points out: "The era of cheaply made in China is coming to an end. But then the environmental consequences of that were devastating too."²⁶¹ The industrial heartland, Guangdong ideally situated to be connected with "One Asia" civilizational hub has to be regional and not follow a national logic. As one scholar observes: 'Guangdong accounts for one-third of China's exports and would rank as one of the world's 10 largest exporters if it were a country in its own right. But the province's ability to attract and retain migrant labour from China's vast interior is slipping.'²⁶² For all intents and purposes "The problem is particularly acute in southern Guangdong province and its Pearl river delta manufacturing heartland near Hong Kong, the region known as "the workshop of the world".²⁶³ China is in the process of working together with Burma, Bangladesh and India to link-up the eastern states of India to create an integrated economic zone. The basic Japanese method of integration means that this process has to be intensified before Asia confronts a 2008 style economic crisis. The well experimented Japanese method could easily become the BRICS method.

Oliver Stuenkel got it right when he argues that the BRICS is about the respective regions of each country on a primary level. Taking the BRICS debate directly to the global level is not understanding the fundamental vocational aspect of the group. It is about global governance but in a very indirect manner. The underlying idea of the group is that everyone does his/her homework at the regional level with an eye to all the other member regions. Asia as a region has several sub-regions and dominant players. Both India and China are too big to be restricted to their own regions, their influence has historically transcended their borders and will continue to do so, as long as their territorial integrity is maintained. Economically, China is way ahead of India and will continue to do so for a few decades more, but even then India

²⁶⁰ Jacod M. Sclesinger: Adam Posen on Japan's Recovery: Going Right, Just Not Going Well, Wall Street Journal online, Aug 3, 2014 11:50 pm ET, <http://blogs.wsj.com/economics/2014/08/03/adam-posen-on-japans-recovery-going-right-just-not-going-well/> (downloaded – 15.05.2016.)

²⁶¹ Kerry Brown in an interview for world finance: Industrial activism in China is 'a big enough issue' says author Kerry Brown, World Finance (online), June 26th, 2014, <http://www.worldfinance.com/inward-investment/asia-and-australasia/industrial-activism-in-china-is-a-big-enough-issue-says-author-kerry-brown> (downloaded – 15.05.2016.)

²⁶² Tom Mitchell (in Shaoguan): China's 'workshop of the world' suffers acute labour shortages, Financial Times Online, February 26, 2010 2:00 am, <http://www.ft.com/intl/cms/s/0/066cc966-2278-11df-a93d-00144feab49a.html#axzz48hy5r5UB> (downloaded -15.05.2016.)

²⁶³ Ibid.

cannot be neglected. India has had considerable civilizational influence in the South-East Asian region and things cannot be permanently done without India. Oliver Stuenkel sees the situation as follows: “Each BRICS country's difficulty is three-fold. First, they need to develop a cohesive and compelling vision of what they want their region to look like - how to improve transport links, how to promote democracy or political stability, which regional institutions to establish, and how the region should relate to the rest of the world. Second, they need to convince neighbours that the implementation of such a project generates positive results for the entire region, and that fears of regional bullying are unwarranted. Finally, they need to muster the diplomatic and financial muscle to turn their vision into reality - after all, infrastructure projects (roads, ports, etc.) to connect the region tend to be costly and complex. Over the past decades, none of the BRICS has been particularly successful in addressing the three concerns, largely due to internal development challenges.”²⁶⁴

My interpretation of the situation of the BRICS and Asia-Pacific is that both India and China should be conscious of their past civilizational roles; somehow, even thousands of years ago, the confluence of the two civilisations did take place. Disruption of the process came about when the two countries were attacked, China from the north, and India from the north-west and hundreds of years later the Europeans intensified this disruption and accentuated it the differences. The pull was so apart that by the 1960s both engaged in a minor war that even now seems inconceivable. Both the countries have to go back in time and see how things went wrong and then try to rebuild all that has been ignored, let to dereliction over the last couple of centuries.

The prescription by Oliver Stuenkel might look like a tall order but it is not. He is asking each country to have a cohesive vision, be convincing and use their financial muscle to pull things together. This is something that India has failed to do for more than half a century in South Asia. As a consequence this sub-region of Asia has become the most failed corners of Asia instead of being one of the central pillars as it was over the millennia. Without India and China, Asia would never have been the dominant continent that it was and will never become one again without the two regenerating themselves. India has failed to realise its potential and failed in its responsibilities. There are historic reasons for this temporary change of trajectory. India is not even able to fulfil a fraction of what is required to give a minimum of dignity to its people.

²⁶⁴ Oliver Stuenkel: China's Silk Road Fund: Towards a Sinocentric Asia, Post-Western World (online research portal), 21 Nov. 2014, <http://www.postwesternworld.com/2014/11/21/chinas-towards-sinocentric/> (downloaded – 15.05.2016.)

There has been suffering and many things still have to be put right but China has been much more successful in preserving the dignity of its civilisation, even if it meant enormous material and human costs. It has got the country back on the civilizational rails. But China is only one half of the old civilizational matrix, India is the other missing half. From China's perspective things are not easy. It has to engage India for its own sake and at a higher level for the cohesion of Asia but because of the ambiguities and misunderstandings of the last half a century it has to be cautious. Everything it does could be misinterpreted by the Indian elite which for long has been ideologically fed by a foreign hand. The media in India and the West report daily on border tension between the two countries, and regularly political use is made of it. For this reason and many others, China has to leave aside ideology and take a functional approach towards its neighbour, in the interest of a long term perspective.

The first step towards further rapprochement between China and India is to take a simple and practical view about each other's needs and see what good neighbourly gestures can be taken. Both countries have big demographic problems, one because it has a rapidly aging population and the other because it has too much of a young population that could become idle without jobs. Something has to be done otherwise the stability of both countries will come under pressure. On 26 April, 2016 the United Nations Development Programme (UNDP) put out a very interesting report on the demographic trends in the Asia Pacific region.²⁶⁵ According to the report, although most of the Asia-Pacific region is generally getting older, there is a clear divide between trends in South Asian sub-region and the rest of the region. This difference will have a significant impact on the economic life of the whole region. The UNDP report sends alarm bells ringing for most of the region but especially for China: "Asia-Pacific has the world's largest number of older people at 489 million, of whom over 209 million live in China. By 2050, the region will have more than 1 billion older people. The share of older people in Asia-Pacific populations, having doubled from 6 percent in 1975 to almost 12 percent in 2015, is projected to reach about 25 percent of the population by the middle of this century."²⁶⁶ It is positive that people in Asia are living longer like their Western counterparts but at the same time it could mean a period of painful adjustments on a massive scale: "The number of 'oldest old' will almost quadruple, from 58 million in 2015 to nearly 246 million in 2050..."²⁶⁷ And a relatively high percentage of these 'oldest old' will come from the People's Republic of China.

²⁶⁵ UNDP in Asia and the Pacific: Official launch of the UNDP study, <http://www.asia-pacific.undp.org/content/rbap/en/home/hdr.html> (downloaded - 15.05.2016)

²⁶⁶ Thangavel Palanivel (Lead Author): ASIA-PACIFIC HUMAN DEVELOPMENT REPORT (2016), Published for the United Nations Development Programme (UNDP), UN Plaza, New York, 2016, p. 120

²⁶⁷ Ibid.

An aging population could not have been an issue had it not been for the fact that the population of China will peak out somewhere around 2027 and will take a downhill path to reduce the population to less than a billion in the year 2100.²⁶⁸ The aging population is a double-edged problem for policy makers, since a largely reduced population and working population will sooner or later lead to a subsequent reduction in the productive base of a country. And directly or indirectly, this will affect the pension payments and the revenues of the elderly. At the same time, in terms of costs, they will shoot up because of the pressure put upon the health and other related social services. The UNDP report indicates that the pension burdens surely have to be resolved: “The overall dependency ratio, which was nearly 36 percent in 2015, could approach 43 percent in 2050, largely reflecting how the old age support ratio, or the number of working-age people per older person, is rapidly decreasing.”²⁶⁹ When the United States built the current international system after the Second World War, it was in the middle of a baby boom and had every prospect of maintaining the right balance between the pensioners and the working population. This surely influenced its decision to divert its energy to building an international system, and bear the costs of maintaining it. China is expected to step into big boots and bear the cost of reforming or building an alternative international system just when a big part of its population will no longer be actively involved in its economy. The picture can look bleak when China thinks strictly in terms of its national economic base.

China can solve its pensions crisis and keep the competitiveness of its economy by thinking in terms of economic spheres. These spheres can be far greater than what exist within its borders. It should think in terms of the spread of its market and its supply-base. China has managed its economic interests extremely well in the last thirty years and surely knows what to do but for the sake of current discussion on the BRICS group, one has to point out the possible scenarios that could allow China to leverage its power and bring solutions to a multiple of issues that require its urgent attention.

One such solution would be to think in terms of Asia first and only then think of the larger world. China could solve its demographic and pensions problems by turning to South Asia. According to UNDP report: “Subregionally, the share of older people is currently largest in East Asia and smallest in South Asia.”²⁷⁰ There is more than thirty years gap between China

²⁶⁸ The Guardian Online (UK): World population by country: UN guesses the shape of the world by 2100, <http://www.theguardian.com/news/datablog/2011/may/06/world-population-country-un> (downloaded - 15.05.2016.)

²⁶⁹ Thangavel Palanivel, Op.cit.

²⁷⁰ Thangavel Palanivel (Lead Author): ASIA-PACIFIC HUMAN DEVELOPMENT REPORT (2016), Published for the United Nations Development Programme (UNDP), UN Plaza, New York, 2016, p. 120

and South Asia in terms of industrial development and population trends. South Asia does not add up to a quarter of China's GDP although its population is much larger. This means that South Asia is much younger and markedly poorer, with substantial differences in wages. The UNDP report makes this very clear: "An astonishing 34 percent of youth in Asia-Pacific are neither in school nor the labour market. Many face long periods of unemployment, which may delay their options to move into adult life, such as by starting a family, and depress life time earnings."²⁷¹ There is a huge pool of potential labour force ready to be employed in South Asia. If China decides to alter its industrial planning and strategy to include these mass reserves of labour force available to it in South Asia, it could be equally assured of acquiring a better market. By moving surplus industrial capacity to Asia's poorest sub-region, China will have a tremendous impact on the revenues of young households there. This would immediately create a much more prosperous market for its manufactories. Profits deriving from such operations could be channelled into the pension funds, if they are not already equity-based.

For China, demography should not be a national issue, it should be a regional issue. Some years ago the Economist online had this to say: "Three forces will dictate China's rise, Mr Subramanian argues: demography, convergence and "gravity". Since China has over four times America's population, it only has to produce a quarter of America's output per head to exceed America's total output. Indeed, Mr Subramanian thinks China is already the world's biggest economy, when due account is taken of the low prices charged for many local Chinese goods and services outside its cities. China will be equally dominant in trade, accounting for twice America's share of imports and exports."²⁷² Since then demography has become an issue and a loud one at that, to keep its economy ticking and to convert its economic weight into political leverage, China needs to integrate India into the calculation, take India on-board its own growth trajectory and mutualise the destiny of both countries.

Arvind Subramanian of the Peterson Institute for International Economics argues that by 2030 China and India will represent 18% and 6% of world GDP respectively.²⁷³ This means several things. First of all, with a population exceeding that of China, India will have plenty of catching-up to do, an enormous growth potential for the next 30 years or so, which can be tapped into by the neighbouring economy which will at the same be the biggest in the world. In the foreseeable future, together they will go to representing more than 40% of the world

²⁷¹ Ibid.

²⁷² THE ECONOMIST ONLINE: Spheres of influence - By 2030 China's economy could loom as large as America's in the 1970s, THE ECONOMIST ONLINE, Sep 9th 2011, 15:14, <http://www.economist.com/blogs/dailychart/2011/09/global-economic-dominance> (downloaded - 16.05.2016)

²⁷³ Ibid.

economy. If one were to add the rest of the Asia-Pacific region to the sum, the region will surely represent more than 60% of the world's GDP, especially if countries like Indonesia, with a forecasted population of 300 million and a high-spending middleclass of 135-170 million is set to reach a 1.8 trillion USD²⁷⁴ gross domestic product; and it will probably continue to produce high growth similar to India, also geared into the catch-up game. The ASEAN will in general stride ahead if no flare-up of conflict is organised in that dynamic region. This will mean that Asia will be back in the driving seat.

After more than two hundred years of “lost centuries” Asia will regain its former position as the biggest concentration of productive power, capital accumulation and consumer spending. According to Samir Saran, Senior Fellow and Vice President, The Observer Research Foundation: “...China, Japan and Korea between them have close to U.S. \$5.5 trillion in foreign exchange reserves...”²⁷⁵ This pool of reserves will surely continue because the international political and economic environment will continue to be crisis-ridden. And as mentioned earlier a billion pensioners in the region will also mean that the pool of savings will be many times the official reserves. In a scenario where various sub-regions of Asia are neatly sewn together, everyone will be a stake-holder in all of the other sub-regions, giving greater solidity, synergy and coherence to all of the Asia-Pacific region. Talking of the resilience of Asia after the shock of Lehman Brothers and 2008 economic down turn, the governor of the Bank of Japan had the following to say and goes well to underline the point I am trying to make: “Intra-regional and cross-regional trade in ASEAN economies is growing much faster than the global average.”²⁷⁶ What he is trying to say is that by building “pipes” between the economic “tanks” Asia has managed create a system of stability, the free flow being one necessary condition.

Building Asia will mean a lot of inter-building, national policy will at the same time mean inter-regional policy. Tinkering and tailoring at the national level will no longer work if the inter-regional aspect is no longer integrated into the policy making process. The governor of the Bank of Japan expresses the situation as following: “I would like to point out three structural changes supporting the strength of the Asian economies. The first change is that the supply chain in Asia has been enhanced. An intra-regional supply chain network, covering not just finished goods but also other areas of the supply chain ladder such as raw materials and

²⁷⁴ Raoul Oberman (Lead author): The archipelago economy – Unleashing Indonesia’s potential, McKinsey Global Institute, Washington, September 2012, preface section

²⁷⁵ Samir Saran: Why the ‘Asian Century’ Might Actually Belong to India, Not China; The World Post-Huffington Post, Jun 02, 2015, http://www.huffingtonpost.com/samir-saran/asian-century-india-china_b_7496170.html (downloaded - 16.05.2016.)

²⁷⁶ Haruhiko Kuroda (Governor of the Bank of Japan): Realizing the Asian Century Speech at the International Conference on The Future of Asia - transcript, Bank of Japan, May 24 2013, p.1

intermediate goods, has been established by the relocation of firms, thereby underpinning the global competitiveness of the region.”²⁷⁷ He has said it all. China and Japan have to relocate part of their excess capacity to South Asia, as Japan did in the 1970s and 1980s in the case of the ASEAN.

If done in time, if policy makers understand the tectonic shifts in the world politics, world stability will depend upon the three biggest economies of Asia being integrated ever more. The combined GDP of Asia is expected to reach 50% of the world GDP by 2050. Enhanced systems of integrated stability could elevate this to 60% as Asian currencies start to appreciate to replace other minor world currencies like the British Pound. The Japanese Yen in the late 1980s and 1990s started to appreciate very rapidly, and today stands to be the third most prized currencies of the world. This would make the Asia-Pacific region a centre of multiple strands of capital accumulation, innovation, production and consumption. The European Union at one point tried and partially succeed in doing this, but unfortunately it lost its sovereignty to its transatlantic relation, Europe could not become the centre of gravity although it possessed the world’s biggest GDP and technological edge. At that time Nokia was the prime mover not Apple. Europe was moving in all directions, failed to anchor itself and integrate the lesser parts; the bigger and richer countries were too much concerned for their own immediate interests. The logical steps were not taken to build viable long term structures. And there should be no big surprise that it has lost the confidence of its people.

China should learn from the mistakes made in the European adventure, either serious efforts should be made or one should not even think of commencing the whole thing. The best method to adopt would be to start by strengthening existing structures and later build new ones as the need arises. The European Union at the beginning was very salient with the Franco-German relation at the very centre of the construction. But when the United Kingdom joined the European Economic Community, the expansion of the EEC was disoriented, and expansion increasingly looked like rapid conquests of Alexander the Great, expansion without proper and well-thought-out consolidation. Germany and France should have taken more time to integrate each other’s economies. The process was not seen positively by the new members either, since most of the opinion polls show that the public feels uncertain about the EU. The sporadic moves of the European Union are now regretted by everyone involved. China and India should avoid this. They have to deepen their integration and then try to integrate the rest through concentric circles. In other words the India-China relationship within the BRICS should be enhanced and

²⁷⁷ Ibid.

Asia made the centre of gravity. Once Asia becomes the centre of gravity for the world economy, it can open up to the rest of the BRICS and the world.

This said, there is much rejoice in certain circles that China's economic growth is slowing down and at the same time other indicators like debt-to-GDP ratio are on the rise, and that the trend will not change any time sooner. 'The country's binge on credit since 2009, which has brought the debt-to-GDP ratio close to 300 percent, a perilous level for an upper-middle income country, has not triggered a financial crisis. Its real estate bubble, perhaps the largest the world has ever seen in terms of completed but unoccupied residential housing, is leaking air but has yet to crash totally.'²⁷⁸ Minxin Péi Tom and Margot Pritzker '72 Professor of Government at Claremont McKenna College thinks that the slowdown in China will make it less assertive and inward looking: "Now that China's economic engine is finally stalling and its weaknesses are inescapably visible, the obvious question is whether China can continue to sustain its assertive foreign policy. Based on past Chinese behavior and existing hard constraints, it seems that, if there is anything positive coming out of China's economic unravelling, it will be a less assertive foreign policy."²⁷⁹ Again, as in the case of Ana Palacio, Minxin Pei singles out China when similar things could be said about many other countries. What he forgets to tell us is that the debt he mentions is mostly private debt. The finances and the tax base of the central government in Peking are extremely healthy and central finances are very conservatively managed. To add insult to injury Professor Pei reiterates: "So the silver lining in China's economic maladies is that Asia's new sick man is not as threatening as when he was strong."²⁸⁰ Indeed, such rhetoric is miss placed and reduces the academic value of the rest of what he says. Historically the evidence speaks against Pei, China rarely adventures into things and has seldom ventured outside its immediate neighbourhood. One thing is for sure, when the vital interests of the Chinese nation are threatened the whole nation rises and saves the day. China is much healthier than most and whatever its apparent strength, whenever it wants to get something done it will get it done, whatever the odds.

BRICS is not an amplifier of Chinese power, intended to challenge the established world order. BRICS is built around the idea of regional responsibility and concert, it is a bottom-up approach to managing world affairs. If the world was well managed by the dominant power no

²⁷⁸ Minxin Pei: Will China's Economic Collapse Save the South China Sea?, The National Interest (online magazine), August 27, 2015, <http://nationalinterest.org/feature/will-chinas-economic-collapse-save-the-south-china-sea-13713> (downloaded - 15.05.2016.)

²⁷⁹ Minxin Pei: Will China's Economic Collapse Save the South China Sea?, The National Interest (online magazine), August 27, 2015, <http://nationalinterest.org/feature/will-chinas-economic-collapse-save-the-south-china-sea-13713> (downloaded - 15.05.2016.)

²⁸⁰ Ibid.

one would have thought that an alternative was necessary. The indiscriminate and shambolic condition of the world post-2001, post-2008 and 2010 shows us that, after all it is not that bad to have a safety net like the BRICS to confront the consequences of the next flush of casino-economics. The value of such a safety net will be credible only if there are no weaknesses in the net of confidence between the member nations, especially India and China. BRICS, to be long-lasting has to be a strong and loyal partnership between China and India, and only then can it be anchored deeply into the Asian soil. The Asian corner pacified through integration and durable development will lead to a better world order, a solid brick to build upon.

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8. Building Foreign Policy Resilience in the 21st Century: The Concept of Commonwealth²⁸¹

Abstract:

Today, the international system is in disarray. One rarely knows who is a friend and who is a foe, and for how long. In such a conjuncture, integrating into dense institutional frameworks or alliances could be seen as the obvious thing to do. It could mean stability and anchor in a stormy world political system. But the reality could be something quite the opposite. Big and powerful countries can pretend to have bellwether foreign policy strategies. The same cannot be said of small countries, especially countries like Serbia, who are seeking to navigate in the middle lane. Here, what is required is flexibility, to be abreast of crises and stay afloat. Today's international system pushes agile foreign policy systems to seek shelter under concepts and methods that are practical, functional and provide leeway and latitude. Most importantly, they are looking for accommodation of both divergence and cooperation, under an ethic of equality. For this reason, it is my opinion that the value of "commonwealth" as a concept should be re-assessed and made more adaptable for today's foreign policy needs. Loose systems of associations will have the advantage of keeping channels of communication open and at the same time preserve the much cherished national sovereignty. For countries like Serbia, the system of commonwealth would allow for the maximisation of national control over its destiny and preserve its resilience.

THE CONCEPTS AND MODALITIES OF COMMONWEALTH AND WESTERN TRIPLE AXIOM (WTA)

The Commonwealth:

Commonwealth as a concept is a means to managing change in international relations, in a non-coercive manner. There has to be a constant appraisal of these instruments and a hierarchy set. As Cicero, the great Roman statesman is thought of saying: 'No form of

²⁸¹ R. Byrappa, "Building foreign policy resilience in the 21st century," in *Security challenges and the place of the Balkans and Serbia in a changing world*, 2020, pp. 42–53.

commonwealth is ever maintained for very long.’ (Zetzel, 1999, p. 30). Change and adaptation are the only constants. ‘One of the great strengths of the Commonwealth as an organisation is its manifest ability to adapt to its environment.’ (Groom, 1984, p. 294). According to A.J.R. Groom the: ‘... four functions are: a capacity to adapt to the social and physical environment as a coherent unit; the ability to integrate sub-units; a sense of identity; and sufficient self-knowledge to enable goals to be set.’ (Groom, 1984, p. 294). Commonwealths could be built at different levels and managed in a devolved manner. The basic characteristic has to be that it has to be proactive but non-constraining to the participants: ‘It is not overtly coercive and its structures are not oppressive. It brings a sense of community into the struggle to control coercion and dismantle oppressive world structures.’ (Groom, 1984, p. 303). In terms of perception, commonwealths are very advantages because they are not perceived as formal alliances put together against someone or some specific threat. And therefore act as complementary instruments for traditional strategic and foreign policy elaboration.

Inside a commonwealth framework, one can choose the level and intensity of cooperation and at the same time concentrate on the coordination aspect of the forum or grouping. On a practical side, the economics of the commonwealth structure are also extremely attractive for countries that have few resources but would like nonetheless to maintain a strong international visibility. Staying on the practical side, ‘... compared with the UN the Commonwealth is speedier in its processes because of the absence of a constitution or elaborate rules...’ (Groom, 1984, pp. 302-303). The commonwealth as a concept also provides greater flexibility and adaptability, ‘... all of which stem from habits built up consensually, and relate to a penchant for flexibility and diversity.’ (Groom, 1984, p. 294). The commonwealth could in this manner act as an ante-chamber for an alliance, if complete trust is established fully.

The greatest strength of the Commonwealth as a concept is that it is not geared to forcible integration nor loyalty. Instead it allows for the natural growth of both, and thus attains greater resilience and sustainability. (Groom, 1984, p. 295). These positive characteristics could be greatly incremented by the establishment a Secretariat that is: ‘... not too strong but competent, flexible and efficient, can be a device for facilitating consensus and acting as a barometer and bridge transregionally, between official and unofficial...’ (Groom, 1984, p. 303). As a working concept therefore, the commonwealth provides much needed fluidity in negotiations.

The Western Triple Axiom (WTA) / Co-dominance / Co-gérance:

What does one mean by the Western Triple Axiom? The Collins English Language Dictionary describes an axiom as: a statement or idea which people accept as being true. For the last 70 years there was one phenomenon, called the West, which most Europeans thought to be the natural aspiration of everyone. The West, worldwide is a cultural phenomenon, which is very diffused and impalpable and almost a cliché. But in Continental Europe it is real, tangible and omnipresent, and it is not perceived in the same way in Western Europe and Eastern Europe. Seen from an Eastern European perspective it can be defined as the Western Triple Axiom (WTA), three layers of control: the first is the blanket control by the military power of NATO, the predominant economic power of the European Union and finally the over-arching industrial power of Germany. However, there is a twist to this, on the surface it looks like a blanket dominance of the US but at a closer look it is, at least for the moment, a co-dominance of both the US and Germany. And as Britain leaves the European Union, France gets industrially marginalized, German preponderance becomes overwhelming. This was long anticipated: ‘With the increasing significance of frameworks of cooperation and integration, like Nato, the OSCE, the European Union and the G7/ G8 summits, this civilization is now functionally more intensive than it ever has been. With the democratization of Southern Europe ... Eastern Europe, it is also geographically more extensive.’ (Tewes, 2002, p. 3).

This is the repetition of structures of world integration. From the 1880s onwards, there was no doubt that both Germany and the United States, who had no largescale empires, were the main organizers of the world economy. (Kees van Dijk, 2015, pp. 177-199). They systematically created the conditions for the disintegration of all other spheres. The First and the Second World Wars decided who would be the leader of the tandem and who would play the second fiddle. With ups and downs, and periods of lapses, this collaboration has continued to expand and prosper. They always had common enemies and ambitions, and never really saw each other as enemies but rather as accommodating contenders keen to work out the modalities of co-dominance. (Kagan, Foreign Affairs, May/June 2019). Another way of seeing the European integration would be to see it as a co-gérance (meaning co-tutelage or co-management, a *French term*) of their industrial integration of lesser nations.

The way it was done in Central and Eastern Europe, after the collapse of communism, was by the disruption of local economic sovereignty and self-sufficiency. They prioritized certain sectors in a rational and organizational logic that gave preponderance to co-gérance. (Wandel, 2010, p. 141). As whole swathes of industrial sectors were closed or delocalized to China, revenues fell sharply giving rise to household debt and the consequent financial integration under the co-gérance. In the final act, co-gérance then rations industrial/economic

capacity to integrated territories (member states), creating permanent dependency. In Europe the US has modelled the co-gérance by giving Germany economic predominance but denying it any viable form of military self-sufficiency. After 9/11 and the war on terrorism meant that the security dimension of American influence over Europe and especially Germany increased, forcing all relations to obey the law of integration and central control. (Aldrich, 2004, pp. 732-733) From this perspective co-gérance means overall integrative control remains the privilege of the US while the day-to-day integration becomes the responsibility of Germany. Some in the CEE do not see this in a favourable light, instead preferring a co-gérance between China and Germany, hoping that the integrative process would be a little more disengaging. But none have taken the decisive step to promote this model for the moment.

All the reason why the concept of Commonwealth should be considered, not as an alternative to the integrative dynamic of Western Triple Axiom or Co-gérance but as a strategy to find foreign policy lee-way, a breathing space, autonomy and an insurance policy to counter the excesses or failures of this unstoppable integrative dynamic. The concept of commonwealth provides a repository of initiatives that should not annoy the Co-gérance. The following case studies will go on to illustrating these conceptual formulations. In an ad hoc manner I chose Japan to show the dangers of over integration and its apparent inability to find autonomous foreign policy initiative. As an alternative model I use Hungary to illustrate how a relatively small country, at the core of the integrative dynamic, has successfully established a breathing space in its foreign policy initiatives and created a high degree of sovereign centrality.

THE CASE STUDY OF JAPANESE AND HUNGARIAN FOREIGN POLICY STRUCTURES:

With a GDP close to 5 trillion USD, compared to Serbia's 50 billion USD, Japan obviously has enormous economic resources at its disposal. But does this mean that it has a foreign policy that can defend its national interests at various levels? In spite of all its wealth and industrial expertise Japan is considered a foreign policy dwarf, unable to articulate its priorities in the regional and global domains. During the cold-war period, Japan was lulled into a dependency on the United States for most of its foreign policy requirements. But the same dependency started to become an impediment after the collapse of the Soviet Union with a huge price tag attached to it. During the First Gulf-war Japan was forced to pay an astronomical 13 billion USD. (Funabashi, 1991, p. 59).

The deep bilateral retrenchment looked like a strong shield with a rational and reasonable US foreign policy but this had a disastrous side-effect of shielding off Japan from having its own home grown foreign policy, oriented towards neutralism: 'The very conditions under which Japan achieved her independence involved her in a firm alliance with the United States and in a commitment to certain important aspects of American Far Eastern policy...' (Morris, 1960, p. 9). After describing the situation as a precarious abyss, Yoichi Funabashi states that: 'Overdependence on its bilateral relationship with the United States undermined Japan's creative diplomacy by closing off avenues to other foreign policy initiatives... Regionalism was seen as both bad politics and bad economics.' (Funabashi, 1991, pp. 62- 63). Defeated at war and locked into a 'protected alliance' with the United States Japan did not try to create alternatives for itself and nor did it contribute to creating an environment that would loosen great-power dominance: '... Japan has seldom tried to present itself as a rule-maker in the world community. The rules were already there. Japan simply tried to adapt to them and, if possible, excel at playing the game.' (Funabashi, 1991, p. 60). And since the 1990s, this handicap has not been systemically and systematically addressed.

Japan desperately lacks instruments of delivery for its influence, regionally and globally. And it is notably struggling to establish visibility and grappling with the possibility of slipping down the hierarchy, in the way it is viewed by the outside world, from a power to be reckoned with to a power that does not count. In my opinion the main problem for Japan is that most of the avenues it tries to build are adjoined to the main boulevard of its bilateral relation with the United States of America, bogged-down by the straightjacket of the American model alliance and cooperation. Once, one enters this relationship it is extremely difficult to disentangle oneself from it, without provoking a collapse in a very important relationship. This could come when Japan accommodates its foreign policy to democratic wishes of its people rather than the '*gaiatsu*' politics or '*outside influence*'. (Funabashi, 1991, p. 73). Japan is not alone in this.

In a similar fashion Hungary, a Central European country, is accommodating with an EU-NATO-German '*triple lock-down system*'. But its approach to regaining control of its foreign policy destiny looks much more creative and successful, without upsetting anyone. Before joining the EU: the 'three goals of Hungarian foreign policy in 1990 were a transatlantic orientation, regional stability and support for Hungarians in neighbouring countries.' (Hoebink, 2010, p. 195). With the membership of the EU these priorities were disturbed because the EU has its own priorities that it would like to superimpose over the national levels. This makes Hungarians weary of outside control. In 2010 the Hungarian people gave a clear indication that they wanted a fundamental change. There was pressure to signal a new departure that would

guarantee greater '*manoeuvrability*' or '*articulation*' of national desires of a '*genius loci*'. There is also a desire to build alternatives to reduce the overall dependency on outside instances. What will happen if the WTA weakens or simply collapses? Big countries can rescue themselves but small resource-restrained countries will be devastated. They will be faced with an arduous process of extraction, similar to Brexit, and an uphill task of rebuilding their foreign policy priorities. A good example of this is the collapse of the Soviet Union and Yugoslavia. S. Frederick Starr, writing in Foreign Affairs, treats the whole of Central Asia as a clean slate, where any big power can sketch its own design; simply because these countries did not have their own foreign policy design. (Starr, 2005, pp. 164-167). Countries in ex-USSR struggled for decades to build-up credible and workable foreign policy structures. From this point of view *straightjacket agreements* and deeply *entrenched arrangements* are very disadvantageous for small countries. Talking about the aftermath effects of Brexit on the broader European affairs, David Keys in The Independent Online wrote the following: 'It will further increase the economic centrality of Germany, accentuate differences between France and Germany and increase divisions between southern and northern Europe. What's more, divisions within the EU (and potential post-Brexit economic and strategic tensions between the EU and the US (and between the EU and Turkey) could very well also weaken Nato.' (Keys, 2019). Any responsible government should prepare for all eventualities.

To avoid uncertainties, Hungary has endeavoured to construct or strengthen existing *commonwealths* at various levels and in concentric circles, in a very rational manner, just in case the EU and NATO commitments were to weaken. It has to avoid institutional bonds that would irritate the Triple Axiom but it could enter *commonwealth arrangements*. It systematically tried to reinforce its foreign policy resilience. Projecting one's reputation in the international arena is considered vital in the rehabilitation of a country's status. (Crescenzi et al., 2012, p.261). The first step it took, was to strengthen the relations between itself and its community outside its immediate borders, in a very peaceful and constructive manner – giving support for educational improvements. One has to be acquainted to the fact that, during 1945-1990 period many Hungarian communities living outside the immediate borders were systematically weakened. (A. R., 1947, pp. 125-127). And even Hungary under communism did not redress the situation. (Deme, 1998, p. 308). The second step was to strengthen the Visegrad-Four forum, in order to align economic and political interests of the Central European segment of its immediate geopolitical neighbourhood. The third step was to extend this framework to encapsulate the whole of the Central and Eastern European region (CEE) with the 17+1 formation. In this forum Hungary is mainly seeking greater manoeuvrability and

harmonization so that the region could empower itself economically without undergoing a process of *constraining integration* similar to that proposed by the WTA. The idea is that the stronger the region becomes economically, the more resilient each CEE member becomes. The fourth step is the realisation that the economic and geopolitical importance of the Turkic Sphere of nations is increasing and it could present Hungary with inter-regional advantages. It is for this reason that Hungary became an observer member of the Turkic Council and has now decided to become a full member of it. ('Hungary provides state scholarships for more than 700 students from the states of the Turkic Council.' (Govt. Hungary Portal, 2019)). This policy coincides with that of Eastern Partnership proposed by the EU. A win-win situation for everyone. Finally, the fifth step is to entice global outreach. Hungary is neither a leading economic and financial power nor a leader in specialised technologies the world is desperate for, so it has to find other means to reach out to the larger world. Being predominantly a Christian country, Hungary has decided to make the defence of Christianity as one of its priorities. For this purpose, it is in the process of building a loose commonwealth of global diversity, as a peaceful consultative forum. (Govt. Hungary Portal, 2019). All the above are not alliances but *commonwealth initiatives* that are giving a structural lee-way and meaning to the Hungarian foreign policy without imposing any constraints upon it. In this way Hungary can stay globally visible and connected, whatever happens with the WTA or segments of it.

What is missing however, are commonwealths that would include Austria, the Balkans and Romania. Although Austria, Hungary and Romania are in the European Union, there is not enough coordination to create a similar framework as the V-4. And the Balkans region as a whole is too eclectic for any meaningful and rational grouping. This said, a solution could be arrived at for both cases, through a Lower Danube commonwealth grouping. This would have the advantage of remaining outside WTA and at the same time bringing together Austria, Slovakia, Hungary, Croatia, Serbia, Romania and Bulgaria. Currently the European Union has initiated a Danube Region which is part of the WTA integration dynamic, it has its privileged place. The purpose of the Lower Danube commonwealth that I am proposing would be a looser association that would deepen understanding between the members and set regional or sub-regional priorities. The first and foremost priority of the Lower Danube Commonwealth would be to create regional economic cooperation and complementarity, and also put in place a strategy for infrastructures that make this easier. It is possible that in the future ideological commonwealths in the fields of radical or expansive conservatism could be created to make Hungary more connected, especially with a post-Brexit Britain.

SERBIA AND THE PROSPECTS FOR GREATER FOREIGN POLICY RESILIENCE:

Serbia has lost its primacy in the Balkans and with that has lost control of the prime levers of its domestic and foreign policy. The corner stone of its preponderance in regional affairs and its significance came from its high degree of autonomy and self-sufficiency; it had acquired a remarkable status and an enviable position in international affairs. Even the mighty thought of befriending it rather than offending it, let alone attacking it. And a quarter of a century since the demise of the Yugoslav federal structure, Serbia has a difficulty in moving away from its isolation and reformulate a durable foreign policy; in order to regain its previous status.

During these last twenty-five years, it was deprived of all the opportunities provided by globalisation while she is now confronted with the uncertainties created by this very globalisation. Unable to rebuild itself as needed it is pushed into a resource-retrained phrase of world development, where a lack of diplomatic and foreign policy integration can become a structural impediment. My argument is that in order to attain resilience, both domestic and foreign policy domains, small countries like Serbia have to maintain active cooperative networks. Whatever perspective we look at Serbia seems to be at a crossroad and a crucial moment in its diplomatic and foreign policy choices. The first thing for Serbia to do is to identify core constituencies, domains and interests, both short and long-term. It has then to map out and highlight elements that can strengthen its resilience over time. These domains and commonwealths could be:

1. Diasporic Commonwealth
2. Heritage Commonwealth
3. Geopolitical Commonwealth
4. Knowledge Commonwealth

1. Diasporic Commonwealth:

Since the demise of Yugoslavia, many Serbian communities are scattered across the Balkans. And over centuries, the need to remain culturally and spiritually attached to their home country has meant that a dynamic Serbian diaspora has been established. As a foreign policy domain, diaspora is central for its resilience. The current Serbian state method of managing relations with the diaspora has been legalistic and institutional with the passing of a

comprehensive law in 2006, which came into effect in 2009, called ‘Law on Diaspora and Serbs in the Region’. It is a very praiseworthy initiative, and it is a very logical move by the Serbian state given the fact that ‘remittances’ by the diaspora constituted 8.6% of the GDP in 2018, according to the World Bank. (worldbank.org). But this approach has a few weaknesses. By wanting to have an institutional control over the diaspora, Serbia risks isolating some of them and even make them hostage to eventual conflicts or tensions between Serbia and the host country. The recent experience between Turkey and its diaspora in Germany is a good illustration of this risk, straitjacket systems do not work. (Vidino, 2019). What is needed is a system of commonwealths, where the initiative comes from each specific community; and the Serbian state helps in the coordination of these desires.

2. Heritage Commonwealth:

Historically, before Europe was plagued by petty nationalisms, the Balkans, the Carpathian Basin and the Black Sea Basin were one big melting pot. There was a free flow of people, cultures and goods. Historic heritage sites of one nation can be found several hundred kilometres inside the neighbouring country. In terms of religious and cultural heritage the same patterns can be observed, orthodox tradition dominates the region, closely followed by the Ottoman and the Catholic traditions. For thousands of years it was a region with inter-ethnic conflicts. But these negative experiences are only one aspect of the region, a facet that is overblown by competitive national discomfiture. And it also represents a unique richness in terms of natural beauty, culinary diversity and architectural extravagance. The region also overlaps that of the Danube River Basin. What is more, for most of the countries in this region, intra-regional trade represents more than 50% of their trade. For Serbia it is around 40%. (OEC, 2018). Given these undeniable positive attributes, a commonwealth can be formed as a bedrock for further enhancements, mainly infrastructures for a variety of needs like trade, tourism, research and development and educational facilities.

3. Geopolitical Commonwealth

Serbia has wisely decided to declare itself a neutral country but this might not be enough: ‘Alternatives are of no value if they do not have a clear purpose that motivates abandoning existing concepts.’ (Agrell, 1984, p. 159). The West would like to see Serbia distance itself from Russia before taking its neutrality seriously. The relationship with Russia

is complex and it is more than a relationship of interests, it is deep-rooted and civilizational. Both the EU and NATO are powerful straitjackets and would aim to squash Serbian neutrality in the bud. To balance the situation or make it more palpable, Serbia has to find solutions that would guarantee its neutral status; would avoid entering into formal alliances. The best option for its neutrality to prosper would be to reduce tensions by adopting mechanisms of conflict prevention. There is no conflict prevention and conflict resolution forum in the region. A commonwealth dealing with regional security and peaceful resolution of conflicts is very urgently needed. Who better than a neutral Serbia to take the initiative to organise such a forum?

4. Knowledge Commonwealth

Serbia is faced with serious problems attracting and retaining talent. As its population ages, it will need high value added jobs to maintain its state-functions, its welfare system and pay for the modernization of its economy. The flow of talent and a qualified labour force would be key to its future success, and integration at the upper end of the world economic hierarchy. The current strategy of the advanced countries has been to monopolise talent and thus have a control over the highest-yielding form of capital. Leading countries like the United States pick and select researchers and create despotic exclusivity in terms of research capacity and the sharing of the results. (Selvaratnam, 1988, p. 52). This is going to create a knowledge aridification as the most qualified researchers are plucked and new research is restricted in countries of departure. Serbia can benefit massively by setting a new trend. Serbia could promote development by creating a pool of knowledge that is catered for underdeveloped countries. Because what is supported by WTA is its own development. (Selvaratnam, 1988, p. 59). And most importantly Serbia can stop and reverse the brain-drain. The Southeast Asian Ministers of Education Organization (SEAMEO) is a good example of this. It was created as a 'regional intergovernmental organization established in 1965 among governments of Southeast Asian countries to promote regional cooperation in education, science and culture in the region.' (seameo.org). With the SEAMEO framework there exists the Regional Centre for Higher Education and Development (RIHED). Commonwealth forums are created for specific research or educational programs and financed in an ad hoc manner. Serbia should consider creating similar regional and inter-regional, non-binding commonwealths.

CONCLUSION:

A small country with a small economic capacity does not always mean that it is devoid of foreign policy options. It is true that Serbia is in a special and highly delicate position, because it is surrounded by contending military alliances in an acutely sensitive geopolitical region. The burden of foreign policy construction is further complicated by its newly acquired status of neutrality. A fundamentally new approach is needed in order to find appropriate policy instruments. My idea in proposing these commonwealths was to meet four basic needs for Serbia's foreign policy. Firstly, to protect Serbia's new-found neutral status. Secondly, to give greater foreign policy visibility at various levels. Thirdly, to provide an affordable foreign policy framework. And finally, it should provide, flexibility and manoeuvrability, allowing for adaptability in an ever changing world. I am not saying that the concept of commonwealth will suffice but it could certainly be a parallel support that can be counted on, in times of crisis and to confront periodic systemic upheavals. As A.J.R. Groom said of the Commonwealth: 'The world could survive without it, but not as well.' (Groom, 1984, p. 303).

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9. CEE's Plans for a Resilient Integration with the EU²⁸²

Abstract:

The European Union (EU) has a hierarchy of integration processes and priorities, in the scope of an ever-expanding empire. States in the EU are not equal, especially in their function and assigned roles. In the ever-changing architecture of international order there is a lot of teamwork, sometimes ad hoc and sometimes coordinated. At a regional context, the EU integration process also takes place with the assignment of role-playing, to organize the expansion of the EU. Its favoured instrument of integration was the market. But as China gained control of this market system, the EU is abandoning it in favour of classical geopolitical forms of integration, which might reinstate a degree of belligerence in Europe. The decisive factor in the processes will be the role played by Central and Eastern European (CEE) members of the EU. There are stark differences between CEE countries, but consensus is emerging unto a new Eastern model of integration and reconstruction at national, EU and Transatlantic levels. This will have a profound impact on concepts like sovereignty, nation-state, and the whole idea of integration. After a brief appraisal of theoretical concepts like integration and sovereignty, the study will sketch the Eastern model and the EU integration process.

Keywords: Foreign policy resilience, integration, disintegration, white nationalism, sovereignty, discrimination-state, systemic discriminative order, feudal state, feudal diaspora

Word of caution:

History is happening in front of our eyes. The whole of Donald Trump's presidency was considered as some kind of heresy, out-of-the-norm event, a miss-step of established order. And not seen as a return of something or the beginning of something else. One of the reasons for this is that we, structural historians, refused to be pulled into the debate. A tacit acceptance, that history as a discipline pertains to the past and has little to do with the present and even less to do with the future. Firstly, this attitude makes a nonsense of the concept of the *long-durée*. I cannot tell my students that the long durée of Nazism ended with WWII. Or equally that Communism ended with the collapse of the Berlin wall. Secondly, we more than others, should

²⁸² B. Ramachandra, "CEE's Plans for a Resilient Integration with the EU," *ÖT KONTINENS: AZ ÚJ- ÉS JELENKORI EGYETEMES TÖRTÉNETI TANSZÉK TUDOMÁNYOS KÖZLEMÉNYEI*, vol. 2018, no. 1, pp. 7–22, 2021.

know that historic paths come to life when someone starts to use them, from this moment the present becomes a historian's business. Finally, structural historians map-out past patterns exactly to become a witness to emerging patterns. We have our part to play in showing how future patterns impend. The CEE caught my attention, as a historian, because I feel something is moving and conjecturing to create a pattern. The essence of CEE's global history is characterised by fear. Fear of being neither here nor there. The fear of being overran because of a conflict in which it has no stake. Fear of paying the dues for its insignificance. Fear of perpetually being outgunned. And most importantly this fear is coming from intelligent communities. My quest is just to search for a "pattern" of explanations and not to legitimise this or that opinion or political consensus.

INTRODUCTION

Integration is about building trust since it is mainly about changing the architecture of sovereignty and its centre of gravity. This is especially true in the context of unequal partners. Although moving to a desired situation does involve a conceptual construction, integration should be done by a fundamental understanding of the reality and cannot be built upon a purely conceptual reality. The problem for the new candidates is to benefit from the largess of the European Union and at the same time avoid falling into the trap of extinction or insignificance within the larger Leviathan. New models of existence have to be created before total integration, sometimes perceived as absorption of the smaller by the bigger. This supposes that at some juncture instruments of inequality should be replaced by structures of equality, in order to retain the trust of the integrating elements in the whole process. Over the last twenty years the EU's integration process has entered a period of sustained languidness, pointing to failures at several levels. The EU has failed to produce resilient structures and paths for attaining equality at the level of the citizen, communities and nation-states. Since the last fifteen years, the time when a large number of Central and Eastern European (CEE) countries joined the EU, not much has been done to deepen integration for the purpose of greater equality among its citizens and communities. This vacuum in constructive policy has led to confusion, disenchantment and loss of confidence at all levels. In the absence of strong guiding principles, fear for the future has become the guiding factor, especially in the eastern league of countries that joined the EU since 2004. To begin with, prosperity and security have lost the national scope of resilience. In effect, the prosperity and security of an Eastern member depends upon the prosperity of the EU,

dominated by France and Germany. In turn these two countries depend upon the United States for the same elements. This has been the case since the economic outlay of the Marshall Plan (1948), followed by the creation of the North Atlantic Treaty Organization (1949) to provide security to Europe. These are layers of entrenched dependencies which are creating fears of a systemic collapse of these arrangements. This shows a structural weakness in the EU edifice and therefore the integration process. After a theoretical appraisal on sovereignty and integration and its resilience, more light will be shed on the actual process of integration and disintegration in the European Union. In particular, the Eastern members choice of imposing a 'discrimination-state' as a model of integration in an extended White Nation, making the current process as temporary and non-resilient. Could it be that they are imposing disintegration to gain a degree of equality? Although there is no such intention, their actions could be misinterpreted as being that.

INTEGRATION AND RESILIENCE: A THEORETICAL APPRAISAL

Almost all political theories and ideologies, when implemented, tend to lead to either integration or disintegration of units, trends and processes. Under these circumstances it is impossible to point to one set of theoretical precepts which embody the process of integration exclusively. Those who come close to looking at the integration process are the organizational theorists dealing with corporate organization. In this field, optimal integration of units is of the utter most importance for the overall good-functioning of the corporate structure, whose aim is to deliver the awaited results, to achieve specific goals. This is especially true in the context of multi-national companies which sometimes extend their organizational capacity over several hundred units with specific cultural contexts. The corporate world is improving its capacity by constantly addressing integrational problems that might arise or are latent to the initial structure. It is always a question why there is a 1000 year gap between political organization of the world society and corporate organization of our economic existence. There is no simple answer to this question the difference is that one is rational and universalist while the other is feudalist in its function and outlook.

I see four distinct elements that contribute to the organizational integration and its efficiency in the corporate world that could help political integration. The first is *transparency* in the chain of actions and input that takes place, and thus anomalies or barriers to integration can easily be identified. Secondly there is a clear unitary *responsibility* established, who is responsible for what. Thirdly, *trust* in contractual and other patterns of relations is primary,

what should the outcome be and if not, what the consequences should be. Trust is the key to a successful and resilient integration process. Trust should be the guiding principle to all steps taken toward integration, because on the other side of the coin, integration always involves sacrifice and some form of irreversible process of disintegration. Without a proper and trustable alternative none will be willing to accept disintegration and sacrifice. And finally, structural resilience is provided by *movement* of people and procedures (knowledge and know-how), making it essential for survival of the whole structure and its uniformity. Since the lack of necessary skills will reduce the level of optimization and efficiency, and eventually lead to the collapse of that structure. All these four elements are brought together by the building up of a corporate culture, with an eye on its capacity to change and adapt. The idea is that nothing should impede an organization to change and re-optimize its capabilities. Corporate culture is created out of the four elements mentioned above. This culture is at the same time a fine balance between submission to organizational restraint and boundless creative freedom. Not all situations in the corporate world are ideal or optimal but those who excel in their domain and maximise wealth-creation are those that weed out discrimination, anomalies and integrational problems.

Among others around the world, Western Enlightenment was about the same preoccupations but focused on the whole society, if not the Humanity at large. Essentially, the purpose was to dissipate violence and channel the thus gained energy and harmony to extract humankind from misery by the proper organization of the material life. It was thought that rational thinking and science can solve the problems of the whole humanity. (Bourdieu, 2018, p. 245). According to some, the biggest contribution made by philosophers like Saint-Simon was that he showed us the oneness of humanity and provided the precepts by which to achieve this unity. (Simon, 1956, p. 316). From his point of view, there is no other or better resilience than this, a constant movement towards the unification of purpose and objective.

The nation-state and one-humanity universalism are part of the same process – integration. Both got a boost in their functionality after the French Revolution (1789). Organizing *l'Humanité* on the principles of progress defined by Saint Simon and August Comte, meant that structures of organizing capacity, a body of authority, was needed. For the sake of efficiency, mainly language communities became the hosts of these “structures of authority”, the Nation-State. Seen from the perspective of the revolutionary heritage, sovereignty was tacitly defined as the unbridled capacity to organize the national community, as a building bloc of a global cohesion. This process was integration, eliminating local and feudal blockages. National administrations were strengthened, national markets created,

linguistic codifications streamlined, and national priorities imposed. This process of integration eliminated local sovereignty, at the sub-national level. Only a small number of highly efficient state-systems could preserve a degree of local autonomy. The ultimate beneficiary of this enhanced process of integration, alternately called nation-building, was supposed to be the individual, and by way of aggregation the whole of humanity. The end game of the process, promise of the revolutionary heritage, was supposed to be the liberation of the individual from all forms of discrimination and sufferance. To this end, the management of violence would be transferred to the state. In practicality what this meant was that the Modern State and its functionalities were created by an absorption of ‘... the feudal and patrimonial rights of the Middle Age.’ (Gierke, 1951, p.82) The feudality was not keen on liberating the individual, its true *feudum*, although the pressure to modernize was increasing. Universal resilience was contrary to feudal resiliency. Faced with this tension, integration was bound to go through periods of convulsions.

PARTICULARIST SOVEREIGNTY AS “A RIGHT TO DISCRIMINATE”

The fear of losing domanial control led to a feudal panic, and ultimately to belligerence and war. From the humanist and universalist point of view, the two world wars can be signified as a reversion to discrimination as a method of social, economic and political intercourse and classification-stratification process. In short, a conflict between nations that discriminate. The process of integration in Europe regularly erupts into violence and hatred, with catastrophic consequences. For Hannah Arendt, the reasons for this are evident. She argues that the nation-state is a perverse mechanism that is characterised by inherent weaknesses, inhibited by mistrust and antagonism. The heart of the matter, according to the philosopher, is that (feudal-religious) absolutism is a constant that makes any form of integration almost impossible. The perimeters are fixed and irremovable: ‘The European nation-state, which has received the inheritance of absolutism, rests on the trinity of people, territory, and state.’ (Arendt, 2017, p. 8). Arendt argues that the nation brings with it the heritage of absolutism, encapsulating both feudal absolutism accompanied by the religious absolutism of the church, when it conquers the state apparatus: ‘The nation-state comes into being when the nation takes possession of the state and the apparatus of government.’ (Arendt, 2017, p. 9). This feudal process of the nation and state capture makes everyone else within that territory stateless. When empires were dismantled, this was exactly what happened between the two world wars. (Arendt, 2017, p. 10). The race to build nation-states crystalizes the fact that, in all regions of the world, the constant struggle to

define and redefine a national community, the strengthening of particularism, imposes statelessness on large sections of the population: non-nationals, the poor, religious and other minorities; in general, all these groups are considered marginals. Seen from the Hannah Arendt perspective, far from being integrationist under the tradition of universalism, the nation-state has become an irreducible feudal segregationist with discrimination as its state theology. The feudal element not only appears in the political construction but also in the economic. Since nation-states of the feudal pattern tend to pool the collective resources and attribute them to one particular community, the so called national community, through a system of discriminations and privileges. This is the main reason why nation-states claim exclusivity over people and territory. This fact prevents nation-states from wanting to integrate into larger systems because there will be a loss of feudal domanial control over a “system of discriminations and privileges”, since the resilience of the particularistic nation-state depends upon it. This resilience is in turn articulated as national sovereignty, in the process making change and integration all most impossible.

Sovereignty thus becomes an element that is incompatible with the process of integration. This vision perhaps originates from a misreading of Jean Bodin. He was one, but Thomas Hobbes, John Locke and many others tried to solve the problem of stability and legitimacy. (Struwe, 2012, p. 8). Sovereignty seemed to suit the conditions but in no way were intrinsic to the nation-state. It should in no way be construed as an impediment to change or transfer of authority when needed. (Althusius, 1964, 61-73). In the Weberian thought, sovereignty is no longer an attribute of a single authority but shared by a pattern of institutions; he even talks of a combinations of authority – ‘ruling organization’ (Weber, 1978, p. 262). The organizational perimeter of legitimacy is expanded, without the nominal core wanting to give-up feudal tendencies. It is probably from this perspective that Mark Netzloff also sees sovereignty as being: ‘a contingent, provisional designation conferred as a means for negotiating overlapping, potentially competing obligations to a variety of political bodies and relations, from those of kinship, alliance, and service, to corporate, civic, and professional affiliations, as well as the transnational loyalties and enmities of confessional identities.’ (Netzloff, 2014, p. 1509.) In contexts where the intermittence of ideologies, alliances and tactical dependencies are high, sovereignty has a whole new meaning. Sovereignty becomes an object of negotiation, give and take, barter at the convenience and discretion of the (state) authority in control. It is a dynamic concept, permanently convoluting and adjusting to the transactional reality of the day.

However, in the feudal-monopolist pattern of sovereignty “a state within a state” configuration is difficult to assume. Otto Gierke, the German State theorist writes: ‘Indeed we may see that the Philosophic Theory of the State often sets to work with the assumption that there cannot be two States one above the other, and that above the State there is no room for a World-State, while below the State there is only room for mere communes.’ (Gierke, 1951, p. 97). What this shows is that there cannot be two predators in one compound, even when the grazing ground becomes larger. Gierke’s whole endeavour is about creating institutional resilience through a non-conflictual pattern of integration in the form of subsidiarity, all in one unified cultural setting. And he says that this might not work if extrapolated to a higher level. He clearly asserts that in the hierarchy of integration the (nation-) state level is the most resilient: ‘The *Imperium Mundi*, which rose above the Sovereign States, had evaporated into an unsubstantial shadow, and at any rate was stripped of the character of a State, even when its bare existence was not denied.’ (Gierke, 1951, p. 97). Its capacity to outlive and outperform the supra-state is much greater. Unlike the supranational state, the nation-state is ideally placed to look both ways, it is much more efficient in imposing its will both inside and outside. The supranational state (*Imperium Mundi*) is too far from the individual to give legal protection when in need, especially when the individual comes under attack from the (feudal-nation) state. This is the situation of the EU today, it is devoid of a coherent response to the discrimination state ideology modeled and operationalized by some of the members of the CEE.

THE THREE INTEGRATIONS: FEUDAL LEVERS OF CHANGE AND RESILIENCE

The CEE’s main principles of integration are an overwhelming State with a minimal engagement, primacy of Christianity in all walks of life, traditional self-sufficient family as a bottom-line social unit and white nationalism as a root cultural identifier. These principles are moved incrementally across three levels of geographical integration. The first and foremost is at the national level where a core system of discrimination is created, modeled and exemplified. Second is to provoke change and create belligerence at the European level. And the final level where a systemic unification of the white nation is organized. All these principles and levels of integration are closely related to the perception of resilience and its logic in the CEE region. The idea is that without some form of foundational principles a nation cannot exist. And this nation cannot guarantee its survival in a globalised world without a strong Europe. Furthermore, this Europe cannot be strong enough in the racial competition without the apportion of the plinth of white power, the United States of America. The whole structure is unified not

on the basis of inter-state interests but integrated through exclusive racial bonds and a system of white-preference in areas like immigration and other opportunities. These perceptions should not be judged in a negative manner but rather one should take time to understand their logic.

1. National Integration: creating a systemic core (model)

The CEE region suffered from a chronic deficit of capital, native capitalism and local economic development. With low incomes and savings, capital formation was difficult and at the pace of economic growth the region could never level-up with the West. Added to this the whole region started to suffer from labour shortages due to the combined effect of demographic deficits and emigration of qualified workers to the West. In these conditions economic resilience would be difficult to create and maintain, means and methods have to be put in place to create surpluses. Long term economic planning could not happen since forced privatizations meant that effective control and economic sovereignty was transferred to a ‘distant’ Western Europe and beyond. In a globalized world, this could spiral any country into insignificance. Domestic and national consolidation is the sovereign right of the government of each country. And the Eastern European member countries made their further integrative process conditional to several elements, which they see as necessary for their systemic resilience over time. Firstly, given their level of development, demographic deficits, geographic location and particular history, they want to reintroduce *discrimination* (Wanat, 2020) as the guiding principle, as opposed to the established universalist principle of *equality*. (Zalan, 2020). This way of thinking sees the socio-political system as a hierarchy, static and immovable. To avoid controversy, one possible way to interpret this desire is to say that in their Christian model of society, as a base unit, is the “self-regulating and self-sufficient family” and not the individual. (Holdren, 2020). It is deemed that self-functioning units need an in-built hierarchy, because equality breeds chaos in issues like economic livelihood and the choice of the number of children born etc. Seen from this perspective, in the Eastern *modus operandi*, discrimination is the backbone of national sovereignty. A reaction of small nations from a weaker economic position, as a method of protection. This naturally leads to the next element of national sovereignty. The family units are guided by feudalistic relations (control and ownership) and the same links them to a system of loyalty to the state. As a payment for their loyalties Christian families are bestowed with tax privileges and other benefits. And when full national sovereignty is regained, the individual’s place and function will be limited to that within the family unit, the socio-economic *feudum* guided by a patriarch. The state’s access to the individual goes through the traditional

(Christian) family, and thus the state has no direct responsibility to the well-being of individuals, considered as marginals. (Coman, 2019). This relation leads to a situation where a whole category of people will not have rights but only obligations. As time goes, the consequence will be that this group of state-less individual citizens will increase. (Strzelecki, 2020). And because the nation is that which is integrated into the state, these marginals, a relative majority, will also become nation-less, in line with Arendt's explanation mentioned earlier. The third characteristic element is the culturally consensual (press-button) population. The idea behind this line of thinking is that a nation that has confusing ideas on its destiny is a doomed nation. When a government sets national objectives, people should follow these objectives with full dedication and devotion. This is why the sole function of the media systems is the communication of national priorities and there is no place for useless journalistic tug-of-wars. This can make sense. In exceptional moments in a nation's destiny, where collective effort is needed, to achieve the set goals.

This in turn leads to the final element of the CEE model: that democracy is about national salvation and not individual greed and deviance. Democracy and state functions are about pooling the resources and distributing them to a specific "nation" which may or may not have fiscal responsibilities, in either paying taxes or debts accumulated by the state. In this sense both Nation and State acquire feudal prefixes. This art of winning elections and harnessing the democratic will of the people is a special craft, fast becoming a speciality of the CEE countries, much in demand in the West.

Some might contest this model and way of seeing things, but it is important to study them from a historic point of view, before judging them. One should understand the fears that bring about such models of integration within a nation-state. And at the same time, we have to consider the CEE "Discrimination-state" in light of the English Class-system, the Indian Caste-system and the Chinese Confucian system. All these exist and very few critics seem to see them as anomalies, and yet all of them are semi-officialised systems of tacit or open discrimination. Although in the later examples the discriminatory systems might be considered as not pertaining to the official state system, they do influence state action and the way it appropriates the resources of a country.

2) European Integration: evacuating colonial heritage and creating belligerence

The CEE project for the whole of the EU could be a necessary catalyser for a bigger change and a better integration that could give greater resilience to the whole Union. President

Duda of Poland wants a ‘...strong, secure and just Europe built on the foundation of common identity.’ (Kaczynski, 2019). After suffering cultural, economic and military domination for almost fifty years the Easterners do not want to be victim to the same pattern in a culturally, economically and militarily weak and disoriented European Union. The biggest fear of the Easterner is that the EU does not have enough belligerence or the military capacity to defend itself, it does not have enough fire power to accompany its feudal expansion into the Russian sphere or secure Africa as its backyard. (Olewe, 2020). For this to change Europe should have one identity and one will. The argument goes that this can only happen with a cultural unification. According to the Easterner’s logic all “loss of cultural identity” has consequences on demographic composition, state spending and unity.

All these have a deep impact on the EU’s capacity of belligerence. The idea is that a non-Christian society (traditional family model) has a direct link to welfare spending, for example single mothers depend upon state benefits to raise children. Immigration is supposed to have the same damping effect on white demographic growth and also acts as a multiplier on welfare spending, because poor migrants are more likely to use the welfare handouts. This trend pushes up budget deficits. (Orbán, 2013). These high debt ratios not only weaken Europe’s capacity to innovate and invest but they also make higher defence spending impossible. So the capacity of belligerence is directly linked to the level of welfare spending. The general narrative is that a strong Europe (West) was kept in check not only by communism but also by an over-extended welfare state. According to the Eastern logic, the Welfare State has to be supplanted by the Christian Family model. This will bring a much needed relief in demographic growth and reorganisation of budgetary priorities. In essence the Eastern model contradicts modernity in favour of tradition, it opposes universalism in support of particularism. It prefers the “Right to Discriminate” and abhors “Open Universal Equality” (OUE). By OUE I mean that universalism enjoyed by Europeans is open to everyone on equal footing. But are the CEE countries the only ones who want to take the path of discrimination?

The weaknesses of the Western ideology of open universal equality were laid bare when the Bolkestein Directive was introduced in 2006. The contrast between words and deeds could not have been greater. By 2004, the West had completed an unprecedented industrial raid, appropriation and destruction of Eastern economic capacity. And it was swiftly delocalised to China. All in the name of convergence and accession to the EU. The only asset left at that time for the Easterners was their skilled labour. The Bolkestein Directive on services could have provided relief to the Eastern economies and societies. But the reaction of the West was of near xenophobia and racism. The “Polish plumber” encapsulated these feelings of rejection and

stigmatization. (Wesolowsky, 2006). It is true that millions of “posted workers” from the East invaded the Western labour markets. (Malhére, 2016). But it was not illegal, the directive laid down the rules and regulations in detail. The Eastern workers are treated to appalling work conditions with fraction of wages Westerners would accept.²⁸³ And by providing cheap labour to the Western economies the Eastern workers were making Western economies more competitive with greater accumulation of profits and capital. (Wesolowsky, 2006). It is here that the Eastern Islamophobia steps in. (Dudzińska, 2019). A feeling swept over Eastern Europe that Western Europe reserves much better treatment for its “migrant” Muslim community than them. The argument goes that the French, for example, were protecting their Muslim community through welfare handouts, while they were refusing to do the same to the white Christians from Eastern Europe. It is from this feeling that the Eastern ideology is born: fiercely Islamophobic, against the welfare state and fiercely against multiculturalism. If adopted by the West, this ideology will trap the West in a turmoil and that will make the CEE look like a safe haven. Western Europe has not solved the problem of its colonial heritage. It has not found compensatory mechanisms to redress the ills of the colonial past. Once that is done integration could become more resilient. Until then, the CEE ideological thrust has the potential to rip the EU apart, making disintegration before reintegration a sure possibility. Integrational resilience can be achieved through this model, but it will be a painful one.

3) Transatlantic Integration: systemic unification of the White Nation

Transatlantic integration chiefly concerns allaying fears and building trust. And trust is the last thing that the Easterners can hope for, since there is very little that can be hoped for. The Westerners in the EU have failed to produce an ideology strong enough to streamline all the members together in one unified goal. Like on all issues, the EU is divided on the North-South lines leaving much of the Easterners on the side-lines. The northern countries believe that NATO security arrangements should form the backbone of the Transatlantic integration. In the southern camp, things are not so clear-cut. Portugal and Spain are traditionally pegged to the south Atlantic, for historic, cultural and mainly economic reasons. This leaves France, Greece and Italy to decide which way to go. All three are traditionally more oriented towards the Trans-Mediterranean and see their future in taking control of that civilizational lake. It was

²⁸³ Erika Solomon, Valerie Hopkins and Alexander Vladkov: Inside Germany’s abattoirs: the human cost of cheap meat, The Financial Times online, January 8, 2021. URL: <https://www.ft.com/content/7b77ec15-7384-42d0-9da0-76c4b7f0872b> (Accessed: 10-01-2020)

for a long time a “geopolitical clearinghouse” for the West and its importance is incremented by the discovery of large deposits of mineral resources. (Zhukov, 2013).

France is in a generalized panic. Twenty years ago, it was a leader in most of the high-value infrastructures like: aeronautics, locomotion, nuclear, space and niche defence technologies. Today this position is nowhere. Since the year 2000 the EU expansion process has literally bankrupted France and its resilience. During Helmut Kohl and Gerhart Schröder, France could maintain a relative parity in power and competitiveness. The German reunification had already tipped the balance, but it was the accession of the Easterners that was detrimental in all aspects. While German influence and economy prospered in the CEE, France was slowly brought to its knees. The European integration was causing the disintegration of the French standing in the EU and globally. The combination of ‘China effect’ and the German ‘Mutti’ consolidation in the East is causing panic among French military planners and political elite. This is leading to a certain loss of composure and restraint, in favour of right-wing racial rhetoric and radicalism. France it seems is at the brink of belligerence. (Fraser, 2020). France seems to be adapting a three tier strategy to propel it back to its former self at the global level: 1) taking control in the Sahel, 2) establishing leadership over the Mediterranean and 3) imposing strategic autonomy in Europe.²⁸⁴ (Stephens, 2021). The biggest threat to this 3-tier strategy is Turkey, because it is the main challenger in all three theatres. Getting rid of Turkey from all three will increasingly align the Easterners with France: on religion, race and European unity and identity. The Northerners see Turkey as a key component of NATO (Taylor, 2020) while Southerners see incompatibility. But the General Secretary of NATO, Stoltenberg, recently declared: ‘And any attempt to divide Europe from North America will not only weaken NATO but also divide Europe. So I welcome European unity, but European unity will not replace transatlantic unity.’ (Buchard, 2020). This transatlantic unity further depends upon strong commitment to Liberal democracy, the EU, NATO, human rights and rule of law. (Fried, 2020). Complicating things much further.

Among the Easterners the consensus has not yet matured on this issue, Poland and Hungary have shown their diversion as far as the future of European defence is concerned. Poland has its own logic for wanting to reinforce the presence of NATO in the Baltic and the north-eastern part of Europe. But increasingly Poland is treating its security in terms of bilateral relations with Washington. (Fried, 2020). Hungary has its own reasons to think that Europe

²⁸⁴ Philip Stephens: Emmanuel Macron’s France is a post-imperial power in search of a role, The Financial Times, JANUARY 7 2021. URL: <https://www.ft.com/content/ddc3e8a9-ca7e-47c9-8e1d-d0f405fa520a> (Accessed: 08-01-2021)

should have a more autonomous stance when it comes to defence (Orbán, 2020). One way or the other, the region believes that Transatlantic relations have to be based on something else, something else that does not depend just upon every in-coming US president and his or her national security projections. America's security commitments to NATO and Eastern Europe in particular come with a bundle of uncomfortable obligations in their opinion. The simple fact is that Eastern Europe is at the mercy of the United States for its security, and it is not a comfortable situation to be in. Each US president has his own visions for security arrangements in Eastern Europe every four years. The region is in a desperate search for permanency in transatlantic relations, neither NATO nor the EU seem to offer it.

Donald Trump's election offered a possible way out. He had the same integrational priorities for the US that the CEE wants for the European Union. Above this, Trump went public with what they seemed silently in favour of – White Nationalism. Even if they might not be convinced of its virtues they might see a tactical advantage. Since Trump's presidency, one can no longer talk of American nationalism. Trump transformed it overnight into the American constituency of a larger white nationalism. (Blake, 2018). As Aaron Blake from the Washington Post puts it: 'Over the years, nationalism has inextricably been tied to race and ethnicity — the very idea of a defined, national identity in which certain people don't qualify.' (Blake, 2018). It looks very similar to the "Right to Discriminate" model undertaken and operationalized by CEE for the EU integration process. The 2020 Trump election campaign and the aftermath was a critical moment, the governments of Eastern Europe openly supported Trump during and after, refusing to congratulate Biden until the last moment. (Mathers, 2020). For many this attitude might look irresponsible and highly risky. The issue was widely publicised in the American right-wing media. (Crowley, 2020). Trump's re-election would have enhanced their plans, but it was inconsequential over the long term. The real strategic asset they were after was the American right-wing voters (Blake, 2018), the real source of permanency in transatlantic relations and commitment. And Poland has a very active diaspora to support the effort, in Congress and outside. The tradition started in the 1900s. (Pienkos, 2011). No president can do better than a strong bond between the Polish people and the American people, in maintaining a strong commitment of the US to the defence of Poland. Trump might have lost his second term, but Poland surely won an American constituency, making transatlantic integration hypothetically more resilient for it and maybe to the EU. All depends upon the unity of the American right and its preference for isolationism when it comes to Europe.

Conclusion

There is a noticeable divide between the West and the East of the European Union. The West might have some economic levers, but slowly and steadily the East has control over all the other levers in Europe. They will get what they want. Otherwise, they will switch on the boilers, until the cooker boils over. But at the same time this might act as a catalyser, a wake-up call for Europe to go back to the model universalism dreamt-up by President Mitterrand, Helmut Kohl and Jacques Delors, a harmonious Europe, that became the envy of the world. Chances are that we will never get back there again anytime soon. France, Italy, Belgium and Holland will reverberate the echoes of Eastern ideologies, the wind is blowing in that direction. In its long journey towards civilization, Europe regularly courted darkness, before becoming more resilient and humane. Today's level of political rhetoric and racial hatred makes Europe of the 1930s all too real. Macron's France seems to have bitten the bait and Merkel is waving goodbye. Western Europe is emptied of true leadership. An ideologically resilient CEE is on the verge of becoming triumphant, pushing for belligerence. It feels that it has a legitimate cause. History tells us that in the very long term the EU will be resilient, thanks to the tensions generated by the Easterners.

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10. Comparing Immanuel Wallerstein's critique of the BRICS with that of the creation of the United Nations²⁸⁵

Abstract:

With political and economic upheavals from Brazil to Russia, there is a sense that the BRICS initiative has lost speed and even grounded to a halt.²⁸⁶ This in turn is interpreted as a sign that the leading BRICS member, China, is more preoccupied with problems at home that need to be urgently resolved.²⁸⁷ Some even hint that China has no constructive plan for the future of BRICS, showing signs of amateurism, unable to match the prowess of Western countries in creating and maintaining a stable and manageable international system. Others point to the ethnocentricity of the Chinese approach, which fails to create a community of shared values and thus unable to push forward with an acceptable agenda, with a whole-hearted participation of other BRICS members. There are even some who argue that the consensus among the BRICS is more of an outward portrayal of stance than anything of substance. Sensationalism is part of everyday journalistic attitude and since it is largely paid for by western financial trusts one could hardly be surprised of the virulence. Surprising, however, is the frontal attack angled by notorious Marxists/Trotskyists like Immanuel Wallerstein. In his short article²⁸⁸ he echoes exactly the same views as the world of finance and stock jugglers. All his suppositions fail to take into account the conditions in which the current international regime was created in. The task of those laying the foundations looked much more straightforward. The dominance of the United States was unparalleled while other were reduced or were being reduced to rubble. The post-war consensus on the need to build a powerful international regime to shape a new world was easily arrived at a fat cheque book. But as we dig deeper, things were not so easy, those involved were sometimes diametrically opposed on certain issues while ready to cede and cooperate on others. In the context of the BRICS organisation, China is frequently attributed with intentions that are not substantiated with facts or historic circumstances. It very much

²⁸⁵ R. Byrappa, "Comparing Immanuel Wallerstein's critique of the BRICS with that of the creation of the United Nations," *DVACATE STOLETI / TWENTIETH CENTURY*, vol. 9, no. 2, pp. 73–86, 2017.

²⁸⁶ Steve Johnson: The Brics are dead. Long live the Ticks, Financial Times, January 28, 2016.

²⁸⁷ Rana Foroohar: Why the Mighty BRIC Nations Have Finally Broken, Time Magazine, New York, Nov. 10, 2015

²⁸⁸ Immanuel Wallerstein: "The BRICS - A Fable for Our Time", Commentary No. 416, January 1, 2016, Fernand Braudel Center, Binghamton University; available online: <https://www.binghamton.edu/fbc/commentaries/archive-2016/416en.htm>

seems that the vehemence can be cut out from the debate if one could understand the historic context of the creation of international organisations like the United Nations Organisation.

Keywords: BRICS, UN, Immanuel Wallerstein, China, India, alternative world order.

a. The construction of alternative world order: a reply to Immanuel Wallerstein's virulent attack on the BRICS organisation

“Rome was not built in a day” goes the popular saying. Most of the criticism aimed at the BRICS organisation (at least what is in the process of being formed) is that the nominal ideological background of each member country varies substantially from that of the other. As they stand, it is very difficult to qualify the political and economic systems of the BRICS countries. The pace and priorities of development of each country vary radically. In short, each member of the BRICS organisation has its own way of existing and doing things. For analysts and historians, who legitimately want to get a clearer picture of what happened or for those who want to trace the historic trends, the above described eclectic picture can be quite disturbing; even on a sunny day the BRICS organisation is difficult to apprehend. What one quite often forgets is that in real life things do not always happen as they are so often described in history books, sometimes what appears as history is an adjudication between what happens and the simplicity of configuration that a historian is searching for. In the past, the foundation of new international organisations went through similar apprehensions, at the divisions between the key players contributing to their construction. Financial analysts and unfortunately some dogmatically biased academics fail to grasp the nature of these developments.

From the standpoint of historians and academics, what is troubling is the fact that noted scholars like Immanuel Wallerstein have apparently joined the bandwagon in a concerted effort to discredit the BRICS organisation. The main problem with Immanuel Wallerstein is that by partly appropriating, tinkering and tailoring Fernand Braudel's worthy works, and by acting as a catalyst to the emerging wave of developmental studies, he has established a strong reputation for himself. And with his large and well-integrated network of academics and specialised journals, germinates neo-Trotskyist ideals; as time goes by this has increasingly become evident. His analysis of world events is thus biased, motivated by a close cooperation with Washington Consensus. In the following passages I will try to provide ample evidence to this extent.

The reader of Immanuel Wallerstein's article entitled "The BRICS - A Fable for Our Time" will realise that it masks a veiled hatred of that group of countries. Starting from the 1930s, the Trotskyist mission has been to discredit, deform and distort intellectual thought in the so called Third World. By an intricate academic game of naming and beaming the Trotskyists of the globalisation era make a ruthless march on the independent intellectual, patriotic movements around the world. While the Washington Consensus attacks them from the right, the Trotskyists attack from the left. And interestingly, overtime one realises that both attacks are very well coordinated. So it is nothing new that the emergence of a new world order is attacked by both, Immanuel Wallerstein joining the bandwagon was only expected. Unfortunately for him, the quality of his arguments against BRICS organisation are very poor, and have the opposite effect. As we will see his arguments are baseless and infantile, a last cry of desperation from someone who knows that he is on the losing side. In its current stage, we do not know the exact future of the BRICS organisation, but history is what teaches us to examine the historic evolution and not concentrate on the immediate picture. Immanuel Wallerstein does not make any effort to put the BRICS into any historical perspective, instead he decides to play with well-established prejudices and clichés, which is very disturbing.

In the first sentence of his latest comment on the BRICS organisation, Immanuel Wallerstein lays out his prejudices when he says that: "The story of the BRICS is a strange one."²⁸⁹ Why strange? What is strange about non-western regional powers and an ex-superpower coming together and protecting themselves from the excesses of the world's only Superpower? If Immanuel Wallerstein does not get the basic logic of the BRICS organisation right he does not understand the historic structure and dilemmas facing the world. Wallerstein thus become a victim of a typical Trotskyist like mistake of oversimplification and categorization, what fails their effort of categorization fails to exist or is not worth existing. It seems that Washington is not alone in its confused efforts to handle the BRICS, it is accompanied closely by western financiers and most of all, an international network of left-wing academics. It is a shame that reputed academics take a turn into fanaticism, which is well demonstrated throughout Wallerstein's arguments.

Wallerstein argues that the BRICS organisation has lost its "significance". According to him the reason for this is that since 2010 the onslaught of the economic crisis has reduced

²⁸⁹ Immanuel Wallerstein: "The BRICS - A Fable for Our Time", Commentary No. 416, January 1, 2016, Fernand Braudel Center, Binghamton University; available online: <https://www.binghamton.edu/fbc/commentaries/archive-2016/416en.htm>

the attractiveness of the member countries and thus bringing down the whole structure.²⁹⁰ For scholars of international organisation, this assertion by Immanuel Wallerstein is more than puzzling. Just because there is a bad economic conjuncture, a movement in the economic cycles, does not necessarily or automatically mean that an international organisation grinds to a halt. Why should there be a direct and indefinite connection between the BRICS structure and the pattern of economic cycles? It is like saying that in a given year there is less snow fall in the Alps and as a consequence the purpose of the river Danube becomes redundant. However much water there is does not radically modify the structural purpose of the river, it still carries water downstream. It is not the BRICS organisation that is strange, rather the reasoning of an Immanuel Wallerstein, whose intellectual capacities are chorused by his followers, day and night around the world.

There is no shortage of verbal disenchantment for the member countries, and as can be expected China becomes the focal point: “China's boom had been built on some shaky and reckless loan policies of the large number of regional banks that had come into existence, aided and abetted by considerable corruption. When the Chinese government sought to repair the damage, its growth rate plummeted, although it still remained relatively high.”²⁹¹ It is true that being an American citizen and in living in cosy suburbs of New York might have easily brought Immanuel Wallerstein into close contact with high profile bankers that brought about the near collapse of the international financial system, those that created the subprime “Ponzi” system in the United States and spread it across the globe. He probably means exactly this when he says “... aided and abetted by considerable corruption.” Once again Wallerstein is looking at the surface and fails to look deeper. It is true that there is what looks to be a house price bubble in the Peoples Republic of China and according to the Chinese government’s official publications there is corruption in the system. Apart from these general problems that exist in all developing countries and very well developed countries like the United States, the Chinese situation is in no way comparable to the “subprime crisis”. The average American bought his house with the money he or she did not have and thus pushed the prices up. In China the prices went up because the Chinese had and still have too much savings. The interest rates were so low that all savers expected a relatively better rate of return. The proof of this was that house prices went up even faster after the stock market crisis of 2015. Another remarkable difference between the United States and the Chinese economy is that there was an asset bubble in the USA without sizable disposable revenue increases, especially in the lower wage earners. In

²⁹⁰ Immanuel Wallerstein, *ibid.*

²⁹¹ Immanuel Wallerstein, *ibid.*

China there are both nominal and real wages rises. The asset bubble in this case cannot be considered as dangerous as the one in the US²⁹²; it is a concern but nothing in the scale of what California experienced at the height of the subprime crisis. One could bring hundreds of more examples to prove that what is dangerous in the context of the USA might not be the same in the case of China. Systematic generalisations that are preferred by world system theorists like Immanuel Wallerstein and other Trotskyists might be inappropriate instruments of analysis when we look closer at things.

Wallerstein goes from wrong assumptions to equally false conclusions, when he argues that the slow-down in China will contaminate the rest of the BRICS countries. He assumes that, especially raw material producing countries like Russia, Brazil and South-Africa will experience an economic collapse. China is a huge consumer of raw materials and there is no doubt about it, but history has examples with similar situations that did not provoke an enduring collapse of the supplier countries. The best and the most recent example is that of Japan and the South-East Asian countries. Japan too had an asset bubble and the economy switched into lower gear in the 1990s, this should have led to the collapse of the ASEAN countries. There were temporary tremors but the region moved ahead producing 5-6% growth rates, while Japan stayed in the 0-1% lane for decades. The collapse of the Japanese growth rates in the 1990s interestingly coincided with the resurgence of the American economy and its market for imported goods expanded. Countries like Singapore, Malaysia and Thailand were quick enough to adapt their export systems to the new opportunities provided by the US economy. The same example can be taken to demonstrate another point. The ASEAN countries did experience economic and political upheavals but these developments had nothing to do with Japan. Once again, Wallerstein is playing with clichés and wishful-thinking and does not equip himself with in-depth analysis of historic patterns. All events and patterns have their specificities and are unique in their occurrence, but a historic similitude of happenings will allow us to make better judgements, coming closer to reality as it existed, drawing the right conclusions.

When one reads Immanuel Wallerstein, one is confronted with a very disturbing style of reasoning and structuring of arguments. It is very difficult to decide if it is due to lack of in-depth knowledge of international relations or a fanatical blindness brought about by Trotskyist vision of the world. Concerning Russia's position, Immanuel Wallerstein has the following to

²⁹² Hanming Fang, Quanlin Gu, Wei Xiong, and Li-An Zhou: Demystifying the Chinese Housing Boom, April 2015, Princeton University, available online: <https://www.princeton.edu/~wxiong/papers/HousingBoom.pdf> (28-12-2016)

say, “Russia’s policies of heavy investment in the military combined with state-aided economic redistribution were strongly threatened by the fall in gas and oil price. Its geopolitical assertiveness in Ukraine and the Middle East led to various kinds of boycotts that hurt its economic national income sharply.”²⁹³ Economic sanctions related to the Ukrainian crisis were indeed very hurtful to the Russian economy but what does it have to do with the BRICS? Most of the oil producing countries have similar budgetary problems. One has just to see what is happening in Venezuela to understand that BRICS or no BRICS, economic cycles come and go. The sanctions imposed on Russia cut on both sides, since they are harming the EU members as well, and sooner or later both sides will realise the folly of this useless economic brinkmanship. On top of this, the elite renewal that is currently taking place in the West is pro-Russia, more or less accommodating Russian policies in the Ukraine. As was expected, once more there is a realisation that an irritated and bleeding Russian Bear is more dangerous than a calmed and cajoled one. This realism on the part of many Europeans originates from the fact that when it comes to vital national interests Russia has shown that it can make the necessary sacrifices. What is more worrying for the Europeans is that, faced with enmity on the western flank Russia is increasingly looking to its east, to China in particular. In the long-term, an energy dependent Europe cannot do without Russia’s oil resources. One would assume that Trotskyists the world over are aware of this fundamental truth, but as it is well known Trotskyists always had a problem with Russian patriotism. It is equally interesting to acknowledge the fact that a man who based his academic career on the analysis of “long cycles” should attach so much importance to the events spanning over several months. Or maybe it is the Trotskyist impulses that make him jump into the bandwagon along with the financiers who would like to see a blunted Russian power.

More fundamentally, Immanuel Wallerstein fails to put the development of the BRICS organisation into context. The indiscriminate use and abuse of the international system by the Western powers, especially by countries like the United States and Britain, has raised questions of legitimacy of the system. The 2008-2010 economic crisis showed that the United States can recover from the problems it created by printing the necessary amount of dollars through “quantitative easing”, without any concern to what the rest of the world thinks about it. Big powers like Russia and China, who had massively invested in the American bonds, saw billions wiped off the asset value of their portfolio. The expansion of NATO and the planned expansion of the European Union is portrayed as the natural expansion of liberal democracy and the free

²⁹³ Immanuel Wallerstein, *ibid.*

market model of development. But in geopolitical terms, this is territorial expansion which is seen by Russia as a threat to its security, Washington is trying to expand its power through the European political and security systems like the European Union and NATO. At the global level the contextual position of most of the BRICS countries, especially that of Russia is evident: the Western powers are creating a sense of lawlessness, if not open aggression of a new form. For Russia, the motor behind the BRICS initiative, there is no other option than to create an alternative world order. It can be the BRICS or any other organisation, as long as it provides an alternative. Medium-sized powers, more importantly the regional powers are more than preoccupied that the current world order will stop the momentum of their development in one way or the other. A search for an alternative is therefore structural and evident. What a pity that Immanuel Wallerstein does not see the structural adjustments that are taking place today, structures that will influence the way international relations are conducted in the coming years. Instead he wades-in empty arguments and trades phrases that have little substance.

Verbal gyrations reach a new paroxysm when Immanuel Wallerstein euphorically declares: "Oh, how the mighty have fallen! What remains of the geopolitical aspirations of the BRICS is anyone's guess."²⁹⁴ To this we can add another phrase 'Oh, how the mighty academics fall from grace because of their own inconsistencies'. But we would be quite wrong to make such an assertion, because it is a special craft that Wallerstein has used to create diversions and confusion in the nascent patriotic movements in the Third World. There is nothing on the ground to prove Wallerstein's jubilation at the prospect of the eventual demise of the BRICS organisation, it is just a diversion. As mentioned earlier he is a grand master of intellectual subversion and deceit. One event singularly illustrates what I mean by this. We have to go back to the high noon of the 'Arab Spring'. In March 2011 Chavez supports the view that the whole story behind the people's uprising in North Africa is indeed about oil and the West's move to grab it. This is how Wallerstein reacts to it: "Hugo Chavez's analysis seems to focus primarily, indeed exclusively, on the fact that the United States and Western Europe have been issuing threats and condemnations of the Qaddafi regime. Qaddafi, Chavez, and some others insist that the western world wishes to invade Libya and "steal" Libya's oil. The whole analysis misses entirely what has been happening, and reflects badly on Chavez's judgment – and indeed on his reputation with the rest of the world left."²⁹⁵ Wallerstein made this condemnation of Hugo

²⁹⁴ Immanuel Wallerstein: *ibid.*

²⁹⁵ Immanuel Wallerstein: *Libya and the World Left*, Commentary No. 301, Mar. 15, 2011, available online: <http://iwallerstein.com/libya-world-left/> (27-12-2016)

Chavez on the 15th of March 2011, by the 20th of October 2011 Gaddafi was executed.²⁹⁶ Between the French, the British and Americans the blame game still has not stopped. WikiLeaks and the leaked emails are still creating waves and as historians we have to use the customary prudence, we should avoid making any premature conclusions. But one thing is for sure, Immanuel Wallerstein was playing his role of creating confusion among the patriotic movements of the Third world and defending the innocence and good intentions of the Western leaders, thus fully accomplishing the Trotskyist mission. Wallerstein concludes his article by a strange statement: “The key struggle worldwide right now is the second Arab revolt. It will be hard enough to obtain a truly radical outcome in this struggle. Qaddafi is a major obstacle for the Arab, and indeed the world, left.”²⁹⁷ Once again by a strange coincidence the interests of the “world’s left”, whatever that might be, and that of the Western coalition are one and the same. In the light of this illustration we can arrive at a temporary conclusion, that when an organisation like the BRICS comes under fire from someone like Immanuel Wallerstein, in reality this means that the organisation is in the process of becoming a success. We can also assuredly say that it is part of a larger, coordinated effort to discredit the BRICS organisation. A mission to alienate the aspiring patriotic movements from supporting the effort of the BRICS organisation in building a better alternative.

Whatever the critics might say, there is one reality of the BRICS organisation that should not escape our attention: the more discriminatory the current world order becomes, the structural developments of the BRICS organisation will be strengthened and enhanced. One reality that totally escapes Immanuel Wallerstein is that economic woes will not bring down the BRICS organisation. On the contrary, every instance one or all of the members are confronted with a problem, the BRICS becomes part of the response to the problem. As mentioned earlier, Russia faced with economic sanctions from the West, took the initiative to intensify its economic integration with China. First, it moved to eliminate all border contentions with China that had blocked deeper cooperation. Then it moved on to lay down the foundations of a long term economic cooperation between the two countries with exchange of currency reserves and signing of important cooperation agreements in the energy sector. This does not involve the whole group but one important corner of the organisation is normalised. If a similar hat trick can be pulled-off between China and India, the BRICS organisation could pride in

²⁹⁶ The Guardian Newspaper: Gaddafi's last words as he begged for mercy: 'What did I do to you?', London, Sunday 23 October 2011, available online: <https://www.theguardian.com/world/2011/oct/23/gaddafi-last-words-begged-mercy> (28-12-2016)

²⁹⁷ Immanuel Wallerstein, op.cit.

putting the future of 40% of the world's population on a peaceful path to development. Domestic and international problems of the member countries can in the same way contribute to the development of the BRICS organisation.

The creation of the United Nations Organisation too was born of an ideal of wanting to unite the world against the tyranny of some. But the road to unity was not easy, it too was a permanent victim to diversion, subversion and sabotage. A historical insight into the perilous journey of the United Nation will help to calm the critics of the BRICS organisation and hopefully give credit to the initial developmental steps it has taken.

b. The construction of United Nations system: the behind the scenes struggle

The United Nations Organisation was not built on a sunny day. There are a lot of experts and pseudo-experts that qualify BRICS as being a failure or it not yielding the results expected by its founding members. This attitude is typical of scholars or commentators who do not have insight into the conditions of the creation of the UN, nor do they have, in my modest opinion, the foresight of historical trajectories and dynamics. More importantly, let us not forget that the United States had faced one of the biggest economic crises since its creation just one decade before the Atlantic Charter (1942) was agreed upon. The rapid economic resurgence and build-up of military power has a lot to do with the hard work put into the war effort by ordinary American citizen as much as the collapse of other global powers, destruction of their industrial capacity. At the same time, it should be added that Franklin D. Roosevelt had a strong control of the timetable, giving him an undeniable tactical advantage not only against the Axis powers but also his closest allies, namely Churchill. Today, none of this post-war contextual reality exists for the People's Republic of China. It very soon becomes evident that the United States, in the early 1940s, was at the doorstep to briefly becoming the world's unrivalled power. But before that it had to peep into the abyss of war, defeat and deception.

From a historical point of view, circumstances, timing and sometimes sheer good luck dictates whether an institutional set-up survives the upheavals of international relations. But it is almost certain that one criteria that upholds in most of the cases is – confidence. What matters most is confidence between the key players that undertake to build those institutions which will supposedly guarantee a better conduct of relations between the member nations. Ultimately what mattered in the case of the United Nations and what will matter in the case of the BRICS is confidence and patience from all the sides. Not surprisingly, confidence, patience and perseverance were all tested to their utter limit during the Second World War on the side of the

Allied Powers. And not surprisingly, the experience of bitterness, disappointment and the joy that comes when something succeeds against all odds formed the bedrock basis of the United Nations. Without this long journey of hurdles, probably, no one would have undertaken such a risky and cumbersome adventure as the United Nations.

Most of the experts that write-off the viability of the BRICS organisation would have written-off the United Nations even before it was created, because few of the objectives outlined in the Atlantic Charter seemed achievable at the time. Early January 1945, four months before his death, President Franklin D. Roosevelt, sent a final letter to the Congress which was later published in the US newspapers. The ailing Roosevelt wrote the following, as a warning to future sceptics: “It is true that the statement of principles in the Atlantic Charter does not provide rules of easy application to each and every one of this war-torn world’s tangled situations. But it is a good and useful thing – it is essential thing – to have principles toward which we can aim.” And he continues, “I do not wish to give the impression that all mistakes can be avoided and that many disappointments are not inevitable in the making of peace. But we must not this time lose the hope of establishing an international order which will be capable of maintaining peace and realizing through the years more perfect justice between nations.”²⁹⁸ Let us briefly look at the circumstances in which the United Nations Organisation was created and see how the job of the United States was difficult as that of today. The day the Atlantic Charter (1st January, 1942) was signed, Franklin Delano Roosevelt did not have the most flattering newsfeeds on his own forces and his assumed allies. The Milwaukee Journal described the moment as the following: “That was the day that American troops abandoned Manila to take final, futile refuge on Corregidor. The German armies were 57 miles from Moscow, and on another front they were hammering the British on the Egyptian frontier. Japanese troops were marching down the Malaya peninsula, bound for Singapore.”²⁹⁹ As for the other two of what were later to become the permanent members of the Security Council, China was in the middle of a three-way battle between the Japanese, the Nationalists and the patriotic front led by Chairman Mao; it was a civil-war coupled into a war for the control of Asia, itself aggregated within a larger world war. It was one of the darkest moments for the Chinese people. As for France, it was divided and subjugated, with most of its elite living a life of cordial oblivion as the guests of the British.

²⁹⁸ Franklin Delano Roosevelt: No Question of Ultimate Victory, says President Roosevelt in his message to Congress, Spokane Daily Chronicle, Jan 6, 1945.

²⁹⁹ The Milwaukee Journal (daily – newspaper): Fate of the World was at stake when United Nations was born, Milwaukee, June 29, 1948.

For the outlay of a new post-war international institutional system a strong cooperation between the Allied Powers was a precondition. After Operation Barbarossa (June 22, 1941) and Pearl Harbour attack (December 7, 1941)³⁰⁰ it was increasingly evident who the two camps and main contenders of the war were. The Americans and the British knew fully well what would happen if Hitler's armies successfully completed Operation Barbarossa; Germany would possess the strategic hinterland, full of valuable resources, to fight a prolonged war and defend its Blitzkrieg conquests. Diplomatic relations during Operation Barbarossa and Pearl Harbour were intense between the United Kingdom, the United States and the Soviet Union but on the ground nothing significant happened in terms of cooperation and coordination of the war against the Axis Powers. On the 18th of August 1942 finally Churchill arrives in Moscow for a secret meeting with Joseph Stalin, twelve valuable months had passed since the agreement that followed the signature of the Atlantic Charter declaration (Aug. 14, 1941).³⁰¹ The Glasgow Herald wrote the following in its columns, concerning Mr. Churchill's secret visit to Moscow: "The news that Mr. Churchill has visited Moscow will be welcomed in all Allied countries. The great coalition of the United Nations has now existed in its complete form for eight months. There have been close consultations between the United States and Britain both before and since the attack on Pearl Harbour brought the Americans fully into the war. But in spite of the visits of Mr. Eden to Moscow and of Mr. Molotov to Britain and the United States, there have been many indications of a lack of strategic co-ordination, in the widest sense of the term, between the Western Allies and the USSR."³⁰²

Part of the delays were caused by the legal and technical aspects of who was fighting whom and since which date, the Japanese were at war with the Americans since Pearl Harbour attack but the Soviets declared war on Japan on the 8th of August 1945. In the absence of a second front in the West to relieve pressure on the Soviets fighting the Nazi troops, the Soviets were in no hurry to open a front in the East by declaring war on Japan. Everyone was, as was expected, looking at their own self interests. The confidence that was visible after the declaration of the Atlantic Charter was in its infancy and had to be built piece by piece in a very practical manner. In a time of war good intentions are obviously welcomed but what really counts is hard deeds, concrete help. The most concrete help that Stalin and Soviet authorities had hoped for was the opening of the Second Front, they quickly needed a respite to rebuild

³⁰⁰ The Editors of Encyclopædia Britannica: Pearl Harbor attack, <https://www.britannica.com/event/Pearl-Harbor-attack> (downloaded: 2016-07-20)

³⁰¹ The Atlantic Charter was later incorporated by reference in the Declaration of the United Nations which took place on Jan. 1, 1942). see: <https://www.britannica.com/event/Atlantic-Charter>

³⁰² The Glasgow Herald (daily – newspaper): Mr. Churchill in Moscow, 18th of August, 1942.

their lost industrial capacity. In his meetings with Winston Churchill, Joseph Stalin had surely received assurances that a Second Front would be imminent. Reflecting upon the role played by Dwight Eisenhower in the Soviet-American cooperation as the Supreme Allied Commander in Europe, Robert Ivanov writes the following in the columns of Lawrence Journal: “The Second Front was not opened either in 1942 or in 1943. On June 24, 1943, Stalin sent a message to Churchill saying that “the point here is not just the disappointment of the Soviet Government, but the preservation of its confidence in its allies.” ... There existed influential groups in the USA which hoped that the Soviet Union and Germany would wear themselves out in the course of fierce fighting at the Soviet-German front. On June 23, 1941, the day after Nazi Germany attacked the Soviet Union, Sen. Harry Truman (who was to become president of the United States in April 1945) stated, “If we see that Germany is winning we ought to help Russia and if Russia is winning we ought to help Germany and that way let them kill as many as possible.”³⁰³ Luckily for the war effort and the creation of the United Nations Organisation Harry Truman had to wait until the very end of the war to take over as the President of the United States of America.

Franklin D. Roosevelt was right to point out that the stress should not be put upon the differences but rather the common cause of all the parties involved in the war against the Axis. For differences there were. There was a constant war of words between the three main powers that were waging the war against the Axis powers. In the middle of the war it was about the pace of each other’s conduct of war, or keeping the declared promises. But as the war started to move to its final phase signs of disunity were ever more apparent, now the focus was about who intend to do what as the war came to an end. To add fuel to the flames, The Sydney Morning Herald correspondent from Washington D.C. quotes the New York Post columnist, Marquis Childs who paints the prevailing American temperament when he says: “Most Americans read the statement with surprise and irritation. The ruling class of Britons are deeply conscious how tough it will be for England to maintain her world position after the war. They are suspicious of America’s motives, and fear that with our wealth and power we will insist on being Number One in every field. For many years Britannia ruled the waves and did a good job, but the world of Queen Victoria’s Diamond Jubilee no longer exists.”³⁰⁴ For important

³⁰³ Robert Ivanov (renowned Russian historian): What role did Eisenhower play in Soviet-American cooperation?, Lawrence Journal, Lawrence (USA), September 14, 1990.

³⁰⁴ Marquis Childs quoted in The Sydney Morning Herald: Roosevelt Admits Some Allied Differences, Jan 4, 1945.

newspapers like the New York Post to openly take such attitudes is a proof of how things were shaping in the upper echelons.

These differences stemmed from the fear of institutions like the United Nations Organisation, which was clearly an American initiative. United States of America had discovered new instruments of indirect control, while Britain and USSR stilled clang onto more traditional forms of world power. The British power depended mainly on its imperial holdings, especially India. Churchill would have been quite happy to have the repetition of the League of Nations, where a prominent place was given to imperialism. In the Atlantic Charter commitments, Roosevelt makes it quite clear that the aim is to create an association of free nations. The ideological differences were deeper between the Americans and the British, contrary to what one might have expected.

Interestingly, the differences between Churchill and Stalin were not ideological. Everyone is well acquainted with the extreme and sometimes conservative and imperialistic views, bordering on the margins of racism that Churchill represented. His opinions upon communism were also well known. On the 30th March 1940, Churchill as the Lord of Admiralty, declared in the House of Commons (in a debate concerning USSR's attack upon Finland): "exposed to the whole world the ravages which communism makes upon the fibre of any nation which falls victim to that deadly and moral disease."³⁰⁵ A year later, now in his position as the prime minister of Britain he clarified his position slightly as the correspondent of the Associated Press reported in the columns of The Lewiston Daily Sun: "Prime Minister Churchill today wiped away all fine distinctions concerning Britain's relationship with Russia in the war against Germany by declaring the new British-Russia pact "is of course an alliance and the Russian people are now our allies." However, Churchill quickly added to his statement to the House of Commons that it did not mean an alliance with Communism."³⁰⁶ Churchill's stance towards both the United States and "Russia" is a lesson for those who are students of the way in which international organisations are conceived and put together piece by piece, and especially the relations between the key actors in the context.

For Churchill, as leader of a collapsing empire, it was not a question of friends and enemies, if it was not for the tactical mistakes committed by Adolf Hitler he would have been more comfortable with Germany as a friend than any of the allies later. He had to win a war against the declared enemy and for this he would have made a pact with anyone. Germany,

³⁰⁵ Churchill cited in the Eugene Register-Guard: Churchill Attacks Russian Communism, March 31, 1940.

³⁰⁶ The Associated Press quoted in The Lewiston Daily Sun: Churchill terms pact with Russia an alliance but not with communism, July 16, 1941.

Japan and Italy were the declared enemies so naturally anyone fighting these countries became a partner. All the cultural affinities that Britain had with the United States did not stop each other, to consider the other as a potential enemy right up to 1940.³⁰⁷ Even after the unravelling of Nazi designs, most of the American public remained staunchly isolationist. Along with this there was a non-negligible affiliation of Nazi's in the United States officially holding rallies in major American cities. The Chicago Daily Tribune wrote the following in its columns on February 21, 1939: "Midtown New York was thrown into an uproar tonight by the German-American bund rally that packed 20,000 persons into Madison Square Garden. The pro-Nazi organisation called it an American meeting in celebration of George Washington."³⁰⁸ In short America was not in sympathy with "imperialist" Britain, in 1939 it was worse than Communist Russia. Britain was not considered the mother of all democracies, rather the mother of all evils. Churchill and the British ruling elite knew this. But what mattered to them was the opinion of one man – Franklin D. Roosevelt. What this illustrates is that personal loyalties of key leaders is more important than what the establishments of each country thinks or forms as consensus. In the creation of international organisations it is worth examining this aspect as well. A leader might well be going against the prevailing opinions or wants of the establishment.

For Churchill, the calculation was simple, to win America to his cause he needed to strengthen the position of Roosevelt, it was his last chance. For this reason, whole through the war the domestic position of Franklin D. Roosevelt becomes a major foreign policy priority of the United Kingdom. Bill Hibbard of The Milwaukee Journal, reflecting on the wartime relations between Britain and the President of the United States makes the following enigmatic remark in his introduction: "The organization was manipulating political decisions, assassinating foes, burglarizing offices, laundering money through shadowy transactions. The CIA and Watergate? No. This was the BSC and World War II. BSC stood for British Security Coordination, the super-secret undercover organization Winston Churchill established to operate in the United States with the unofficial blessing of Franklin Delano Roosevelt."³⁰⁹ Bill Hibbard goes into great detail into the activities of the British Security Coordination. What is crucial to stress is that this illustrates how important the person of Roosevelt was to the British.

³⁰⁷ The United States had a 94-page war plan for the invasion of Canada and subsequently Britain. The plan was actualised as late as 1935 and declassified only in 1974. For a more detailed account of these military preparations can be read at the following: Peter Carlson: Raiding the Icebox, The Washington Post, December 30, 2005. Online: <http://www.washingtonpost.com/wp-dyn/content/article/2005/12/29/AR2005122901412.html> (downloaded: 2016-07-23)

³⁰⁸ The Chicago Daily Tribune: Fight Nazis in big N.Y. rally – 50,000 Foes of Bund Held Back by Police, February 21, 1939.

³⁰⁹ Bill Hibbard: Britain's cloak and dagger days in the US – Winston Churchill used a supersecret undercover organization with FDR's blessing during World War II, The Milwaukee Journal, July 9, 1976.

Roosevelt, Bill Hibbard mentions, knew this and in turn manipulated the relationship to his own goal, namely the creation of the United Nations Organisation.

Roosevelt mixes temporary and long-term commitments. For Churchill the Atlantic Charter was a short-term, strong and urgent commitment to defeat the Axis powers and later cooperate in the creation of a loose international organisation that would arrest the decline of the British Empire rather than put an end to it. For Roosevelt the Atlantic Charter was the corner stone to his commitments to defeating the Axis powers. And it has to be said that the Charter commitments legitimized the actions of the president in the eyes of the American people, they were willing to put their national energy into making the world a better place. Well, anyone who is faintly acquainted with Churchill and his brand of Britishness knew that it was far removed from his concerns. Churchill had made a personal commitment to Roosevelt but as we will discover he had a way to circumvent it.

On December 16, 1944 the St Petersburg Times published a reminder of what the principles of the Atlantic Charter were, followed by a very critical article of Churchill's actions by Louis Paul Lochner of the Associated Press. Mr. Lochner reported the following: "Winston Churchill freed him from any moral obligation to adhere to the Atlantic charter, offered the northern tip of German East Prussia to the Soviets, proposed "compensations" to Poland which would enable Russia to garner a sizeable slice of Polish territory, and sent Hitler's chickens home to roost in the sense of moving vast populations in gigantic "voelkerwanderrungs." Churchill technically remained within the provisions of Article 1 of the Atlantic Charter in that he sought "no aggrandizement, territorial or otherwise," for Great Britain, but he disclosed no inhibitions about approving territorial desires on the part of his allies."³¹⁰ Mr. Lochner goes to great lengths to prove how immoral Churchill was and how his ways were in line with those of Adolf Hitler and Joseph Stalin, far removed from the spirit of the Atlantic charter. But the question he forgets to ask is: Why does Churchill do what he does, as above enumerated?

Churchill does what Britain has always been good at doing, sowing the seeds of future conflicts. Churchill in association with Harry Truman, who in the shadow of Roosevelt was planning to sabotage everything, destroyed the trust that was built up between the soon-to-be superpowers. By tinkering, supplanting his ideology by squashing the spirit of the Atlantic Charter, Churchill created an atmosphere of imminent danger in east-west relations. The direct consequence of this environment in international relations was the impasse at the United Nations Organisation. Wherever there was a flicker of conflict, Churchill would jump upon the

³¹⁰ Louis P. Lochner (Associated Press): Churchill's Plan Should be pleasing to Stalin, St Petersburg Times (USA), December 16, 1944.

opportunity to pour oil on to the flames, playing his role as an elderly statesman to the full. The ultimate result of his calculated pronouncements and actions was the inability of the institutional framework of the Atlantic charter to take root and function well. Sometimes harsh voices point to the current state of the European Union as the result of British diplomacy following traditional lines of tactical priorities.

With President Harry Truman at the helm of the United States, at the end of 1945, Churchill did everything to make the UN into a traditional political arena in the likes of the Concert of Europe, where a few powerful countries decided the fate of less powerful European countries. It was probably the time when the British diplomacy started to win more leverage than the poorly equipped British Army.³¹¹ Being at the forefront of war against the Axis powers, Churchill was conscious of the fact that Britain was no longer a world power as it had been in the 19th century. The best options for British diplomacy was to set-up an intricate matrix of conflicts for the newly enthroned superpowers; Harry Truman openly and whole heartedly stepped into this trap. Even to this day, almost all the major conflicts can be traced to the machinations of British wartime and post-war diplomacy.

The above enlisted problems are those that any new international organisation should avoid in order to guarantee its survival. By the draft of the principles enshrined in the Atlantic Charter and the succeeding outlay of institutions, we do not know if Roosevelt wanted to build a system of American domination. What we do know was that he wanted a fairer system of international relations. We also know that he strongly believed that the member nations have to be free to make the system viable in the long run. If he had lived a few years more, things might have been different. The United Nations Organisation was the birth child of Franklin Delano Roosevelt and there was none to nurse it after his death. If there is a country in the BRICS that can avoid having a leadership problem of this scale, then it is China. One outstanding achievement of the political reforms over the last 30 years is that of the selection process of its leaders. In this sense the fate of any new international organisation like the BRICS organisation is safe, it will be well nursed if a firm commitment is made.

China as the leading BRICS power is noticeably weary of the Modi government's real commitments. After years of being quarantined as a third-world country India has suddenly woken-up to its potential but the situation on the ground does not live-up to its ambition. It does not have the same resources and political will as do China and Russia. However, this time round India is not willing to play a junior role. The pace of BRICS institutionalisation therefore

³¹¹ Please see Chapter III of: J.A.R. Marriott: *The European Commonwealth – problems historical and diplomatic*, Clarendon Press, Oxford, 1918.

depends upon how fast India can reform itself and generate the necessary economic resources to participate without hurdles. The situation is extremely delicate and China is very cautious not to make any move that might be negatively interpreted by New Delhi. One positive outcome of the situation is that sufficient time is given to prepare the organisational set-up of the BRICS organisation, a sign that indicates that the BRICS might live-up to its goal of setting-up a fairer international system.

Conclusion

Written in 2008, the first article (ch.1) is a direct confrontation with the concept of democracy and its universal application, the idea that one frame fits all. It questions the viability of democracy as a totalising phenomenon within a national socio-economic and political system. It clearly goes on to showing that real resilience comes from local structures, while internationally, pertaining to a league of democracies gives another kind of (acceptance) resilience, although these democracies have little in common with each other. In the Japanese system, democracy spreads out beyond the parliament, it goes to where people work, where they spend their active life, and on a daily basis. The article equates local autonomy to democratic efficiency, by making family, village and community structures the pillars upon which this efficiency is built. The post-war Japanese economic miracle was the consequence of this structural outlay of autonomy. This was one of my initial publications, where the style is rudimentary, but it is a very dynamic and insightful study that pushes the conceptual bounds to the extremes. It is all part of testing the depth of conceptual resilience. No one element in the spectrum should overburden the others.

Hence forth, consequent studies focus on the structural elements in the national and international contexts, they try to map out the tensions created by these elements and how they adjust to change and to each other. Here distinction is made between traditional elements and conceptual elements. The article on Mao's economic model (ch.2) shows how the destruction of local autonomy is synonymous with environmental catastrophe and hidden poverty, even if China rises to superpower status with a huge growth in GDP.

Unduly overburdening the 'community' for the sake of an 'idealistic nation' could lead to permanent structural and systemic damage. The article on State and Nationhood (ch.3) continues with the same intensity to demonstrate that the real danger to the community comes from the state and its in-built "structures of exploitation". It argues that in essence nationalism

is a statist ideology of exploitation projected as being a protective and inclusive ideology. The nationalism projected by this state is a political instrument to further its grip on the community. And as the article concludes: “Political nationalism is increasingly used to divert peoples’ attention from a new form of economic treason, the subjugation of the community to the wills of a capital-intensive minority.” The same exploration is continued in the article on Social Capital (ch.4), arguing that real solidarity and social fabric is destroyed in the hope of replacing them with dubious artificial ‘social capital’ which is neither social nor a capital.

The 2nd part of the volume then concentrates on how these structural elements like communities and nations interconnect to form the world order. Free mobility and civilization are key to guaranteeing the resilience and inter-community harmony in relations and exchange. Civilization is such that it builds compatibility between different elements and produces the norms of intercommunicability. The ‘Tango or Tangle’ (ch.5) article says that any world order that does not respect these basic norms of civilization cannot be considered as a true world order. It argues that the new order espoused by China goes counter to this requirement. This study puts Southernization and a system of patriotisms at the centre of any new world order under construction. The article: Unpegging the Third Sphere (ch.6) opposes nationalism with patriotism and demonstrates that patriotism is the lingua franca of Southernization and predicts that the West will come to learn the lesson.

Southernization echoes with civilizational cooperation and compatibility. The article on BRICS (ch.7) develops these themes further in the context of the India-China relation. It concludes that without the cooperation and contribution of India, neither the construction of a BRICS alternative nor a strong and resilient Asia will be possible. The article on foreign policy resilience (ch.8) continues to develop the same topics in a different context. To protect communities and nations from unwarranted upheavals, this article proposes countries, especially small countries, to create or enter into loose commonwealths with other like minded countries. This will prevent the structural erosion of sovereignty and local control of policy. This is further investigated in an article dealing with the CEE’s plan for a resilient integration with the EU (ch.9). This essay shows that some countries like Poland are proposing to create a discriminative, white Christian and transatlantic integrative model, because it caters solutions to their absolute fears. But this could tear the West apart, which could further suit the CEE’s ambitions to assume a central role in the transatlantic bloc. My aim in this study was to underline the fact that we have to see history from a local perspective to get a true perception of it. The final study continues in the same line to show that left-right, capitalist-communist or liberal-illiberal dialectics do not have radically different view of the world structures. This final

essay (ch.10) in the volume tries to expose the duplicity of internationalist Trotskyists like Immanuel Wallerstein. It tries to explain the reasons why people like him, who portray themselves as the guardians of everything fair in the international system, in reality are fully committed to the Western domination of it. We historians cannot do justice to the historic truth of an issue, we cannot shed light on it, if we take an ideologically biased posture from the start. History cannot be squared to fit artificial concepts for the ideological needs of particularist interests. It has to contextualise the Community as it exists.

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