



## The Orient Express and Late Development

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**ABSTRACT.** The demise of the Soviet Union, which was celebrated in the Anglosphere as the triumph of US supremacy, gave rise to different paradigmatic interpretations of the evolution of the world. The bulk of the evolving mainstream discourse was agenda-driven and projected a continuation of the US hegemony of the global capitalist system. Two theses stood out in the context of the post-Cold War. The first was the optimistic assumption encapsulated in the notion of “the end of history,” which projected a world having arrived at the last station based on the victory of liberal democracy and continued US hegemony. The second was the counter-assumption of the thesis of *The Clash of Civilizations*, which rejected the harmony interpretation of international relations and considered the future contradictions and conflicts to be related to cultural, not to say civilizational, antagonisms. The evolution of the world order in the past few decades demands a theoretical shift explaining the transformation, which takes into consideration the geostrategic and geopolitical ascendancy of Eurasia and the Eastern Asia-Pacific hemisphere as well as the relative decline of the hegemony of the Anglosphere. Understanding the process at work makes it imperative to include the historical perspective. In this context, the growth of China and India as powerhouses in the world political economy cannot be exclusively defined as exemplars of catching up or late development but by the notion of “return of history.” After a long period of self-centered development, they are gradually reinserting themselves in the world system and reemerging into their former dominant status prior to the eighteenth century and the Western imperialist intrusion in the East. The aim of this paper is to explore and explain the economic and political consequences this ongoing transformation will have for the future of geopolitical and geo-economic domination of the West.

**KEYWORDS.** late development · capitalism · Eurocentrism · hegemony

### INTRODUCTION

Turmoil and geopolitical/geoeconomic transformations are taking place at such a speed that it is difficult for analysts to interpret the scope of the changes involved. This is especially the case even though global neoliberalism and rentier capitalism have been adopted, to a larger or lesser extent, by all countries in the world, as the universal geo-economic strategy.

Under these circumstances, the tasks facing scholars of the various social and cultural disciplines cannot be overestimated. This is especially the case since transformations have taken place that weakened alternative socialist ideology and praxis. Playing a significant role in this evolution was the demise of the Soviet Union and the transition to “socialism with Chinese characteristics” following the death of Mao Tse-tung. Former ways of interpreting capitalism, imperialism, and socialist construction have not yet recovered from the victory of neoliberalism. Consequently, the way the existing world order is framed determines comprehension of the ongoing contemporary processes, which are bound to affect the shape of the future global landscape.

Methodologically, such an assessment cannot be a neutral endeavor carried out by objective research since the researchers themselves are products of specific intellectual environments and sociopolitical norms. The attempt by the German sociologist Max Weber to establish *Wertfreiheit* (value-free) social science was duly deconstructed in the 1960s by the Swedish development economist Gunnar Myrdal as well as others. They argued that neutrality in social sciences is impossible to obtain, and that this ought to be acknowledged by researchers.

It is of importance, in this context, to realize that economic history, like other social sciences, is dominated by competing ideology-driven agendas reflecting power relations affecting our consciousness. The dilemma is related to the fact that history evolves as an objective process that is interpreted ideologically and normatively. George Orwell formulated awareness of the forces at work in conceptualizing reality and world development in the novel *1984* when he wrote, “Who controls the past . . . controls the future: who controls the present controls the past” (chapter 3).

Seen from this angle, the authors of this paper do not pretend to present a foolproof neutral interpretation of the evolution of capitalism. The ongoing historical process pointing to a decline of Western dominance of the capitalist world system and the rise of Asia demands a reconstructed interpretation of the accepted wisdom concerning historical capitalism as the product of the “European miracle.” The alternative narrative to the hegemonic discourse concerning the trajectory of Western capitalism is still in its infancy but has been regaining heuristic validity based on the evolution of the Asian challenge.

## THE HISTORICAL RISE OF CAPITALISM

In our view, the analysis of the historical rise of capitalism has to take its point of departure in the dialectical relationship between the “West” and the “Rest,” which took shape from the very beginning. Even though this methodological assumption has not resonated well in the European cultural sphere, it ought to be considered pivotal to the endeavor of establishing an epistemology of the global political economy.

In this context, it is worth remembering that no less a figure than the legendary Adam Smith acknowledged, in his volume *The Wealth of Nations* (1776), that Europe had been a latecomer in social development compared to the “Middle Kingdom” and that both entities were moving along the same trajectory.

Influenced by this understanding, Smith realized that contact to the non-European world had implicitly been the determining element for the emergence of the capitalist world system: “The discovery of America, and that of the passage to the East Indies by the Cape of Good Hope, are the greatest events recorded in the history of mankind” (quoted in Frank 1998, 13). It is interesting to note that simultaneously he expressed skepticism with regard to the rewards this contact would bring to the non-European peoples. Modern economic history has not invalidated this insight.

To the natives, however, both of the East and the West Indies, all the commercial benefits, which [could] have resulted from these events have been sunk and lost in the dreadful misfortunes which they have occasioned . . . What benefits, or what misfortunes may hereafter result from these great events, no human wisdom can foresee. (quoted in Frank 1998, 13)

On the other side of the ideological divide and almost two hundred years later, Marx and Engels in their pamphlet *The Communist Manifesto* would be a bit more specific concerning their estimation of the importance of this externality in the development of capitalism in Europe:

The discovery of America, and that of the passage to the East Indies by the Cape of Good Hope, opened up fresh ground for the rising bourgeoisie. The East-Indian and Chinese markets, the colonization of America, trade with the colonies, the increase in the means of exchange and in commodities generally,

gave to commerce, to navigation, to industry, an impulse never before known, and thereby to the revolutionary element in the tottering feudal society, a rapid development . . . (Marx and Engels 1958, 35)

Regarding the consequences of the expansion of European capitalism to the other parts of the world, the “fathers of communism” showed a more sanguine attitude than Adam Smith who had expressed serious doubt:

The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilization. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians’ obstinate hatred of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image. (Marx and Engels 1958, 38)

Whether these apparent expressions of support for European capitalism’s expansion and formation of a capitalist world system should be seen as completely representative of Marx’s later conceptualization of non-European formations’ evolution is a question that needs to be posed and discussed. However, as a revolutionary anti-capitalist, Marx had conceptualized the task as not only to describe reality but to transform it.

This perspective opened the way for changes in his understanding of the expansion of capitalism and the fate of the non-European societies in the transition to post-capitalism. In the first position, as exemplified by the manifesto, we are presented with a positive win-win narrative concerning their incorporation in the world system. Later, having concluded that colonialism not only did not contribute to the development of the productive forces of the colonies but actually prevented their development, Marx had reached the conclusion that they had to liberate themselves from this dependency. As d’Encausse and Schram (1965) pointed out, this pioneered the “dependency” theoretical construct, which projected reliance on own forces and independence. That is the strategy of “de-linking” as formulated and

promoted by the *dependentistas*, including Andre Gunder Frank, against the advice of modernization theory, which considered a closer relationship to the capitalist core nations as the remedy to underdevelopment (Rostow 1961). The point to keep in mind, in the Marxian context, is that Marx himself had undergone an evolution from originally accepting or even praising the extension of European capitalism on a world scale to a position of opening a path for emancipation of the peripheral societies. Kevin B. Anderson who studied the bulk of Marx's works and publications on his approach to European colonialism and the struggle for independence arrives at the following interpretation:

Over the years, I will argue, his [Marx's] perspectives on these societies evolved. In the 1840s, he held to an implicitly unilinear perspective, sometimes tinged with ethnocentrism, according to which non-Western societies would necessarily be absorbed into capitalism and then modernized via colonialism and the world market. But over time, his perspective evolved toward one that was more multilinear, leaving the future development of these societies as an open question. (Anderson 2010, 2)

## EUROPEAN ETHNOCENTRISM AND EUROPE AS LATECOMER

The reason for bringing in the legacy of European ethnocentrism in the discussion of societal development in the context of the international system of capitalism is to challenge the dominating discourse and inherent ideological conceptualizing of the "European miracle." This perspective, which implicitly and explicitly ascribes cultural superiority to Europe, degenerated into an approach whose critiques defined as "Eurocentrism" and "Orientalism." In other words, concepts that were developed in the description and probing of the European colonialist mentality and praxis, encapsulate an assumption of European "exceptionalism" in the interpretation of the history of non-European societies through a European or Western prism (Wikipedia, n.d.; Sered 2014).

Unfortunately, for the evolution of politics, European socialists or Marxists were not immune to this approach. While Max Weber focused on a Europeans' superior rationality and non-Westerners' lack of it as an explicatory element, Marx emphasized the difference in the

state of development of the existing precapitalist societal structures. In the beginning of his analysis of the origins of capitalism in Europe, Marx reached the conclusion that decentralized European feudalism had been best suited to effectuate the transition than the state-centralized societal formations and their non-conduciveness to capitalist property relations whom he thought could be found in the "Asiatic Mode of Production" (d'Encausse and Schram 1965).

The variant Eurocentric ideological approaches were insidiously infected by cultural arrogance, which has survived till today and is used to rationalize and give the West's relations to the Rest a twist of philanthropy.

According to critics of Western colonial oppression and exploitation, both Europeans and non-Europeans were subjected to an ideological framework that assigned the role of shaker and maker of modernity to Westerners while the peoples outside Europe were consigned to passivity and recipients of modernity. In this worldview, the reason the "Rest" suffered from stagnation was due to the survival of traditionalism. Under these circumstances, the "*mission civilisatrice*" became "the "white man's burden." This framework evolved into what J. M. Blaut names "diffusionism" or, more precisely, "Eurocentric diffusionism" whose main tenet

is the theory of "the autonomous rise of Europe," and sometimes (rather more grandly) the idea of "the European Miracle." It is the idea that Europe was more advanced and more progressive than all other regions prior to 1492, prior, that is, to the beginning of the period of colonialism, the period in which Europe and non-Europe came into intense interaction. (Blaut 1993, s. 1-2)

It would not be an exaggeration to affirm that the contemporary dominating mind-set in the West is influenced by a similar arrogance that expresses itself in the ideological construction that considers the spread of Western modernity as a positive good. This interpretation consequently allows for the present instrumentalization of Western values and ideals in the implementation of benevolent dominance over the non-Western world; regime change, export of democracy, liberal interventionism, etc. are all part and parcel of the strategy of establishing a unipolar world order under the leadership of the United States. The ideology of human rights served some of Washington's deepest ideological needs, as Harold Lasswell showed in the 1927 study

*Propaganda Techniques in the World War* that “more can be won by illusion than coercion” (222, quoted in Peck 2010, 3).

In this context, it is not uninteresting to point out that while Eurocentric diffusionism has become a component part of the Western narrative that is constructed around the assumption of moral superiority, the political scientist Samuel Huntington had reached a more realistic understanding of this problematique in his volume *The Clash of Civilizations*:

The West won the world not by the superiority of its ideas or values or religion (to which few members of other civilizations were converted) but rather by its superiority in applying organized violence. Westerners often forget this fact; non-Westerners never do. (1998, 51)

Even though the European transition to capitalism was, largely, made possible by the relations that were established with the outer world especially after 1492, it is of importance to point out the complexity of the international political economy that followed. The “discovery of America” became the beginning of the gradual process of European expansion, especially in the Americas and Africa. Not to forget, this expansion was not born out of economic mechanisms alone.

From the latter part of the sixteenth to the beginning of the nineteenth century, a transatlantic triangular trading pattern was established. This pattern, which was based on slave trade as the pivotal element, tied the three geographical regions organically together. With time, African slave labor in North and South America, plantation agriculture, and mining as well as shipbuilding and transport contributed to the merchant capital formation and accumulation and the weakening of European feudalism. At the same time, the surplus derived from the transatlantic trading relations enabled Europe to engage in economic intercourse with the Asian sphere. As the development economist Paul Baran put it, the paradox was that Western Europe had been poorer in terms of natural resources and less developed economically compared to China or India prior to the industrial revolution in Britain.

Hence the drive to procure tropical produce of all kinds (spices, tea, ivory, indigo, etc.) that could not be obtained nearby, hence also the effort to import valuable products of Oriental skills (high quality cloth, ornaments, pottery, and the

like), and hence finally the wild scramble to bring back precious metals and stones that were in short supply at home. The resulting far-flung trade, combined with piracy, outright plunder, slave traffic, and discovery of gold, led to a rapid formation of vast fortunes in the hands of Western European merchants. (Baran 1962, 138-39)

The international division of labor which thus emerged on the basis of the contact between the transatlantic regions and deficit trading with Asia (China and India) eventually led to the globalization of European modernization. However, it is not to be forgotten and in contradiction to the Eurocentric interpretation of world history, Europe was a latecomer to the then more advanced "Asiacentric" centers of economic development. Seen in historical perspective, China's and India's growth story may not be defined as a catch-up but rather as a comeback. After long periods of self-centered development, they are gradually reinserting their economies to the former dominant status they had in the world before the eighteenth century, when they represented approximately half of the world's gross domestic product (GDP) (Maddison 2001).

The trading relations between Asia (mainly China and India) and Western Europe were determined by the fact that Europe at that time did not have the capacity to expand exports of European goods to cover the balance-of-payment deficit. This is where silver as a means of payment gave Europe an advantage. Nevertheless, as Frank points out,

despite their access to American money to buy themselves into the world economy in Asia, for the three centuries after 1500 the Europeans still remained a small player who had to adapt to—and not make!—the world economic rules of the game in Asia. (1998, 185)

It was thus by transforming Western Europe's socioeconomic backwardness into a geo-economic advantage, permitting the transfer of economic surpluses generated in the Americas and Africa into a means of payment covering the commercial deficit with Asia, that Europe obtained momentum. As stated by Frank:

In terms of world historical reality and development, it was really (only) American money that permitted the Europeans to increase their participation in this mostly Asian-based productive expansion of the world economy. (1998, 262-63)



Britain's socioeconomic and political conquest of India should not be underestimated as a basic element of the miscarriage of modernization in the Indian subcontinent as well as contributing to the demise of China's economy by extra-economic means (i.e., political and military). The transition of merchant capitalism—which depended on colonialism—to industrial capitalism (first in England and then in Western Europe) depended on sabotaging the competition of more advanced producers, especially of textile manufactures and other wares.

In this context, it is significant to recognize that until the mid-eighteenth century, it would appear according to various sources that India had been the world's biggest exporter of textile manufactures. Similarly China had since antiquity reached a high-quality production of manufactures (silk and porcelain wares), serving markets in different regions of the world (Europe and North Africa). The "silk road" that originated in the beginning of the Christian era remained a major trade route for more than two thousand years. This observation by Amiya Kumar Bagchi (2005, 136–37) weakens the assumption of Karl Polanyi that prior to the "great transformation" in Europe during the nineteenth century, there had been no market relations nor a division of labor over long distance anywhere in the world (Frank 1998, 18). As a matter of fact, from the beginning of British rule in India, "trade was used as the chief conveyor belt for the remittance of the tribute extracted from the Indian empire to Britain" (Bagchi 2000, 122).

Before the growth of machine-based manufactures in Britain, China and India were the two most important suppliers of manufactured goods to the world. For the upcoming industrial revolution in England, it was essential to neutralize the assets of competitors to Britain as well as to Europe to the extent possible. It could be argued that just as the Americas' native populations and African slave labor paid a high price for the accumulation of merchant capital and the weakening of feudalism in Europe, the sabotaging of the industrial potential of China and India was needed to make industrial capitalism possible in Britain. The strangulation of the industrializing process was the price that India and China paid for the rise of British industrialization (Hersh 2010, 31).

The process of deindustrialization of the two Asian economies followed the imposition of tariffs on Indian exports to England and forced the Chinese government to import opium to cover the British deficit in its balance of payment with China—in other words, the

implementation of a variant of economic nationalism through import substitution and export promotion in the best style of Friedrich List's latecomer strategy.

The decimation of much of local Indian businesses . . . combined with the deindustrialization of major regions of British India, also set back indigenous efforts at building up factory industry. India was turned into the biggest consumer of products of the British cotton mills, which for a long time remained the industry employing the largest number of British workers. China after the first Opium War was also rapidly deindustrialized. (Bagchi 2000, 176)

The German economist accused Britain of hypocrisy for having followed a strategy of protectionism at a time when it was in the process of catching up; and once at the top of the international capitalist economy as the "workshop" of the world, the British government promoted liberalism and free trade (List 1977, chapter 4: "The English")—a path that was avoided by the United States (Alexander Hamilton), Germany (Friedrich List), and Japan (Meiji Reformation) in the takeoff phase of their economic development. In the Japanese case, they coined the phrase "free trade is the protectionism of the strong" (Sideri 1970, 69).

The reasons for the demise of the so-called Asiatic mode of production or the preferable term "tributary system" pioneered by Samir Amin (1985, 194–207) are various. Some were due to internal problems of surplus production, surplus division, and class contradictions. Some of the reasons were related to the Western intrusion in their evolution. Gunder Frank argues that the Kondratieff long wave of economic expansion had run its course and had given way to the "B" stagnation, a development the latecomer Europeans could take advantage of.

The long "A" phase of expansion that came to an end in Asia in the late eighteenth century and its subsequent (cyclical?) decline offered the still marginal West its first real opportunity to improve its relative and absolute position within the world economy and system. Only then could the West go on to achieve a (temporary?) period of dominance. (Frank 1998, 263)

The period of Western dominance over most of the world did not however translate into the progressive development of the societies in Africa, South America, and Asia. Not only the internal political conditions of these colonial areas were in disarray because of the Western intervention in their evolution, but also the European powers had discovered the advantages to be obtained from overseas colonies. The competition that arose because of the search for extraterritorial control led to imperialism and wars of redivision.

Concerning the fate of the extra-European populations of the world, the “mission civilisatrice” and the “white man’s burden” were ideological constructions with the aim of presenting a benevolent type of subjugation of the non-European outsiders. The fate of the colonial victims was a condition that was given serious consideration in the West by the various dependency positions in development studies. The dilemma of these people was clearly expressed by one of its pioneers, Paul Baran:

Thus, the peoples who came into the orbit of Western capitalist expansion found themselves in the twilight of feudalism and capitalism enduring the worst features of both worlds, and the entire impact of imperialist subjugation to boot. (1962, 144)

## THE RISE OF THE EAST

In this connection it is interesting to note that Japan, as the only country to industrialize and develop during the West’s conquest of Asia, benefited from the comparative advantage of being poorly endowed with natural resources and therefore avoided being colonized. This allowed the country a breathing space to create a strong economy and military to defend its territory and later to grow into an imperialist power itself. Seen in light of the critique of Eurocentrism, Japan was proof indeed that, contrary to Max Weber’s thesis on the importance of Protestantism for the development of capitalism, a non-Western society was reaching core status in the capitalist world system.

Related to the evolution of the imperialist world order that emerged in the latter part of the nineteenth century and the first half of the twentieth century was thus, in the East Asian context, the rise of Japan as a latecomer to economic development and simultaneously a player in inter-imperialist world (dis)order. The defeat of the Russian

imperialist power by non-European Japan in their war of 1904–1905 was seen as an encouragement to the cause of emancipation from European dominance throughout Asia. Regional Pan-Asianism and the idea of a “Greater East Asia Co-Prosperty Sphere” under Japan’s leadership did appeal to some Asian leaders who were motivated ideologically by resistance to European colonialism. Even nationalists such as Sun Yat-sen in China, Subhas Chandra Bose in India, Sukarno in Indonesia, and others expressed support for this project.

Japan’s victory over the Russian fleet in May 1905 inspired a whole generation of nationalist leaders from Atatürk in Turkey to Mohandas Gandhi and Jawaharlal Nehru in South Africa and India, respectively. They saw this battle as the first time for centuries that a non-European country defeated a major European power. The spirit of revolt and anti-Western ethos was born and the hope of national self-determination and independence spurred the upcoming anti-colonial revolt. This is well captured by Pankaj Misrah:

It mattered little to which class or race they belonged; the subordinate peoples of the world keenly absorbed the deeper implications—moral and psychological—of Japan’s triumph. (2012, 3)

Likewise, the Bolshevik Revolution of 1917 and the Soviet attempt to implement a non-Western-dictated socialist construction resonated among politically aware anti-imperialist students in most Asian countries. Although the Soviet Union came to develop a strategy of building “socialism in one country,” links were created in a worldwide movement nurturing and encouraging resistance in Asia against both Western and Japanese imperialism prior to World War II.

The attempt by Japan to balance its ambition of competing with Western imperialist powers while simultaneously imposing itself as the leader of Pan-Asianism could not become dominant as Japanese imperialism was ruthlessly interested in developing economic growth in the region to exclusively serve its interests. Consequently, resistance to imperial Japan was a determining factor that led to the victory of the Chinese communist party in the civil war with Chiang Kai-shek.

In contrast to Western imperialist strategy in the colonies and dependencies, the Japanese did exploit their economies but at the same time nurtured a certain industrialization in some of the countries that had come under its control—for example, in Manchuria and the

northern half of Korea. The imperialist Japanese strategic development thinking operated within the paradigm of the “flying geese” in the 1930s.

The notion gained renewed use during the 1960s in the attempt to explain the phenomenon of the “capitalist developmental state” in the export-oriented model of the East Asian newly industrializing nations (Japan and the so-called newly industrializing countries or NICs: mainly Taiwan and South Korea).

It is undeniable that the economic development and industrialization taking place in East Asia from the 1960s onward was implemented based on the Japanese model of the “capitalist developmental state.” While modernization theory encouraged former colonies to follow the path of liberal American development, the countries of Asia began “looking East” (i.e., to the statist sociopolitical pattern), which Japan had originally started. The results at the regional level were impressive. This was recognized in an important document published by the World Bank in 1993 with the title *The East Asian Miracle: Economic Growth and Public Policy*:

East Asia has a remarkable record of high and sustained growth. From 1965 to 1990 the twenty-three economies of East Asia grew faster than all other regions of the world. Most of this achievement is attributable to seemingly miraculous growth in just eight economies: Japan, the “Four Tigers”—Hong Kong, the Republic of Korea, Singapore, and Taiwan—and the three newly industrializing economies of Southeast Asia, Indonesia, Malaysia, and Thailand. (quoted in Burkett and Hart-Landsberg 2000, 2)

To succeed, however, the export-oriented strategy of the “capitalist developmental state” strategy needs markets. Seen in this light, it may be argued that it was access to the American market that made this “miracle” possible. The reasons for the opening of the US market were both economic and political. Politically, giving NICs access to the US consumer market was meant to create a counter model to the example of the Maoist self-centered development model and prevent the “danger” of the spread of socialism from becoming a reality. The economic motivation was to keep production costs in the United States from inflationary tendencies. The American position accepted the fact that these countries were not liberal as far as foreign investment was concerned, having institutionalized some form of capital control (Hersh 1993).

In a certain sense, it can be said that already during the Mao era, China's socialist construction was dictating the American economic development strategy toward East Asia as well as the US geopolitical engagement in the region: containment of China, Korean War, Indochina War, military coup in Indonesia, counterinsurgency warfare (Thailand, Philippines), etc.

Seen from Washington, the results of World War II could be interpreted as having created dangers and opportunities for establishing American supremacy over the other nations of the West (including Japan). In the Eurasia land mass, the Soviet Union had survived the onslaught of Nazism and together with the Western powers had defeated the German geopolitical challenge. Following 1945, socialism as an alternative to capitalism was put on the agenda. The social contract in most of Western Europe was in turmoil first, after World War I, then the Great Depression and thereafter World War II. Keynesian economic policies (welfare state) and the recovery of Europe gave the United States the advantage of gaining access to markets. At the same time, the United States attempted to follow a strategy of containment of Russia by excluding it from the war recovery program.

### **SOCIALISM IN ASIA**

The defeat of Japan and the victory of the Chinese revolution transformed Asia and framed US foreign policies in the region. Reconstruction of the Japanese economy and acceptance of the industrialization of East Asian NICs strengthened the political regimes that had arisen in the former colonies. In doing this, the attempt to contain Asian socialism was successfully carried out, especially if taking the military conflicts (Korean and Vietnam Wars) into consideration. The Korean War pitted the Chinese "volunteers" against the US military.

The potential alliance between the two socialist giants (Soviet Union and the People's Republic of China) did not materialize. Mao Tse-tung addressed the expectation that the forces of socialism could challenge the Western powers during a visit to Moscow in 1957:

In the struggle between the socialist and capitalist camps, it was no longer the West wind that prevailed over the East wind, but the East wind that prevailed over the West wind. (Mao Tse-tung 1957)

The split between the two socialist countries concerned the feasibility and strategy of socialist construction and ideology, as well as

geopolitical differences. The attempt by Moscow to establish a kind of US-USSR “bipolarity” through the policy of “peaceful coexistence” did not take into account the interests of socialist countries such as China. From the Chinese perspective, the Sino-Soviet ideological dispute revolved around the strategic project of blocking “bipolarity” and replacing the exclusive US-USSR relationship with a “multipolar” arrangement including China.

The conflict between the two socialist powers gave the United States a geopolitical opening too good to be true. The Soviet Union fell into a big power trap when Henry Kissinger arranged the Nixon-Mao meeting in Beijing, which contributed to a normalization of US-Sino relations and the recognition of the People’s Republic of China as one country to the dismay of Taiwan. Furthermore, some years later the Soviet Union was provoked into intervening in Afghanistan to protect a secular regime against an ultrareligious movement organized and paid for by the United States, Saudi Arabia, and Pakistan’s intelligence agency (Zbigniew Brzezinski in Kolko 2002, 47; *Ibid.* 48-49).

These anti-Soviet initiatives led to a rapprochement between Beijing and Washington. Playing the Chinese card led not only to a breakdown of Soviet-Sino relations (the two countries had a military border confrontation) but also to a complete overhaul of China’s development strategy away from the Maoist model of self-centered development and delinking from the capitalist world economy to its reentrance (relinking!).

Over the years, these developments led to an immanent quest for self-rule (*swaraj*), a national aspiration; in the case of India, a struggle for independence and socialism emerged. India became an independent state in 1947 after resisting the British colonial power that had been exploiting the country and draining its wealth for centuries. Like Mao, Gandhi himself rejected industrialization, centralization and bureaucratization, and production for profit but praised the peasantry, “villageism,” and local self-reliance.<sup>1</sup>

The anti-imperialist overthrow of the British was conducted by what may be coined the biggest popular mass movement in the world. Gandhi was sidelined and Nehru’s policy emphasized planning,

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1. It is interesting to note that India’s communist parties did not share this vision. On the contrary, they were more oriented toward the emerging working class, pro planning, a centralized state, etc. See the discussion in Omvedt (1993, 12).

centralization, and nation-building but still with a considerable state-owned sector. The following decades saw a similar growth pattern in India and China under centralized control and nationalist ideology, and both economies shared a number of similar socialist features.

During decolonization, the term “Third World” defined India, China, and the developing countries while the Second World War was the socialist Soviet bloc and the First World was the rest (i.e., Western Europe and the United States). Third Worldism sought to displace the East-West conflict with the North-South conflict and attempted to establish a progressive and in many cases socialist national and progressive liberation agenda through the Bandung and Non-Aligned Movement, which at the same time rejected to take any position during the Cold War. These anti-capitalist movements and events took place during the golden age of capitalism—*noted by high growth rates in the West under Keynesian regime—which lasted until the neoclassical counterrevolution in the beginning of the 1980s (Toye 1987).*

In the neoliberalistic era in which we have been living for the past generation, it is often forgotten that the socialist experiments had built on conditions they had inherited from previous historical periods of their societies. The attempts to transform production relations in a manner conducive to the increase of economic surplus and distribution were characteristics of the ideas that challenged the projection of capitalism in the context of development. This thrust could certainly be observed in China during Maoism. As a Chinese scholar reflects:

It was in their ability to meet “basic needs” of the greatest majority of the population that China and other historical socialist states distinguished themselves from the rest of the peripheral and semi-peripheral states in the capitalist world-economy. (Li 2008, 31)

The dissolution of the Soviet Union and the introduction of capitalist economics in China have led to a defeat of (imperfect) socialism both as an ideology and praxis. Simultaneously, the apparent victory of “actually existing capitalism” with the imposition of global neoliberalism on a world scale contained the seeds of its own future dilemma.

Geopolitically, the refusal of the West to accept post-Soviet Russia as an equal partner in the US-led world political order had the consequence of reactivating nationalist forces in that country. The expectation that the rise of a pro-Western neoliberal Russian oligarchy,



under the leadership of Boris Yeltsin, would be able to impose itself as an American hubris. Instead of working for the creation of the project of a Europe from Lisbon to Vladivostok (including the landmass of Eurasia), the neoconservative dream of US “full spectrum dominance” became a component of American foreign policy. Seeing the former Soviet superpower transformed into an impotent giant contributed to the rise of Russian nationalism. The dismantlement of the Yugoslav Federation and the regime change in Beograd was the wake-up call for an important segment of the Russian elite. The American regime-change strategy against regimes not approved by Washington forced a strategic rethink within the Kremlin, which became led by Vladimir Putin.

It is within this paradigm that the Russian strategy of resistance to US dominance should be comprehended—be it in Eastern Europe (Georgia, Ukraine), the Middle East (Syria), or in the renewal of the Russian-Sino alliance including the Eurasia project.

Concerning geo-economics, the initiative of neoliberalism to launch a strategy of globalization was an attempt for the US financial and economic elite to expand its field of activities in the world. Not in the wildest dreams of the post-Maoist leadership could the outcome of the opening of China to the world (read: American) capitalism have been grasped. Essentially the convergence of US economic interests and Chinese pragmatic considerations contributed to the transformation of a large economy—previously based on socialist production—into the world’s workshop. The attraction of China to the advanced capitalism of the United States was based on expectation of market size and low production costs. Taking advantage of potentially attractive possibilities and responding to the expectations of US financialization of the economy and the outsourcing of production to low-production-cost areas turned China into the world’s second economic power.

What needs to be realized in this context is that this process was not an exemplar of economic self-reliance on China’s part. The former exclusion of China from the world economy, which had been promoted by the United States, broke down as a result of internal pressures and expectations of neoliberalism in America. Following this line of thinking, the return of China to the world economy was thus promoted by the hegemonic power.

In other words, the globalization of neoliberalism that opened a window of opportunity for export-led economic growth based on low production costs, which post-Maoist China could instrumentalize, was not entirely “made in China.” In the opinion of David Harvey:

The spectacular emergence of China as a global economic power after 1980 was in part an unintended consequence of the liberal turn in the advanced capitalist world. (2005, 121)

Not only did China draw benefits from turning to the implementation of statist neoliberalism and export orientation as well as receiving foreign direct investments. But the country that became a major creditor of US debt was an anomaly to the normal functioning of the global economy. Keep in mind that China's integration in the international division of labor contributed to the viability of neoliberal globalization. In the words of Minqi Li: "China's transition to capitalism has played an indispensable role in the global triumph of neoliberalism" (2008, 91).

Both the US elite and perhaps the Chinese Communist Party leadership overlooked the problem that was bound to arise with the inclusion of such a big economy in the capitalist world. Even under the presidency of Barack Obama, there was increasing concern at the rise of China and the geo-economic implications of its attempt to lead regional economic and trading relations in East and Southeast Asia. The election of a Donald Trump to the presidency of the United States may represent a retrenchment from neoliberal globalization. During the electoral campaign, he became a spokesman for economic nationalism with the intention of "making America great again."

While the Obama administration focused on geopolitical considerations of trying to oppose Russia on the "grand chessboard" by punishing Kremlin for its policies in the conflict in Ukraine and in the Middle East, Washington simultaneously tried to engage China on the geopolitical/geo-economic level by adopting an aggressive position toward the Chinese attempt to integrate the Asian region in a non-Western-dominated cooperation sphere. Russia and China seem to be united in the project of Eurasia that would exclude the United States and include European countries who want to join.

The Obama administration's dual strategy of fighting wars in the Middle East while posturing against Russia and China simultaneously only served to strengthen the tacit geopolitical and geo-economic alliance between Russia and China. There is a historical irony in the fact that while both these nations could not form a viable front against imperialism as socialist states, they are now forced to do so in order to resist Western (US) pressures and confrontations.

As mentioned, while the Obama administration was opening two fronts in its confrontation with China and Russia, the Trump

administration seems to be focusing on China while playing the “Russian card” (on Henry Kissinger’s and Zbigniew Brzezinski’s advice) in order to test and reduce the Sino-Russo alliance.

## CONCLUDING REMARKS

The capitalist world system came about as Europe expanded in the world after the discovery of the Americas and the passage to the East Indies via the Cape of Good Hope. The “European miracle” has been interpreted by Western historiography through the prism of Eurocentrism.

The critique of the Eurocentric approach is making inroads in the ideological problematization of the mind-set that has assigned superiority to the European experience.

We saw that new research has revealed that Asia (principally India and China) as well as other civilizations were not lacking behind Europe at the discovery of the Americas.

The gap between Europe and Asia grew first as a result of the industrial revolution in England and the deindustrialization of India and China through Britain’s political measures of protectionism.

Prior to the industrial revolution in England, Asian produce were very much in demand while European products had difficulties finding markets in Asia.

The tribute of Africa and the Americas to Europe was imposed and institutionalized through the triangular trade patterns, which depended on African slave labor in the Americas as well as genocide of the native populations.

The economic surplus thus created was in part used to pay for the balance-of-payment deficit that England had incurred with China. Silver imported to Europe from the Americas was thus paid to China. The Opium Wars were intended to force China to accept opium as payment for England’s deficit.

The downturn of the Asian economic development was due to both internal and external factors. According to Gunder Frank, the weakening of the Asian economies was due to the Kondratieff long wave downturn, which occurred while England (as well as others) was gaining access to Asia and colonizing India.

The development of Japan can be considered as counterproof of the thesis of Eurocentrism. The Japanese empire escaped colonization and built its strategic industrialization by delinking from the Western-

dominated world economy before becoming itself a member of the imperialist group of nations.

Following World War II, the reconstruction of Japan's economy was based on the strategy of protectionism from the world economy while depending on foreign markets, mainly in the United States.

Implementation of variants of the "capitalist developmental state" allowed the industrialization of the newly industrialized countries. American East Asian strategy accepted these strategies as a counterforce to socialist construction in China and elsewhere.

The victory of the Communist Party in the Chinese civil war reinforced the prospect of socialism in the Soviet Union and China. However, this did not lead to a common front against Western interventions and wars in Asia.

The Sino-Soviet split opened a window of opportunity for the United States in its confrontation with socialism. By playing the "China card," the United States administered a strategic defeat on the Soviet Union. The Soviet intervention in the Afghan civil war, which had been stage-managed by the intelligence agency of the United States, Saudi Arabia, and Pakistan, weakened the Soviet Union further and probably led to its demise.

The dissolution of the Soviet Union and the entrance of China to the world economy gave the United States geopolitical advantages in attempting to establish world hegemony on the basis of "full spectrum dominance" as promoted by neoconservatism.

The opening of China allowed neoliberal globalization to gain access to both the Russian and Chinese economies. The Russian economy was privatized leading to a radical downturn. In China, neoliberalism was accompanied by foreign direct investments and having access to the American market for the Chinese export-oriented economy.

The revival of Russia's political system and its return on the world scene as a political/military power offers resistance to the US-proposed geopolitical world order. The Chinese economic miracle is finding American resistance to the further growth of China's geo-economic power, which is in the process of helping nations escape the US economic dominance in Asia and other parts of the world.

## **EPILOGUE: THE ECLIPSE OF THE US-DOMINATED WORLD ORDER**

The analysis of Eurocentrism has shown that the argument could be made that even Karl Marx could be accused of Eurocentrism to the

extent that he considered capitalism as capable of releasing productive forces on a level never seen before. This is clearly expressed in the *Communist Manifesto*.

But both authors of the *Communist Manifesto* as anti-capitalist political scientists expressed the dialectical notion that the inclusion and development of the Chinese nation while reinforcing capitalism in the short term would threaten it in the longer term. In an article written in 1853, Marx made the point that “now, England having brought the revolution of China [transition to capitalism], the question is how that revolution will react on England, and through England on Europe” (Marx, n.d., 18).

The age of Atlanticism is drawing to a close and a new multipolar order is emerging. The self-perception among the political class in Delhi and Beijing ultimately emphasizes not only their position as great powers but essentially reinserting their role as global leaders in determining international affairs in the near future. This compelling evolution nurtures the scenario of a completely different vision of the future world order.

Some commentators note that the beginning of the twenty-first century will be remembered for the rapid decline of the United States’ unilateralism and the “reemergence” of a multipolar world where India and China restored Delhi’s and Beijing’s rightful places first as regional and then as global players with huge implications for global economics and security. If these tendencies continue, it ultimately spells the end of the three to four centuries of global domination of the Atlantic powers. How such a process will evolve is one of the most important future questions for the world system. Although suffering from “imperial overstretch,” the United States remains the hegemonic military superpower, but its options are becoming more and more limited both geo-economically and geopolitically, and Washington’s room of maneuver appears to be shrinking due to the shift in economic gravity and the concomitant challenges from Asia.

The paradox of the inclusion of ever-large areas of the world into the sphere of international capitalist relations is a problematique that has not been entirely grasped by social scientists, including those in the socialist tradition. Applied to the rise of China in the context of the present crisis of capitalism, we can see the contours of a possible future perspective that reduces the Eurocentric approach. Although not the direct cause of the crisis of the global system, the growth and development of China and emerging economies reflect a historical shift

within the system that will influence the difficulties encapsulated in a resolution. Seen in this light, the insight expressed by Friedrich Engels in 1894 in a letter to Karl Kautsky can prove to be more topical than it was then.

It is again the wonderful irony of history: China alone is still to be conquered for capitalist production, and in so doing at long last the latter makes its own existence at home impossible . . . (Engels, n.d., 346)

It is not our intention to engage in an intense theoretical discussion with regard to this important dialectical process of inclusion of noncapitalist (or peripheral) societies in the world system of capitalism. It can nevertheless be pointed out that, because of their spatial dimensions, the participation of China and India in the international division of labor and global capital accumulation process cannot but raise questions as to its consequences on the domination of the system by the core nations (principally the United States).

Although a work in progress, this evolution represents an earthshaking potential which the contemporary world will have to come to grips with. The world system economist Minqi Li raises the question in the following manner:

With the “rise of China” and the “rise of India,” the semi-periphery will become a geopolitical bloc that includes the world’s majority population as well as the bulk of the world’s economic output. The rise of the semi-periphery, by undermining the traditional three-layered structure [core, semi-periphery, periphery], is likely to prove to be fundamentally destabilizing for the existing world-system. (2008, 176)

This possible outcome of the “great transformation” being played out in world capitalism appears to reinforce the theoretical position of Rosa Luxemburg contra Karl Marx regarding the “modus vivendi” of the global system. It is interesting in this context to recall her argument that capitalism had always depended on access to the labor force, resources, as well as markets of noncapitalist formations to its functioning. In other words, the exploitation and inclusion of peripheral areas satisfied the needs of the core nations while simultaneously leading to a blind alley for capitalism itself:

The general tendency and final result of this process is the exclusive world rule of capitalist production. Once this is reached, Marx's model becomes valid: accumulation, i.e. further expansion of capital, becomes impossible. Capitalism comes to a dead end, it cannot function any more as the historical vehicle for the unfolding of the productive forces, it reaches its objective economic limit. (Luxemburg 1972, 145-46)

While this paper makes the case that the Eurocentric world system is being challenged not by a direct anti-capitalist transformation, it would be foolhardy to prognosticate the future. Much too many elements (unknown knowns) have to be factored in the equation. Human historical development is not preordained and much depends on the class struggle in each country and the choices of ruling elites. Nothing is preordained.

This applies of course to the ascension of China to the position of second economy in the world system. Although it is obvious that this rise has affected the domestic Chinese society as well as the workings of the international economy, it would be wise to keep in mind the fact that huge problems remain. We can conclude this analysis by quoting George Aseniero:

If China succeeds in dealing with [its] problems, the world will have to deal with the enormity of that success: the global economy has largely accommodated the NICs, but the full-scale industrialization of the dragon economy will be certain to destabilize the global balance of power. If China fails, and plunges into chaos instead, the world will have to deal with the horror of that failure. Either way, it is the dragon—not the East Asian tigers, the Japanese flying goose, or the American eagle—that will spell the future of the Pacific Rim. (1996, 193) ❀

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