

*Dar al Islam*. The Mediterranean, the world system and the “wider EUrope”

Volume 1. The "Cultural Enlargement" of the EU and Europe's Identity

by

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Cover illustrations:

Cover:

1) Map of the Muslim World, c. A. D. 1300

from: W. C. Brice. An Historical Atlas of Islam Maps

University of Texas Map System

2) We will have only a common future or we will have no future

[http://earthobservatory.nasa.gov/Newsroom/NewImages/Images/lights\\_europe.jpg](http://earthobservatory.nasa.gov/Newsroom/NewImages/Images/lights_europe.jpg)

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Growth in "mega-cities" is altering the landscape and the atmosphere in such a way as to curtail normal photosynthesis. By using data from The Defense Meteorological Satellite Program's Operational Linescan System, researchers have been able to look at urban sprawl by monitoring the emission of light from cities at night. By overlaying these "light maps" onto other data such as soil and vegetation maps, the research shows that urbanization can have a variable but measurable impact on photosynthetic productivity.

Cover text:

With the process of a “wider Europe” (EU-Commission President Romano Prodi’s “ring of friends”) that extends from Marrakech in Morocco to St. Petersburg in Russia gathering speed, the growing rift between Europe and America also is about how to deal politically with the countries of the Mediterranean-Muslim world. The house of Islam (*Dar al Islam*) was pivotal to the European path to the Renaissance and to the re-discovery of classic Greek philosophy. The Mediterranean policy of the European Union aims at a positive and cooperative relationship with the region.

A successful integration of the Mediterranean South would have tremendous and positive repercussions for regional and world peace. World-wide leading experts from the field of world systems analysis, economics, integration theory, political science, theology and area studies, agnostics, Christians, Jews and Muslims alike discuss the issue with European decision makers. The outcome is an interdisciplinary evaluation of this projected export of peace, cooperation, dialogue and stability in the framework of world center-periphery relationships.

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*Today, like some 25 years ago, an educated, accomplished and humble soul is needed. Today, we should refrain from claiming that we have a monopoly on the truth. The absoluteness of truth, in itself, should make us, not only to accept variations in mankind's culture, religion, language and colour of skin - under the banner of the same unique and absolute truth - but also to recognize those variations as a unique opportunity to build a world based on peace, freedom and justice.*

*A. Khatami, President of Iran*

*We must take the Andalusian Way, for it will lead us to Averroes and Maimonides, both natives of Cordoba, both philosophers, legal experts and medical practitioners, one a Jew, the other a Muslim, who represent the symbiosis between cultures at the highest level.*

*The transmission of Greek science and philosophy by Arab translators and the transmission to the Christian world of Arab science and philosophy are shining examples of interpenetration between cultures and of cross-fertilisation of civilisations. The exemplary nature of Muslim Spain must inform our present-day activities: it established a connection between the Orient and the Occident and between Antiquity and the Renaissance.*

*P. Cox, President of the European Parliament, 1999 - 2004*

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## **A Introduction**

### *Introductory Essay: Towards a “Kantian Peace” for the Mediterranean Region?*

**Peter Herrmann and Arno Tausch**

This collection of essays looks at the future of Euro-Mediterranean and Euro-Muslim relations in the framework of a wider Europe and in the framework of the capitalist world system. With the process of the east central European enlargement of the European Union about to be completed on May 1st 2004, the relations of the European Union with the countries further east and south enter the main stage of the political debate.

The very idea of a constructive, convergent relationship between a core area of the West – the European Union – and the Muslim world might be against the spirit of the time. Indeed, the Euro-Mediterranean relationship, if successful, might be a showcase to the world that not cultural warfare, but cooperation can be a model for the 21st Century.

### The European/Mediterranean Partnership

At the time of the entry into force of the Rome Treaties on January 1st 1958, one Arab country, Algeria, already was a member of the European Economic Community (as the EU was then called) – as a colony. Leaving that paradox aside, the question of Euro-Muslim and Euro-Mediterranean relations gained in importance after the end of the Cold War and the initial phases of the peace process in the Middle East. What culminated in Oslo in 1993 and in Barcelona in 1995 was at least partially motivated by a very simple reasoning: Europe has borders not only in the East, but also in the South, and after the end of the USSR as a stabilizing factor in Eastern Europe and the Middle East, Europe has to avoid chaos in its eastern and southern surroundings.

With the now very realistic candidacy of Turkey for full EU-membership in full swing (see Arno Tausch's second contribution to this volume), Europe would stop to be what many began to call a “Christian club”. In conjunction with the World Bank and the IMF and its Middle East and North African (MENA) initiative, Europe undertook to «anchor» the transition of much of the Muslim world in the European neighborhood from «Arab socialism» and state sector influence (and international political confrontation with the State of Israel) to efficient market democracies and peace with Israel by providing

- 1) aid and

## 2) markets

to these Muslim nations around Europe.

The Eurocracy in Brussels designed the goal of a gigantic free trade area, involving enlarged Europe and the Mediterranean partner countries by the year 2010. This free trade area would be the largest free trade area of the world. Per annum transfers to the east central European accession countries (PHARE-program) are now 1415 million €, while the MEDA countries get 892 million € and the former USSR (minus the Baltic states, which are on the PHARE recipient list) 448 million € via the TACIS programme.

At the time of the Barcelona EU summit of 1995, at which these policies were finally put into framework, considerable optimism persisted. Ever since the relations between the Orient and Occident developed, competition, even war, and not peaceful coexistence seemed to be the rule rather than the exception. Were “Djihad” and Crusades, the march of the Ottoman Empire to the gates of Vienna and Western colonialism really a thing of the past, and was it finally time to begin constructing a joint Euro-Mediterranean house of peace, for which many take the Arab rule in Spain until 1492 as a model?

Several essays in this volume are intellectually influenced by such a “Sepharadic” vision of peace between the civilizations and the three great Abrahamic religions of the world, Judaism, Christianity, and Islam. Johan Galtung, Rabbi Michael Lerner, and Alfred Tovas all deal with these issues. As stated forcefully by both Pat Cox and Clara Mira Salama, such a vision of peace and not civilizational warfare is also at the basis of the European Union’s foreign policy towards that part of the world.

The “declaration of Alexandria” – a moving document of commitment to peace in a time of warfare, hatred and occupation, signed by leading religious dignitaries from the three major monotheistic world religions, is included in our volume.

Is the squaring of the circle, the achievement of the impossible suddenly within reach of reality, and could the European Union and

1. Egypt
2. Algeria
3. Israel
4. Jordan
5. Lebanon
6. Malta
7. Morocco
8. Palestinian Autonomy
9. Syria
10. Tunisia
11. Turkey
12. Cyprus

be united under the banner of peace and prosperity?

The partnership with the South was meant to be as important as the enlargement process to the East. By increased political dialogue, the creation of a free trade area, increased financial and economic cooperation, as well as social and cultural cooperation, these noble aims were thought to be within the reach of reality. 1995 – 2000 already saw a EU-

flow of 4179,8 million € to the region; 2000 until 2006 the spending of another 5350 € are planned. The distribution of this money (percentage share of each country or aid category in the total) between the partner countries is as follows:

technical aid	1,5
Syria	3,3
Lebanon	4,4
Algeria	4,6
Palestinian Autonomy	5,0
Jordan	6,4
Tunisia	12,0
Turkey	13,2
regional cooperation	13,8
Egypt	16,7
Morocco	19,1

In our volume, Clara Mira Salama analyses the architecture of the EU MEDA program, which is the “flagship” of the EU’s foreign policy towards the Mediterranean region.

Pat Cox, the President of the European Parliament, says that with its new Mediterranean bridges, Europe will be better equipped to comprehend its new dimension. The European Union is a participant in a dialogue between cultures of which it constitutes a model in History. The determination to meet with legitimate aspirations of the Mediterranean peoples found practical expression in the implementation of the Euro-Mediterranean Partnership established in Barcelona in 1995. The aim of the project is to create a shared future in which the notion of a new economic relationship and issues relating to democracy, human rights and the imperatives of peace and security constitute a whole in a new approach which has therefore abandoned the traditional patterns of cooperation. The cultural and human aspect of the Partnership is based on a determination to mobilize popular initiatives on both shores of the Mediterranean in order to introduce exchanges and implement joint cooperation projects.

For President Cox, the vision of a violent confrontation between civilizations is born of irrational fear and not of a rigorous observation of the way in which international society is developing. The various cultures are currently going through a shaking out process, which does not seek to destroy them but calls on them to refine themselves so that they may be more accessible. This is a living process, which is based on exchanges. However, if exchanges are to take place, we must ensure that diversity is preserved.

Clara Mira Salama reviews the progress that the EU has been making in implementation of the Barcelona Process. Since the very beginning of the European Integration process the EU has had specific policies addressed to the Mediterranean region arising from the many important links that bind the countries on both shores. These are not only cultural and historic - mainly with the former regional colonial powers, France, the United

Kingdom, Italy and Spain, - but also economic. The Mediterranean countries are important suppliers to the EU market of natural resources such as gas and petroleum and are an important market for EU exports. Europe also has an interest in the political stability of the zone; its proximity means that what happens in the region has important repercussions on the other shore of the sea. Military and commercial areas of strategic importance are located in the region, such as the Suez Canal and the Straits of Gibraltar. All of these factors explain the development of specific policies towards these countries, evolving over time in response to changing political and economic circumstances. The Barcelona process was launched in an atmosphere of enthusiasm and confidence, but years later we cannot say that it has completely fulfilled these expectations. It is possible that these expectations were too high. In 1995 at Barcelona there was a feeling of optimism; under the Treaty of the European Union the EU had just created the CFSP (Common Foreign and Security Policy), the Maghreb countries had established the *Union du Maghreb Arab* (Treaty of Marrakech) and the Middle East peace negotiations seemed to be finally making progress. Of all the factors that might account for the relative failure of the EMP it is the cessation of the peace process that is probably most significant. Nonetheless, and even if the results of the EU's Mediterranean policy will only be apparent in the longer term, it is already clear that the process commenced in Barcelona has had important practical repercussions for both shores of the Mediterranean and that in some areas significant progress has been achieved. It has inaugurated a period of political, social and economic dialogue and created important new institutional structures.

The following essay contrasts this largely optimistic view. Samir Amin, the major world systems researcher from the Arab world, thinks that the Euro-Mediterranean partnership process, initiated in Barcelona in 1995, has proven bankrupt -- first, because there is no true Euro-Arab dialogue associating all the Arab countries with all their European counterparts and, second, because since its birth, its other goal has been to impose Israel's integration on the region, although this country, due to its apartheid policies, should be – according to Amin - isolated from the international community. It is Europe's responsibility to distance itself from the US, on the political as on the economic levels, and to lend substance to its references to human rights. The struggle for democracy (in Tunisia, Turkey ...) is first and foremost the people's concern. The construction of alternatives must be the response to neo-liberal expansion, the social consequences of which are objectively ruinous; and it must rest upon converging modes of struggle and resistance to the dominant model.

### The West, Europe and the Muslim World

Several factors now seem to speak against the realization of the optimistic Cox/Salama scenario, and speak in favor of the pessimistic Amin scenario. Failure will have dire consequences for world peace, because it will add to the weight of conflict between the

West and the world of Islam. In contrast to the United States, where mass migration is still largely an Asian and Latin American phenomenon, these questions have an even more direct migration implication on the European continent. Already more than 15 million people of Islamic faith reside within the borders of the European union. Several European Union member states are in a direct geographical vicinity of major population centers in the Muslim world. Madrid is separated from Algiers (Algeria) by only 702 kilometers, and the distance between Madrid and Rabat (Morocco) is only 760 kilometers, while the distance between Madrid and Brussels, the capital of the main European Institutions, is 1314 kilometers. The distance between Rome (Italy) and Tunis is only 593 kilometers (while Rome to Brussels is 1186 kilometers), and Athens (Greece) is only 1120 kilometers away from Cairo, while Athens is 2089 kilometers away from Brussels. Even Austria's capital, Vienna is not too distant from Tunis, the capital of Tunisia (1368 kilometers) thus the distance between Vienna and Tunis is only a little bit more than Vienna to Brussels (913 kilometers).

Some factors are so well known or evident, that they themselves need no further comments here

1. September 11; and the probability of further conflict between the United States (and European allies) and supposedly religiously motivated violence or states that are claimed to be in possession of weapons of mass destruction in the region
2. the breakdown of the peace process in the Middle East
3. conflicts along the Schengen outer border of Europe caused by migration pressure in the South. A typical tendency would be conflicts like those that erupted between Spain and Morocco during summer 2002
4. a notable new European southeastern policy orientation (i. e. Caspian Sea oil reserves, the largest reserves in the world, the pipeline policy of big transnational oil companies, an alliance between Israel, the US and Turkey as the main factors of "stability" in the region). Such an alliance makes a North-South cooperation axis in Europe seemingly superfluous
5. social strains of the EU-enlargement and globalization process that shake up the closely-knit fabric of European social and political systems, which only explicitly defines itself since about 10 years – though the conceptualization is still in full swing. Even if benefits in the long run outweigh losses, these losses are large enough to derail or at least to slow down a further enlargement process, once East Central Europe has become a full European Union member
6. a liberalization process in the countries of the Mediterranean South that is much to the benefit of the North, but not in benefit of the South.

While myriads of analyses are published on processes 1 – 3, factors 4, 5 and 6 are less commonly being dealt with. But the world systems approach is especially interested in these questions, and it is worthwhile to start from them.

Arno Tausch starts from the assumption that at the time of the enlargement of the European Union, the real enlargement question - that of the 'cultural enlargement' of the

European Union - cannot be excluded any longer. A successful integration of the Mediterranean South would have tremendous and positive repercussions for regional and world peace. And this question is made all the more relevant by the expected demographic shifts in the vicinity of Europe until 2050. Tausch introduces, just like Syed Ahsan in his contribution to this volume, a cautiously optimistic note into the debate about the development capability of the Muslim world. Many authors would agree with Samuel Huntington on the hypothesis that development in the Muslim world is deficient. However, various factors insufficiently understood by existing theory combine to explain, why pessimistic visions do not correspond to reality. The combination of an Arab/Kemalist/non-aligned legacy, free-market reforms of the 1980s and 1990s and religiously motivated welfare for the poor (2.5 % of total incomes, “*zakat*”-tax) provided for an exceptional human development performance in the region. With rising levels of purchasing power parity gross domestic product, the today existing world of Muslim countries had much a higher positive correlation with rising income levels than the entire world economy for many central human development indicators; i. e. there is reason to believe that growth will continue to benefit the poor in the Arab world. In 2002, the UNDP classified 166 countries according to their capacity to guarantee the survival of their citizens at least to age 40. Sweden was the world’s best country according to this rank scale; the median value was taken up by Colombia (rank 88) – 10.1 % of the population dying an early death at age 40. The United States ranks only 33 among the 166 nations with complete data; the Muslim countries Kuwait and Brunei Darussalam are ahead of them. Bahrain; Qatar; Malaysia, Lebanon, the United Arab Emirates, the Libyan Arab Jamahiriya; Saudi Arabia; Oman; and the Syrian Arab Republic outperform Latvia, on May 1<sup>st</sup> 2004 the European Union country with the worst values according to this variable.

According to the UNDP’s Arab Human Development Report 2002, life expectancy in the 22 Arab nations has increased by 15 years over the last decades; mortality rates for children under five years of age have fallen by about two thirds; adult literacy has almost doubled—and women’s literacy has trebled—reflecting large increases in gross educational enrollments. For the UNDP it is nevertheless evident that Arab countries have not developed as quickly as comparable nations in other regions. More than half of Arab women still are illiterate. The region’s infant mortality rate is double that of Latin American and the Caribbean, and four times that of East Asia. And over the past 20 years, growth per capita income was the lowest in the world except sub-Saharan Africa. The UNDP tried to ascertain the causes of these deficits and identified three areas where Arab institutional structures are hindering performance and crippling human development: governance, women’s empowerment, and knowledge. Several of the negative effects which the UNDP Arab Human Development Report 2002 calls the “three deficits of human development” in the Arab world might still be caused by other influences, and not the status of a country as a Muslim nation.

Tausch takes up this quantitative debate and shows that under due consideration of the often very strong interactions of development level on development performance, the exclusion from or membership of a country in the European Union, and the degree of 'globalization' (net direct foreign investment inflows per GDP) Islamic Organization Conference membership has a statistically significant positive multivariate effect on

economic growth

while the only negative effect had to be observed for

female share in life years

The ills of the region are evident and are there, but their causes are to be sought in the specific patterns of globalization in the region. A European Union membership perspective and the application of the 'Acquis Communautaire' in the southern Mediterranean countries would quite rapidly help them to overcome several of the existing deficits, while on the other hand the negative effects of unfettered globalization on most of the social development indicators have also to be considered. Europe in the long run could gain a lot from looking more positively at the prospects of EU-membership of the Southern Mediterranean neighbors. "Arab" or "Muslim" "development efficiency" in quantitative terms suggests a more positive approach than has been hitherto suggested in the literature.

Johan Galtung in his contribution looks at the post – September 11 world from the viewpoint of radical peace research. Above all, the world before September 11 was characterized by structural violence brought about by the rapid expansion of the market system all over the world. A basic aspect of that system is monetization, meaning that what is required for basic needs satisfaction is available only against money, not labor, for instance. With less than one dollar per day the basic needs for food, clothes, shelter and health care cannot be met. As a result people die, probably now to the tune of 100,000 per day, of under/mal-nutrition, -clothing and housing and the lack of health services for the diseases that follow, because they are also monetized and unsubsidized. At the same time wealth accumulates at the top. Many people hate this.

As to the motives behind direct violence: it is practically speaking all compatible with the hypothesis that US direct violence, overt or covert-CIA-is directed against whatever can be seen as hostile to US business abroad. Galtung says that this would include progressive countries and progressive people in any country, meaning by "progressive" policies that privilege distribution of economic assets downward in society and the satisfaction of basic needs for the most needy. If this is compatible with a favorable "climate" for US business then OK. But in less developed countries the political economy will pit these goals against each other, and the standard US reaction has been violent. We

can, Galtung says, talk of a military-industrial complex and of an international class struggle between and within countries.

A generation ago retaliation would refer to colonialism and to 200 British punishment expeditions by Rule Britannia. Today hatred centers on the USA, overshadowing former colonial powers like France, Belgium and Portugal to mention some, and- indeed - Japan as some kind of "West". Today that military-industrial complex is clearly symbolized by Pentagon-World Trade Center.

Looking through the history of violent US interventions since 1945, i.e. 35 attempted or successful assassinations of foreign leadership in 35 countries + 11 countries, where torture was aided, Galtung says, by the US + 25 countries that were bombed + 67 countries with massive political interventions + 23 countries where elections were perverted makes 161 cases of political violence, and the conclusion, according to Galtung, is inevitable: practically speaking all of them are compatible with the class conflict (between countries and within) hypothesis. No case is compatible with the "clash of civilizations" hypothesis in the sense that civilizational symbols (like mosques, temples) or purely religious authorities were targeted. Nor is there any evidence for classical territorial expansion.

Under these conditions, Galtung says, the terrorism discourse leads to two possible reactions:

A: search and punish, court-ordered police action; due process

B: search and destroy: uni- or multilateral military action.

The retaliation discourse also leads to two reactions:

C: retaliation: hate-violence to hit back, an eye for an eye.

D: exit from the retaliation cycle; US and OS change policies.

As Galtung believes 10% in the terrorism discourse (there are some very hard, evil people in the world) and 90% in the retaliation discourse (sad, but, however unwise, retaliation is a human inclination fueled by fundamentalism) reactions, or rather policies, A and D are preferred. US reaction so far is a mix of B (preferring military courts to due process) and C; incapacitation of the presumed enemy and pure revenge; with some elements of A (UN legitimacy) and D (new Palestine policy).

There can be, and are, of course also other US motives, Galtung says. No human being, no power, indeed no superpower is so single-minded as to act from only one motive. When Professor Galtung was mediator for Afghan groups, organized by the Afghan University in Peshawar, in February 2001 there was much talk about a coming US base



between Herat and the Iranian border to protect oil pipelines from Uzbekistan and Turkmenistan, and for control of Central Asia in general and Afghanistan in particular.

Fortunately, Galtung says, there was a poll taken by Gallup International in 33 countries right after September 11. Differing from the US polls people were given a choice: "In your opinion, once the identity of the terrorists is known, should the American government launch a military attack on the country or countries where the terrorists are based or should the American government seek to extradite the terrorists to stand trial?"

Only three countries were in favor of "attack": Israel 77%, India 72% and the USA 54%. In Europe the highest in favor "attack" was France with 29%. The "stand trial" answer was in overwhelming majority, around 80% in the other 30 countries ( UK 75%, in France 67%; all over Latin America well above 80%). There is a solid basis for Rule of Law rather than Rule of Force in the world population on this issue, and also for a peace movement North-South. Governments, as mentioned, will react strongly against terrorism, maybe less to protect their people than to protect themselves and their class interests, the hard nucleus of a country. They are also afraid of US retribution by being turncoats, and they were in a state of shock after September 11, probably also since their intelligentsia had not warned them sufficiently against the obvious. Galtung says that he has been expecting, with sadness, something like that to happen--like busting the bridges and blocking the tunnels to Manhattan--since 1988-91, when the US shot down a civilian Iranair plane over the Gulf, and started the massive destruction of Iraq, taking on key Muslim countries, non-Arab and Arab. The surprising thing is that some were surprised.

The USA (and some allies) may see the USA as above all other countries, but most of the world stick to the equality of the UN Member States. The exception is the UN Security Council which takes on such roles but cannot do so in this case: of the five core, veto members, four are Christian (USA Protestant, UK Anglican, France Catholic-secular, Russia Orthodox), one is Confucian, China; and none represents the 56 countries of the world with a Muslim majority. The International Court of Justice would be better and so would the coming International Court of Justice (ICC), but it is not yet there and the USA will probably not ratify. It belongs to the picture that the list of accusations against Henry Kissinger, a former Secretary of State, is much longer than the list against bin Laden.

Galtung also points out seven signals indicative of exit from retaliation: Military-political, against direct violence:

[1] Willingness to recognize Palestine as a state: this has already happened and the US should be commended for that.

[2] Remove all US military presence from Arabia, recognizing that this is a sacred land for very many Muslims, with Mecca and Medina, opening the way towards democracy in that dictatorship.

[3] Lifting the sanctions on Iraq, negotiating with the regime, and apologize for Albright's "it was worth the price" remark. More difficult, this would require real statesmanship.

[4] Accepting the invitation by President Khatami for an open, public, high level dialogue on the relation between Iran/US, and West/Christianity vs. Islam in general. The US fears a dialogue of this type will be used for propaganda, and some disagreeable things will probably be said about the USA-CIA supported coup against the elected prime minister, Mossadegh (1953) and in favor the non-elected Shah. But after that critique, which any mature person is able to stand, comes the constructive phase where one could only hope Iran is well prepared

[5] Hands off Afghanistan . This is partly because any US presence will strengthen the argument about ulterior motives and may stimulate an anti-US coalition, partly as a sign of respect. A UN presence up to trusteeship level is a viable alternative.

Economic-political, against structural violence:

[6] Globalization-free zones, in the regions where people die from globalization because of too little money to buy from the market for their basic needs. The Kyoto protocol already had the Third World as an exemption so there is nothing new in the idea of differential approaches. The alternative would be a Marshall plan for the poorest areas of the world in the Andes region, Black Africa and South Asia - strengthening the local, informal economy with a view to basic needs satisfaction for all.

[7] Reconciliation: learn from the German approach to the 18 countries they conquered and the 2 nations they tried to exterminate, the Jews and the Sinta/Roma. Today Germany has reasonable relations to all, and a key element went beyond apologies and compensation to including rewriting of textbooks.

How is this going to end? Galtung says, this depends on the choice of "this". Do we mean the small picture embraced by Discourse A, the "terrorism" of September 11 and the punitive action = military action + retaliation? Or the larger picture covered by Discourse B, a retaliation cycle embedded in a globalized class conflict?

For the former the answer may be US "victory" with bin Laden dead, Al Qaeda in Afghanistan "crushed", and US oil and military interests in Central Asia secured. But bin Laden may become a martyr, Al Qaeda may change name and regroup - both processes as global as US corporations and the US air force - with a multiplier stimulated by higher levels of hatred. Punitive force incapacitates but does not remove the causes that produced terrorism. Terrorism has no central command that can capitulate. Afghans may also unite against the USA as proposed by some.

A major problem is whether to declare victory. The punitive approach may produce more capacity for violence, making victory declarations self-defeating, inviting attacks next

day, as the Algerian government knows from bitter experience. But a non-declaration of victory means a drawn-out, never-ending alert very taxing for the USA and the "allies", government and people. The question, what is wrong about us since we have so many enemies? emerges. Alerts relax unless adequately stimulated.

In a meeting with some State Department people in 1990, Galtung says, the end of terrorism was declared based on curves turning downward. This was seen as due to the bombing of Libya 1986. My warning was that terrorists may have longer time perspectives, and hail from more space than Libya. The US image tends to be a single-shot phenomenon that peaks and peters out; a better image is a wave-like phenomenon with ups and downs; depending on US policy.

For the larger picture, embedded in the retaliation discourse and in the class conflict/American Empire perspective, the prognosis also becomes larger, drawn out in time. What could be a historical process that could serve as a metaphor? Very useful, also because the US was so deeply involved, is slavery. The system was despicable, the suffering undescrivable, the level of self-righteousness unbearable. There was retaliation from below, terrorism we would have said today, like Nat Turner (a native American bondsman) and his slave revolt in 1831, with 70+ rebels killing 59 whites. The whole dogma of white superiority was at stake, and the repression was swift, enormous and effective. Assembly of slaves was forbidden, so were education and movement. But something important had nonetheless happened: the Blacks had proven themselves capable of a revolt, at the same time as their violence from below served, in the minds of many slave-owners, to justify their own violence from above. The similarity, point for point, to the post-September 11 situation is painfully clear. We can almost hear slave-owners explaining how the slaves were destroying for themselves; like terrorists harming the poor by undermining economic growth.

Galtung offers also a Gandhian therapy: Gandhi an action on September 11 would have been to organize, with the same precision and synchronization, and on a global scale, massive demonstrations around all US-Western-Japanese embassies in the world, surrounding them by the thousands, totally nonviolently, presenting the facts of global injustice, inviting dialogue. And not only the economic exploitation but also all dimensions of class: the political monopolies and manipulation in Palestine and Afghanistan, the military violence in Iraq and elsewhere, the cultural domination through the media and other means, the sacrilege in Arabia.

Rabbi Michael Lerner, one of America's leading Jewish critics of the present foreign policies of confrontation under the Bush administration and America's Iraq war in 2003 ("*Tikkun* Community" in San Francisco), argues in a similar vein and says that twenty nations have or are in the process of developing chemical and biological weapons. Yes, this makes the world unsafe - but the United States themselves are blame for it in large part, including for the role they played in training and arming al Qaeda operatives when they were terrorists fighting against the Soviets in Afghanistan. Lerner is convinced that

Saddam has violated the basic human rights of his own citizens (including regularizing the use of torture), that he is responsible for the deaths of tens of thousands of innocents, and that he should be brought to trial for crimes against humanity. Lerner would have loved to see Saddam Hussein's regime replaced by a democratic and human rights-respecting regime in Iraq. But war is not the way to achieve that. The record of regimes the United States has supported around the world in the past forty years, and the "ultra-right wing and human rights-insensitive proclivities of the Bush administration" give Lerner little "reason to believe" that a democratic regime will result "from Bush's war". Despite Secretary of State Powell's presentation to the UN about contacts between Iraq and al Qaeda (reminiscent, perhaps, of the long history of United States contact and support for bin Laden in the 1980s), there is no serious evidence, Lerner says that Saddam Hussein has had any interest in supporting Muslim extremists or terrorists-much less giving them weapons of mass destruction-at least, not until the Iraq war 2003. In fact, Lerner recalls, Saddam ran a secular Muslim state, which fought a bloody war against Iranian fundamentalists, and Saddam's chemical and biological weapons were supplied in part by the United States to encourage Saddam in that struggle. If giving weapons to irresponsible terrorist forces were sufficient reason to overthrow a regime, the U. S. role in spreading these kinds of weapons in the past-for example to the terrorist Contras in Nicaragua, or to the Taliban in its struggle against the Soviet Union, or to terrorist groups seeking to overthrow Castro in Cuba, must also be properly re-considered.

Alfred Tovias, the Walter Rathenau and Jean Monnet Professor at the Hebrew University in Jerusalem, boldly proposes that the key to peace in the region is in an Israeli application for EU-membership. In any case the EU and Israel share the same basic political values. In fact, Tovias says, European values precede the creation of the EC and they have been feeding on many Jewish values, so the argument goes. Mr. Marco Panella, of the Italian Radical Party, has put it in graphic terms: Israel's incorporation in the EU could infect with democratic values all the Middle East. The geographic argument, whereby Israel is not in the European continent, seems to Tovias to be shallow in such a perspective. It shall not stand in the way because other countries which do not belong to the European continent (such as Cyprus) are being considered for membership. And the EU will have to deal in the future with other border cases, geographically-speaking (e. g. Armenia, Georgia). Adjusting to the economic and political acquis should certainly not be more difficult for an economically advanced democratic country such as Israel than for Turkey or Poland, not to speak of Bulgaria. Israel is a functioning market economy and fulfills most of the Copenhagen criteria (but would have to do undoubtedly more in this respect, something which a resolution of the Israeli-Palestinian conflict would facilitate). All experts concur, Tovias says that Israel could have been an OECD member for years had it not been for political reasons. Israel would be a net donor in budgetary terms in a EU including the current candidates. Its GDP per capita is larger than the one of any of the latter. Politically, Israel's membership in the EU would address Israel's sense of solitude and isolation, and also improve its security. More generally one can argue easily that the perspective of EU membership would give Israel enough security to offer generous territorial and political concessions to the Palestinians. Thus the vision,

proposed by Toviás, is as optimistic as the analyses written by Pat Cox, Clara Mira Salama, Arno Tausch, Syed Ahsan, John Oneal and Bruce Russett to this volume. Peace and economic prosperity are difficult to reach but they are possible.

As it is well known, many see the present predicament of the Muslim world as starting with the “rise” of the “West” by around 1750. Andre Gunder Frank, in his vast and provocative analysis of the totality of the relationship between East and West over the last 5000 years and his critique of Eurocentrism turns the traditional debate about the West and Islam on its head and comes to the conclusion that the 21<sup>st</sup> Century will be China’s Century, and that there is no such thing as “European” or “Western” “exceptionalism”; i. e. by following the path of import substitution and export promotion there would be a window of opportunity also for the Muslim world and the Arab nations in particular to come out from their relatively peripheral position.

In his analysis of the last 5000 years of human history, Frank devastatingly criticizes all those who talk about the “rational spirit” of the “West” that is supposedly the “missing secret ingredient” that, when combined with all the others, is said to distinguished "The West" from "The Rest. " Without it, the Eurocentrists maintain, the Asians could not possibly develop capitalism and therefore really "develop" at all, or even use their cities, production and commerce. Never mind, says Frank that the Catholics in Venice and other Italian cities had already managed quite well, without this special gift before Calvin and others gave it to the northern Europeans. Also never mind that not all those gifted with the Protestant ethic manage so well either, neither in Eastern Europe, nor in the European colonies early on in the South of the United States and still in the Caribbean, and elsewhere. Nonetheless, Eurocentrists explicitly claim support for the Weberian thesis and categorically deny that Muslim "culture" can permit any technological initiative.

So the entire question of "The Rise of the West" after 1750 must be re-conceptualized and re-phrased according to Frank. The evidence suggests that the question must be addressed to the whole world economy/system itself and not just to any British, European, Western, and/or now East Asian part/s of the same. The only solution, Frank says, is to cut the Eurocentric Gordian knot and approach the whole question from a different paradigmatic perspective. That is a fortiori the case if we consider the further controversy about whether there even was an industrial "revolution" or only and "evolution" and expansion -- which was world economic.

The turn of the 18<sup>th</sup> Century was not marked by Europe's alleged absolute or relative development or by any Asian 'traditional' backwardness or stagnation. On the contrary and perhaps paradoxically, it was Asia's economic development and Europe's backwardness that set the stage for the simultaneous cyclical "Decline of the East" and "Rise of the West. " Europe's still productive backwardness may have offered some of the "advantages" to catch up, discussed by Gerschenkron in his classic contribution 1962. Europe's backwardness incentivated and its supply of American money permitted Europeans to pursue micro- and macro-economic advantages, which were to be had from

increased European participation in the expanding Asian economies from 1500 to 1800. Of course, Europeans also took advantage of their increasing political economic relations with Africa and the Americas, including especially the "triangular" trade/s among all three. All of these, including of course also investing profits derived from all of these overseas political economic relations at home, contributed to capital accumulation in Europe, or more precisely to Europe's participation in World Accumulation 1482-1789.

Finally, Europe arrived somewhere [in the world economy!] after three Centuries of trying to do business in Asia since 1500 and the earlier European attempts through the crusades, etc. to benefit from Asian wealth. The roots of the post 1800 "Rise of the West" and "Decline of the East" can and must be accounted for in WORLD-wide economic and demographic terms, in which the economies of Asia played a major role.

The "Rise of the West" in Europe, therefore was not a case of pulling itself up by its own bootstraps or even with the exploitation of its colonies. More properly, the "Rise of the West" must be seen as occurring at that time in the world economy/system by engaging in import substitution and export promotion strategies to climb up on the shoulders of the Asian economies. The [cyclical?] decline of Asian economies and regional hegemonies facilitated this historic European climb up after 1750.

Analyzed from the perspective of the viewpoint of the *longue durée*, the past and future Asian economic predominance in the world economy means that the supposed European technological 'advance' and especially its '17/18<sup>th</sup> Century scientific revolution' and the latter's alleged contribution to technological innovation are pure Eurocentric myths.

As surprising as are Frank's accounts of the past, so are his projections into the future. Since Asia and especially China was economically powerful in the world until relatively recently, and new scholarship dates the decline as really beginning only in the second half of the nineteenth century, it is quite possible for Frank that it may soon be so again. Contrary to the Western mythology of the past century, Asian dominance in the world has so far been interrupted by an only relatively short period of only a century or at most a century and a half. The oft alleged half-century or more decline of China is purely mythological.

Chinese and other Asian economic success in the past was not based on Western ways; and much recent Asian economic success was not based on the Western model. Therefore, there is also no good reason why Japanese or other Asians – or for that matter the Arabs - need or should copy any Western or other model. Asians can manage their own ways and have no good reason to now replace them by Western ones as the alleged only way to get out of the present economic crisis. On the contrary, Asian reliance on other ways is strength and not a weakness.

The fact that the present world economic crisis visibly spread from the financial sector to the productive one does not mean that the latter is fundamentally weak. On the contrary,

the present crisis of overproduction and excess capacity is evidence of the underlying strength of the productive sector, which can recover. Indeed, according to Frank, it was excess capacity and productivity leading to over-production for the world market that initiated the financial crisis of 1997/1998 to begin with when Asian foreign exchange earnings on commercial account were no longer able to finance its service of the speculative short run debt.

Not that economic recession will or can be prevented in the future. They never have been prevented in the past even under state planning in China or the Soviet Union. More significant for Frank is that this is the first time in over a century that a world recession started not in the West and then moved eastward, but that instead it started in the East and then moved around the world from there. And that was precisely because East Asian and particularly Japanese, Korean and then Chinese productive and export capacity had grown so MUCH. This recession can therefore be read as evidence not so much of the temporary weakness as of the growing basic economic strength of East Asia to which the center of gravity of the world economy is now shifting back to where it had been before the Rise of the West.

The recession in the productive sector was short, especially in Korea, and so far absent in China. But it was also severe, especially in Indonesia. And the shock-waves from the financial sector to the productive, consumer and political ones were visibly - and to all but the totally blind, intentionally - exacerbated by the economic shock policies imposed on Asian governments by the IMF as usual following the dictates of the U. S. Treasury, which systematically represents American financial interests at the expense of popular ones elsewhere around the world.

Equally significant for Frank is that India and to recently to a lesser extent China have remained substantially immune from the present recession, thanks in part to the inconvertibility of their *remin ribao* and *rupee* currencies and the valve in their capital markets that permits the inflow but controls the outflow of capital. The currency devaluations of China's competitors elsewhere in East Asia and the reduced inflow into China of Overseas Chinese and Japanese capital that is negatively affected by the recession in East Asia may oblige China to devalue again as well to remain competitive. Nonetheless and despite their serious economic problems, the Chinese and Japanese economies appear already to have and to continue to be able to become sufficiently productively and competitively strong to resist and overcome these problems. In Southeast Asia, Malaysia has successfully followed the Chinese model of opening its capital market to inflows but restricting especially speculative capital outflows from the same. Korea did not need such emergency measures, since it had received relatively little foreign capital to begin with.

That analysis also has consequences for the perspectives of the dominant center, the United States. According to Frank, the US may [should? must??] now attempt a repeat performance of the 1980s to spend itself and its allies [now minus Japan but plus

Russia?]) out of the present and much deeper world recession and threatening globe-encompassing depression. The US would then again have to resort to massive Keynesian deficit [using September 11 as a pretext for probably military] RE-flationary spending as the locomotive to pull the rest of the world out of its economic doldrums. However, the US is already the world consumer of last resort, but it can be so with the savings, investments and cheap imports from abroad, which themselves form part of the global economic problem.

Moreover, to settle its now enormous and ever growing foreign debt, the US may chose also to resort to IN-flationary reduction of the burden to itself of that debt and its also ever growing foreign debt service. But even the latter could NOT avoid generating a further SUPER trade balance particularly if market demand falls further and pressure increases abroad to export to the US demand/er of last resort. But this time, there will be NO capital inflows from abroad to rescue the US economy. On the contrary, the now downward pressure to devalue the US dollar against other currencies would spark a capital flight from the US, both from US Government bonds and from Wall Street where significant stock price declines generate further price declines and deflation in world terms even if the US attempts domestic inflation.

In this context, Frank says, there is an even more immediate urgent need for the US to control Iraqi oil reserves, the second largest in the region and the most under-drilled with a large capacity to increase oil production and drive down prices. But that is not all or even the heart of the matter. Many people were surprised when President Bush added Iran and North Korea to his "axis of evil. " Though they may not be so surprised at American efforts to promote a coup and change of regime in Venezuela, which supplies about 15 percent of US imports. So what do these countries have in common, many people, including Andre Gunder Frank, ask. Well, three of them have oil, but not North Korea. So what is its threat that puts it in Bush's axis? Surely not geography or alliances [Iraq and Iran were mortal enemies, and North Korea does not play ball in their league. The answer is simple and resolves not only that puzzle but also what could otherwise appear as a rather confused and confusing US foreign policy:

[1] Iraq changed the pricing of its oil from dollars to Euros in 2000.

[2] Iran threatens to do so.

[3] North Korea has changed to deal only in Euros.

[4] Venezuela has withdrawn some of its oil from dollar pricing and is instead swapping it for goods with other third world countries.

Nothing else, no amount of terrorism, could be more threatening to the US; for any and all of that would pull all support out from under the dollar as oil importers would no longer buy dollars but instead Euros to buy their oil. Indeed they would want also to switch their reserves out of the dollar and into the Euro. Iraq before the recent war gained about 15 percent with its switch as the Euro rose against the dollar. And besides, the Arab oil states who now sell their oil for paper dollars would be unlikely to continue turning



around and spending them again for US military hardware. It is, Frank says, this horrific scenario (horrific for the present US administration) that the US occupation of Iraq is designed to prevent, with Iran next in line. Curiously, the US government or media never mentions this oil-dollar-euro detail. No wonder that major European states are opposed to Bush's Iraq policy, which is supported only by the UK, which is a North Sea oil producer itself.

All of these present problems and developments now threaten, according to Frank, to pull the rug out from under US domestic and international political economy and finance. The only protection still available to the United States still derives from its long since and still only two pillars of the "NEW WORLD ORDER" established by President Bush father after "Bush's Gulf War" against Iraq and the dissolution of the Soviet Union in 1991. President Bush son is now trying to consolidate his father's new world order beginning with the WAR AGAINST AFGHANISTAN, and the Bush-Putin effort now also to construct a US-Russian Entente - or is it Axis.

The dollar pillar is now threatening to crumble, as it already did after the Vietnam War but has so far remained standing through three decades of remedial patchwork. But as we have seen, the US is now running out of further economic remedies to maintain the dollar pillar upright. It's only protection would be to generate serious inflation in the short run by printing still more US dollars to service its debt, which would then undermine its strength and crack the dollar pillar and weaken the support it affords still more.

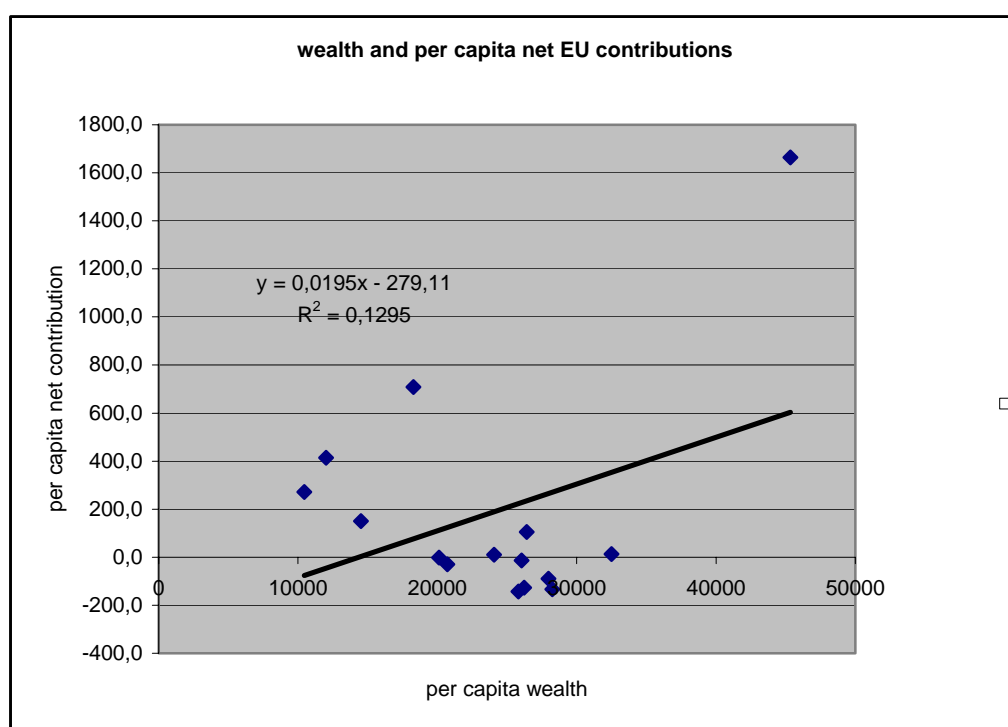
That would leave, Frank says, only the US military pillar to support US political economy and society. But it and reliance on it also entails dangers of its own. Visibly, that is the case for such as Iraq, Yugoslavia, and Afghanistan and of course all others who are thereby deliberately put on notice to play ball by US rules in its new world order on pain of eliciting the same fate for themselves. But the political blackmail to participate in the new world order on US terms also extends to US - especially NATO - allies and Japan. It was so exercised in the Gulf War [other states paid US expenses so that the US made a net profit from that war], the US war against Yugoslavia in which NATO and its member states were cajoled to participate, and then, Frank argues, by the War against Afghanistan as part of President Bush's new policy pronouncement. He used the early Cold WAR terminology of John Foster Dulles that "*you Are either with us or against us*". But US reliance on this, the then only remaining, strategy of military political blackmail can also lead the US to bankruptcy as the failing dollar pillar fails to support it as well; and it can come also to entail US "OVERSTRETCH" in Paul Kennedy terms and "BLOWBACK" in CIA terms.

Towards a Wider Europe

In order to integrate the “outer” peripheries of the evolving “wider Europe”, the EU must be able to integrate its periphery. And here, world system analysis says, is the EU’s major problem.

In order to enlarge, it is clear that Europe must transform and re-form many of its cumbersome institutional arrangements.

There is first of all, a positive relationship between net wealth per capita and net receipts from the EU budget per capita, as evidenced by our own compilations from European Commission and UNDP data. The rich are getting richer!

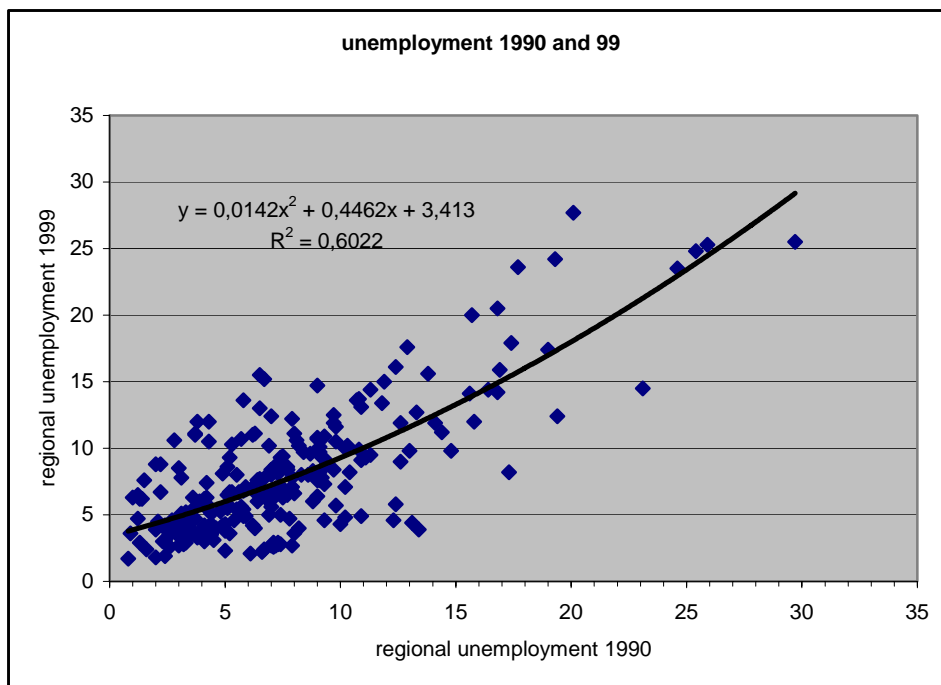


EU-country	contr Eur budget in Euros	net contribution	net contr per capita	GNP per capita
UK	8928,1	-1798,8	-30,2	20710,0
Italy	8667,1	-61,3	-1,1	20120,0
Finland	1061,9	56,1	10,8	24080,0
Luxembourg	170,7	725,5	1664,0	45330,0
Denmark	1505,8	68,6	12,9	32500,0
Greece	1178,4	4371,8	414,5	12010,0

Ireland	687,0	2676,7	709,1	18280,0
France	13185,9	-781,1	-13,3	26050,0
Austria	2110,4	-723,6	-89,4	27980,0
Portugal	1077,8	2721,8	272,2	10450,0
Sweden	2326,0	-1129,5	-127,5	26220,0
Spain	5367,6	5936,0	150,5	14510,0
Belgium	2971,4	1079,5	105,4	26420,0
Germany	21217,3	-10943,5	-133,2	28260,0
Netherlands	4837,6	-2276,2	-143,5	25820,0

([http://www.europarl.eu.int/workingpapers/budg/100/lists\\_en.htm](http://www.europarl.eu.int/workingpapers/budg/100/lists_en.htm); <http://hdr.undp.org/reports/global/2002/en/indicator/indicator.cfm?File=index.html>)

Second, there is also a concentric effect of regional development, as evidenced by the regional database that covers 248 regions with complete data provided by the Directorate General for Regional Policy of the European Commission. The high unemployment rates of 1999 were determined to the tune of 60 % by the already existing unemployment in 1990. Weak regions remained weak, and high unemployment regions remained high unemployment regions. There is no redistribution of employment and life chances in Europe!



(our own compilations from [http://europa.eu.int/comm/regional\\_policy/sources/key/key\\_en.htm](http://europa.eu.int/comm/regional_policy/sources/key/key_en.htm))

Third, economic growth in Europe did not so systematically benefit the poorer regions. The regional redistribution effect between 1995 and 1999 was only weak, and regional poverty only explained 5 % of the positive convergence in that period.

It would be naïve to negate the contradictory process of centers and peripheries in Europe in the first place. This volume deals extensively with this process, and it is at the very heart of the problem, how to further integrate the peripheries that surround the European landmass.

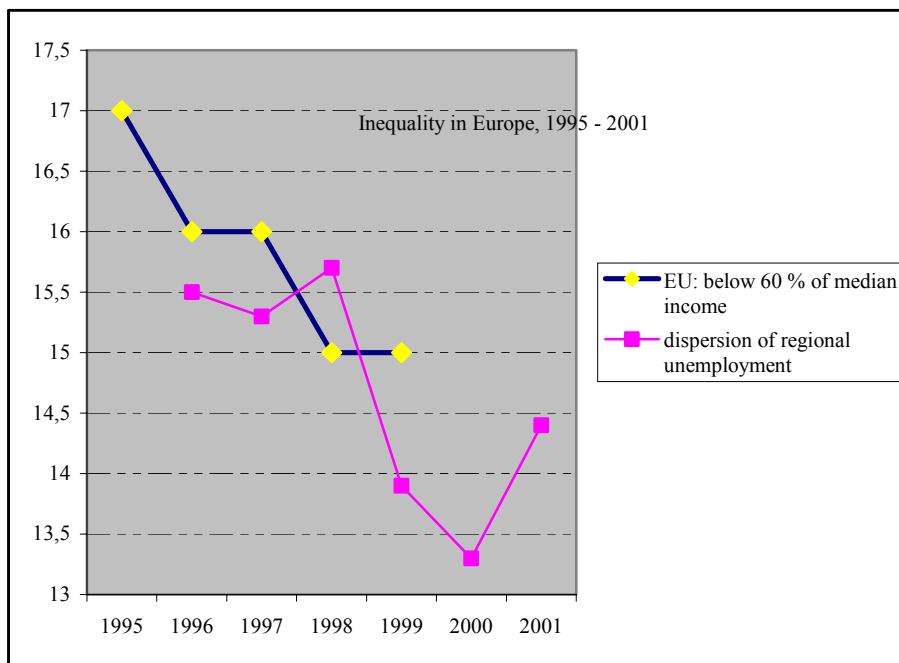
What is already difficult for the Greeks, the Spaniards, or the Finns, will be more difficult still for the Poles, or the Bulgarians; and even more so for Moroccans, Algerians, Israelis or Egyptians, once their country becomes a real periphery of the European orbit.

In our volume, Peter Herrmann, Victor Krassilchtchikov, Kunibert Raffer, Hans-Heinrich Nolte, Patrick Ziltener and Arno Tausch take up the issues of the center-periphery relationship in the context of what is now called in Euro-language “a wider Europe”.

All of these articles show the enormous amount of problems and hierarchies on the way towards a “wider Europe”. In the countries of the European Union – and in comparison with other Western democracies – poverty and marginalization were still very much present. Globalization in the 1980s and 1990s sharply affected the social systems of the Western European democracies. Although the European Union reiterates again and again

that social cohesion between and within its member states is one of its foremost aims, there were considerable increases in national poverty rates in some countries, defined at the well-known level of the percentage of population below 60 % of the national median equivalent income, and in some countries an increase in the dispersion of regional unemployment rates over the last two decades of intensive globalization. The overall EU-15 performance was the following:

Our own compilation from Eurostat,  
<http://europa.eu.int/comm/eurostat/Public/dashop/print-product/EN?catalogue=Eurostat&product=1-structur-EN&mode=download#Cosociale>



Peter Herrmann says that at the current and "final" phase of enlargement there are two groups approaching the European Union that had previously not been considered as even possibly belonging to Europe. The main reason for being left outside of the EU-perspective and for considering themselves as not being potential members had been that these countries belonged to distinct "blocks". The one group of countries belonged to the group of socialist countries, thus being economically organized in a fundamentally different way. The other group of countries still belongs to another "block" as they are considered as "underdeveloped", "developing countries". In the meantime, as well the formerly socialist countries emerged as being seen from the EU-perspective as "underdeveloped". Herrmann suggests for the current situation five major lines of division, existing between the

. developed, service economies

- . developed, industrialized countries
- developing, and rapidly industrializing countries
- underdeveloped, mono-industrialized countries and the
- . underdeveloped, non-industrialized and dependent countries

The supposedly liberal market model is in actual fact restricted not by any regulations but by a strict system of hierarchy. What is actually rejected in given cases – Herrmann says is not so much its “undemocratic structure”. The “undemocratic structures” in that part of the world, according to Herrmann, are very much a reflex of the subordination of the countries in the world system with its hierarchy of economies and the maintenance of hierarchical economics. It is the character of the market that permanently reproduces and deepens the contradictions on a world and European scale.

Thus, apparent "cultural differences" are very much a difference that reflects on a superficial level the different status of the country in question in relation to what we may call "the center".

Victor Krassilchtchikov looks at the “wider European” strategy that will in the end unite the vast region from Morocco to Russia in the East under the conditions of a single free trade area (“European Single Market”) from a Russian perspective. He says that the EU cannot neglect the problem whether Russia will approach all-European standards or not, the impossibility of Russia joining the EU structures in the visible future notwithstanding. At the same time, the author says, a comparative study of Russia's and Latin America's development has significant implications for those politicians and scholars who attempt to elaborate various projects of EU enlargement beyond the frontiers of its historical core. The comparative analysis allows the author to conclude that the "Latin Americanization of Russia" is in full swing. If Russia could keep herself in some social-economic and technological respects at the level of at least Brazil or Mexico, it would be a good achievement of the former second super-power. Moreover, it would be a stabilizing factor in the process of all-European integration. Otherwise, in the case of the further peripherization of Russia, the EU's enlargement will meet severe difficulties because the existence of a backward Russia will go on to have a negative impact on Eastern Europe as a whole and, in principle, will end up being a serious loss for Western Europe's position in the world system. Thus, the Latin Americanization of Russia is not only a Russian internal problem. This trend threatens the stability of all of Europe. Certainly, the enlarged EU may build up a new iron curtain treating Russia only as a supplier of gas, oil and raw materials. But such a curtain will hardly help to avoid of unpredictability of Russian politicians. Simultaneously, the "Latin Americanization of Russia" demonstrates that a rapid opening of internal markets, liberalization, privatization and the enlargement of a field of "free market forces' play" does not always succeed to increase the level of well-being and does not bring Russia nearer to Western Europe. A "navigation" in a sea of globalization/ liberalization can estrange some countries from Europe. And the constructors of the Common European House (or United Mediterranean Civilization, including some countries of the Maghreb and the Balkans) must take into account this

circumstance. Otherwise they risk getting new small Latin Americas (new Venezuelas, Uruguays, Paraguays) inside of Europe.

Kunibert Raffer takes a scathing view of the present state of the EU-world periphery relationship and says that after a quarter of a century and a long and tenacious process of rolling back the far reaching concessions granted by Lomé I – the first major EU-world periphery agreement (1975) - under special circumstances, the new EU-Cotonou treaty with the developing countries outside Europe is the decisive step in restoring the situation the EEC had originally wanted when negotiating the first Lomé Convention but was then afraid to demand. The WTO framework, Raffer says, decisively shaped by the EU as one of the most important parties comes in so handy to destroy Lomé that one might ask whether the EU did not realize the WTO's effects on EU-ACP relations. Strategically, moving the goalposts from outside the Lomé playing field would of course be a very efficient way to abolish the play altogether. The one consistent feature since the mid-seventies is the admirably tenacious effect to undo what was agreed on - with the Commission's own words - in a period of anxiety. Considering the appalling administrative inefficiencies in Brussels in most other fields, Raffer says, this is surprising.

Hans-Heinrich Nolte looks at the dark pages of European history, that – at least in the South – was a history of “*Reconquista*” and starts from the assumption that even when taking a rough glance only at the inequalities in the European Union we are drawn to the fact that the southern borders constitute the poor regions of the Union. The territories conquered or re-conquered from Muslim powers between medieval times and the 20th Century till today have in common a more or less peripheral situation in relation to the center of the European World System. These peripheral situations are different - there are some internal peripheries and some semi-peripheral countries; in some of them the former Muslim and Jewish populations have been extinguished, in others they stayed on. The situation does seem to exemplify the notion of the “*longue durée*”, which Fernand Braudel has applied to the Mediterranean in Early Modern Times, in an important respect and even for a period lasting the whole history of the European System that is starting in the Middle Ages. European expansion towards the South (which in most places was a *Reconquista*) started with the crossing of the Ebro in Spain and the Ottonian (Holy Roman Empire) invasion of Southern Italy in the 10<sup>th</sup> Century<sup>1</sup>. But then the argument

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<sup>1</sup> editorial note: *Ottonian* means 1. of or pertaining to the German dynasty (Otto I, II, III) that ruled as emperors of the Holy Roman Empire from 962 to 1002. 2. pertaining to or designating the arts or culture of the *Ottonian* period, characterized chiefly by the development of forms derived from both Carolingian and Byzantine concepts: an Ottonian revival (definition according to <http://www.infoplease.com/ipd/A0570412.html>). See also contribution by Hans Heinrich Nolte to this volume.



puts more importance to the "événementielle" of events, than Braudel does. The battles of Cotrone 982, Las Naves de Tolosa 1212, Kasan 1552, Belgrade 1717, the Balkan wars 1912 decided issues; these "events" started long decisions. That Otto II. lost the battle of Cotrone against the Arabs decided that Sicily would stay Arabian and Apulia stay "Roman" (i. e. Byzantine) till the Normans would come, and that there would never be a Saxon/German conquest of southern Italy. Also the defeat of the German forces gave hope to the subdued Slavs of the land east of the Elbe-river to rise against Christianity and the German masters, which then led to 150 years of heathen-Slavic "republics" between Germany and a Christian Poland. No wonder that the map of European contemporary unemployment is a reproduction of the violent expansions of Christianity from the 10<sup>th</sup> Century onwards and the persecutions of religious and ethnic minorities in the 20<sup>th</sup> Century.

Patrick Ziltener looks at the balance of the effects of the European Union shows that there is no convincing empirical evidence that the EU's Single Market has caused "dynamic effects" in the past. Even as we go beyond the Single Market project and assess almost fifty years of Western European integration, it is doubtful that there is something like a sustained, long-term "growth bonus" of membership in regional integration. Up to now, the effects of supranational policies and monetary transfers have been neglected in mainstream theory and empirical research, as has the whole issue of the distribution of integration gains. The popular contention that European integration should lead to enhanced growth perspectives in all the participating countries has to be rejected. However, combining the evidence from recent research, Ziltener can conclude that integration does profoundly change the region in which it takes place, - but in a different way than economic integration theory models it.

Firstly, integration projects can be understood only in the context of contested world markets and competitive processes of rationalization. European integration has been and is part of the worldwide liberalization process. As the Commission emphasizes, the EC has proved itself a building block, not a stumbling block. Implementing an agenda suggested by an alliance of European big business representatives and the Commission, the EC was at the forefront of this process for several years (1985-1990). In the 1990s, mainly the regions of North America and East Asia spearheaded the process. Usually the progress of rationalization sets the pace for worldwide liberalization under the umbrella of one of the international institutions like the WTO. This process again has its repercussions; it stimulates the proliferation and deepening of regional integration.

Secondly, European integration provided the European companies with what they have been requesting: a large 'home market,' the necessary regulatory changes to grow to the size of their American and Japanese competitors, and highly subsidized research and development, like their competitors. This is what Ziltener calls the "second agenda,"

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which was actually the main agenda. The following wave of mergers and acquisitions that took place in the 1990s was transatlantic and transpacific. Meanwhile, it hardly makes sense to try to define what a "European transnational company" is. Competition now occurs between trans-regional strategic alliances of companies.

Thirdly, it is highly probable that this process is - as the economists call it - sub optimal with regards to economic growth and the creation of employment. One argument is that liberalizing trade and unifying markets without a supranational regulatory framework, especially a strong competition policy; do not create sound economic structures. Most scholars share this view. More contested is the argument that economic integration has to be supplemented by a coordinated, pro-active growth and employment-oriented macroeconomic policy. There have been, Ziltener says, several initiatives at the EU level in favor of this "completion of European integration," which have been almost completely unsuccessful. The only results were a few non-binding consultation and coordination mechanisms, which have had no significant effects. More importantly, the Monetary Union and the stability pact have not only further undermined the macroeconomic steering capacities of the member states, but also largely abolished them by constitutional means.

In the period from 1980 until 1998, the poorer EU member countries did grow faster than comparable countries outside the EU. According to the results presented by Ziltener, this over-performance is exclusively attributable to the politically motivated transfer payments. In other words: If EU countries grew faster in the 1980s and 1990s, this was due to transfers within the Union, and these benefit the poorer EU countries.

This has far-reaching significance for the prospect of catching up for the so-called accession countries and beyond. Social, regional and cohesion transfers will be, as it looks now, less generous than in the past enlargements. The EU is not planning to increase the spending ratio for regional policy beyond the current figure of 34 % of its total spending, and the contributions of the newcomers to the EU budget will be rather small. Thus, an only "slightly bigger cake" has to be distributed among a significantly bigger number of less developed regions. However, the main recipient countries of the EU with 15 member states seem to be unwilling to accept a cut back of their assistance. The outbreak of the conflict over distribution will put an enormous pressure on the enlargement processes. Its result will determine the prospects for convergence for the new EU members.

It is unlikely that new members will profit from a "catch up effect" similar to the one experienced by Ireland, Spain and Portugal in the 1980/90s. Location competition for investment among peripheral regions - but also in the core - will increase sharply, far beyond the level the EU countries were used to. Some regions in the accession countries will, based on favorable location factors, be among the winners in the coming new international division of labor in Europe - many will not. As long as European integration will not be flanked, Ziltener says, by an effective common growth - and employment-

oriented economic policy, and as long as the redistribution capability of the European institutions - or the nation states - will not be increased significantly, regional and social inequality as well as political tensions will grow in the "united" Europe.

Arno Tausch in his second contribution to this volume investigates in the context of debates on Turkish future EU membership the determination of 14 indicators of development in 109 countries with complete data, among them Turkey in order to estimate the chances of Turkey in the framework of a "wider Europe":

The independent variables of the macro-quantitative analysis are:

- % population, aged >65y, 1998
- % women in government, ministerial level
- (I-S)/GDP (investment minus savings per GDP)
- state interventionism (absence of economic freedom) (Heritage Foundation and Wall Street Journal 2000)
- EU-membership
- Islamic conference membership
- $\ln(\text{GDP PPP pc})^2$
- $\ln(\text{GDP PPP pc})$
- military expenditure as % of GDP
- MNC PEN 1995 (UNCTAD)
- public education expenditure per GDP
- unequal exchange (calculated from UNDP, concept:  $1/\text{ERDI}$ )

The following dependent variables were used:

- % people not expected to survive age 60
- CO2 emissions per capita
- development stability (year with highest real income minus year with lowest real income) since 1975
- ESI-Index (Yale/Columbia environment sustainability index)
- Factor Social Development (calculated from 35 UNDP social indicators, SPSS factor analysis)
- female economic activity rate as % of male economic activity rate
- female share in total life years (calculated from UNDP – share of female life expectancy in the sum of male and female life expectancy)
- GDP output per kg energy use ("eco-social market economy")
- GDP per capita annual growth rate, 1990-98
- human development index
- life expectancy, 1995-2000

- Political rights violations (Freedom House, 2000)
- share of income/consumption richest 20 % to poorest 20 %
- unemployment (UN social indicators)

The cross-national comparison, presented in this essay, speaks a clear language in favor of Muslim democracy and against those in the West that attempt to treat Muslim cultural heritage as a “general development burden”. It should be also clear that a reliance on the "Washington Consensus" alone will not "fix" the performance of Turkey. If Turkey's integration fails, it will be the fault of Europe's “Washington Consensus” policies, but not the fault of Turkey's “culture” (at any rate secular).

The most consistent consequence of the "dependency" analysis of this essay is the realization that a reliance on foreign capital in the short term might bring about positive consequences for employment - especially female employment - but that the long-term negative consequences of dependence in the social sphere, but also for sustainable development, outweigh the immediate, positive effects.

Turkey's accession will thus be a difficult one. “Dependency” on foreign capital will increase dramatically. Not all consequences of this will be positive. The three-fold empirical understanding of the process of globalization - reliance on foreign savings, MNC penetration and unequal exchange, shows how different aspects of this predictably growing Turkish dependency negatively affect future Turkish development performance.

The future integration of Turkey into the Euro zone - quite contrary to what the "Washington Consensus" has to say about "competitive currencies" – will have beneficial aspects for Turkey. Muslim culture is not a development blockade; on the contrary. Membership in the Islamic Conference has - *ceteris paribus* - a positive effect on political democracy, on life expectancy, and on indicators of the Kyoto-process and the eco-social market economy. Far from being a "religion of the Middle Ages" Islam has an important message for the 21st Century. Turkey's accession must not be judged on the merit of the religion of the majority of its population.

Synoptically Tausch expects the following to happen in the process of Turkish EU-accession. Presumably, the independent variables will change in the following way during the EU accession process:

% women in government, ministerial level	upward
(I-S)/GDP	upward
MNC PEN	upward
public education expenditure per GDP	upward
military expenditure as % of GDP	downward
State interventionism	downward
unequal exchange	downward

The effects of this on our dependent variables (adjusting for the various positive and negative signs that have to be considered in this context) will most probably be:

	% negative effects	% positive effects	% insignificant effects
equal exchange (upward, only effective upon Turkish EMU membership)	7,1	50	42,9
political feminism - % women in government, ministerial level (upward)	28,6	42,9	28,6
state interventionism (downward)	21,4	21,4	57,1
military expenditure as % of GDP (downward)	14,3	14,3	71,4
dependency on foreign capital MNC PEN 1995 (upward)	14,3	14,3	71,4
foreign saving (I-S)/GDP (upward)	28,6	7,1	64,3
public education expenditure per GDP (upward)	14,3	0	85,7
EU-membership (forthcoming)	7,1	0	92,9

The results, reported by Tausch, clearly contradict many of the expectations inherent in the writings of Professor Samuel Huntington. 4 development indicators – 2 for the environment, 1 on human development, and 1 on democracy – are positively and significantly determined by membership in the Islamic Conference, once you properly control for the effects of the other influencing variables. Turkey's membership in the Islamic Conference can be now stumbling block on its way to EU-membership. However, gender justice and redistribution remain the "Achilles heel" of today's members in the Islamic Conference, strengthening the cause of those who advocate – like the *United Nations Arab Human Development Report* – more social inclusion and more gender justice in the region.

	Islamic conference membership
Political rights	positive
GDP output per kg energy use (eco-social market economy)	positive
CO2 emissions per capita (Kyoto)	positive
life expectancy, 1995-2000	positive
share of income/consumption richest 20 % to poorest 20 % (income redistribution)	negative
female economic activity rate as % of male economic activity rate	negative

### The World System and Dar al Islam

Here, our volume presents the views of some of the world's most prominent Muslim development researchers working and publishing in the "West". One view (S. Mansoob Murshed) is pessimistic about the future conflict potential; the other (Syed Ahsan) is more optimistic.

S. Mansoob Murshed argues that the two historical waves of globalization have widened the gap between developed and developing countries. Indeed, 19th century globalization can be argued to have created the proto-third world of the present, and late 20th century globalization can be said to have further cemented this process of marginalization of the third world. Globalization has increased international inequality and the disparity between nations. Therein lie the seeds of conflict. Even within developed countries, especially in the Anglo-Saxon world, inequalities and wage dispersion have risen. The relatively unskilled have become marginalized. All of this coincides with the demise of the development contract governing North-South interaction. It has been replaced instead with a strategy of containment. This strategy is reflected, inter alia, in the donor obsession with poverty reduction solely, instead of placing equal emphasis on reducing global disparities. Poverty reduction policies are laudable. True development, however, comes from the parallel reduction of global inequalities, without which the process of exclusion cannot be arrested. Evidence that a strategy of containment is not working comes from developments such as transnational terrorism, international crime and illegal migration.

The marginalization of the third world during 19th century globalization produced nationalism and rebellion. Direct action against globalization can be seen at present in the form of violent protests at Seattle, Davos, and Genoa and from radical Islam.

Globalization, Murshed says, has always produced winners and losers, and both historical episodes of globalization produced a backlash, involving both intellectual opposition as well as direct action. The intellectual critics of globalization came from the radical-left, then and now. The alternative ideology a century ago was socialism, something no longer viable, as it is widely regarded as a system that has been tried and failed. Islam is, Murshed says, the only truly self-contained ideological opposition to the forces of globalization and hegemonistic Anglo-American capitalism. This is not to say that the leadership in Muslim states (except Iran) resists the economic and political forces of globalization. Ideological Islam, nevertheless, has replaced socialism in its role as the principal challenger of the capitalist/globalist dogma. Other movements, environmentalism for example, oppose globalization on single issues. At another level, other religions, Hinduism, Buddhism and Confucianism have better adapted themselves to globalization and capitalism. This is not the first time in history that a religion has challenged hegemonic power. Early Christianity played an important role in opposing Roman imperialism. The Roman Empire was, however, not global, as other parts of the civilized world, China, India and the Parthian/Sassanian realms were outside its sphere of influence.

Islam, particularly Shia Islam, has a very long tradition of direct action against injustice and oppression, and this continues to motivate systemic dissent amongst Muslim groups worldwide. The Islamic community (millat) is in many ways collective, and its grievances against global hegemonic powers are also collective. Thus, injustices perpetrated in Palestine, Kashmir or Bosnia are felt by Muslims worldwide including far-flung places such as Indonesia. Any Muslim, even from a seemingly unaffected part of the Muslim world may, Murshed says, undertake direct action against these injustices. In many cases, these have resulted in acts of transnational terrorism, as the ordinary peaceful channels of protest and resistance have proved so ineffective. In this connection, it has to be pointed out that the quarrel of many Muslim groups is with governments of Muslim countries who are seen to be the agents of hegemonistic economic and political globalization. The (apostate) state is also seen to have an outside (Western) sponsor. Acts of terrorism are often against the Western sponsor of the even more despised domestic government. In that sense, international terrorism reflects somebody else's civil war. The intrinsic motivation of the terrorist has to be borne in mind. Acts of deterrence against them may backfire and produce more terrorism unless political grievances are addressed. Islam is not against capitalism. This is perhaps most true of traditional Sunni Islam. In that connection, it may be stated that Islam is not against private ownership or profit, but may have a different perception about an individual's just deserts and his exercise of choice or free will in determining outcomes. Nor is Islam wedded to complete equality. Individuals are, however, enjoined upon to be charitable, not just in the sense of forgiving other's trespasses but more in the sense of "my brothers keeper". A certain (small) portion of individual wealth must be given up to the poor. Thus, there is an element of primitive redistribution built into religious duty. This also makes Islam "pro-poor". Another aspect of globalization where Islam may have something to say on is with regard to international debt problems. Interest payments, particularly usury is forbidden to believing Muslims.

Profit sharing, rents and dividends are, however, permissible. In an Islamic world economy debt crises would be extremely unlikely, and odious debt incurred by unrepresentative leaders but paid for by the (unconnected) ordinary citizenry would be virtually impossible.

Islam represents, Murshed says, the most formidable intellectual challenge to globalization and consumerism in the sense of Jihad vs. McWorld. This is because; ultimately it is a complete ideology, and not a single-issue movement. Expressing vitriolic diatribes against Islam is permissible even within otherwise liberal circles in the West. The clash that exists is brought about by one civilization (Islam) reacting defensively to an onslaught by another civilization (Western) that has run out of visible enemies to pursue and eradicate.

Syed M. Ahsan – whose theoretical viewpoints in the framework of institutional economics are especially compatible with the standard contemporary “World Bank” approach to international development - in his essay attempts to reach two primary goals. At the same time, Ahsan presents the “master” analysis of the economic trajectories of the Mediterranean partner countries of the European Union in this volume. Ahsan’s first goal is to review the MENA (i.e. Middle East and North Africa) growth experience (1980-2000), for a sample of ten countries, and attempt to discern the interface between economic growth and poverty in terms of the stylized views of growth-poverty nexus. The growth hypotheses relate to the significance of growth in the high labour intensity sector, the dominant role of sustained agricultural advances fuelling demand for the non-tradable sector, and finally to the lagged urban growth via an easing of the urban migration pressures. His second goal is to focus on the observed record in both income and non-income dimensions of poverty, and to reflect on the differences among countries in terms of the underlying institutional capital. The latter factor, Ahsan observes, may directly impact the non-income poverty performance of a nation, but it may also affect the income poverty profile (directly and via inducing additional growth).

Over the 1980-2000 period, there has been little growth in per capita real output in the region as a whole. Major exceptions were Egypt, Tunisia and Morocco. Given Egypt's clear lead in growth, and presumably with moderate inequality (which is likely to have increased in the 1990s), one would have expected a better poverty performance. By contrast, Egyptian poverty in the 1990s is the highest in the sample of countries under review, and it had increased the most and it has one of the worst increases in poverty. It is not easy to explain this phenomenon. The mediocre rating we see of its institutions may only partly explain the failure. It may also have to do, Ahsan says, with the modalities of disbursing transfers and subsidies to the needy. Greater NGO/civil society intermediation may achieve better targeting and less corruption.

Broadly speaking however, faster growth is, according to Ahsan, necessary for greater poverty reduction. The scope of redistribution is severely limited in an environment of



little real per capita growth of output. Policies must also focus on the needs of the rural sector, where poverty is more serious (especially in Tunisia, Morocco and Algeria).

A preliminary analysis of non-income poverty reveals that while the level of development is a consistent predictor, we find a possible role for the "rule of law" measure as compiled by the World Bank project on governance and as used by Ahsan in his analysis. Thus it again emerges that institutional variables have a notable effect on poverty and growth.

What does this discussion suggest for the direction of future policy insofar as poverty reduction strategies are concerned? Growth alone will not deliver poverty reduction, and a dual approach to both distribution and growth are necessary. Faster growth is only likely to occur if the private sector were to take the growth leadership. To the latter end, public policy must ensure that the state undertake the correct approach to encourage investment in modern skill acquisition and training, maintaining the stability of the macroeconomic framework, and measures to liberalize the functioning of the labour and capital markets.

Ahsan also notes the potentially important role of institutional variables in the MENA poverty discussion. Surely higher growth is conducive to poverty reduction, but there is little automaticity in the process, especially when growth is less than vigorous. We witness, Ahsan says, the case of Egypt, which having grown the most over the past twenty years (among the six who reported income poverty figures) performed much poorer than both Jordan and Tunisia in the battle against poverty. Morocco's predicament is conditioned both by the anemic growth as well as the ambivalence of its institutional capital. It is indeed Algeria and Jordan, who have had no per capita growth over the past two decades, where one may claim that growth alone is the bottleneck to faster poverty reduction. Certainly Jordan (along with Tunisia) seems to have as good institutions as any in the region. In any event, the essential point is that progress on the institutional front is lacking in many of these countries, and that indeed the latter is likely to be important in reducing poverty when growth has been less than stellar.

The US-American world systems scholar David Skidmore focuses on the fact that for more than a decade now, various thinkers have sought to define the nature of the post-Cold War international order. What is its structure? What are the characteristic lines of conflict and cooperation? What are the driving forces of change? Much of the ensuing debate has focused on the phenomenon of globalization. While no consensus view has emerged, one thing seems clear: the convergence of the Cold War's demise with the growing political, economic and cultural integration of the world has touched off a struggle among varied actors, including states, global corporations, terrorists, international drug cartels and transnational social movements, over who gets to define the terms of a new global order. More difficult to foresee is where this struggle will lead - toward a world of greater peace, justice and cooperation or one of violence, inequity and conflict.

Skidmore's essay discusses three positions in the recent debate: liberal universalism (Fukuyama's dream), cultural dystopianism (Huntington's nightmare) and grassroots globalism (a grassroots reverie). Each represents both a vision of the future and a blueprint for action. Each perspective is rooted in a longstanding tradition of thought and action.

Globalization is, at heart, tied up with the expansion of capitalism. In contemporary discourse, when we use the term capitalism, we tend to think about the market - which conjures up benign images of voluntary exchange among equals. But this formulation obscures the continuing class character of capitalism. Those who own and control the means of production are given a privileged place in capitalist society. As a result, capitalist orders typically produce a concentration of economic and political power.

But the hegemony of capital has never gone unchallenged. Popular movements have always sought to counter the power of capital, largely through collective self-organization and the fight for democracy. After more than a century of struggle, the social democratic governments that emerged in North America and Western Europe after World War II served as relatively successful vehicles for taming the abuses of capitalism and creating fairer, more balanced societies.

Globalization has now freed capital from the social compacts that constrained its power during the post-war era. As a result, we are passing through a period of relatively untamed capitalist expansion. This too has not gone uncontested. Popular movements against globalization have taken two characteristic forms: fundamentalist cultural movements seeking insularity and transnational social movements seeking more democratic control over capital at both the national and global levels.

One thing seems evident. A globalization project based upon the subordination of all competing human values to market imperatives is not sustainable. One alternative would be the continued growth of nationalist, ethnic and religious fundamentalist forces, leading to a violent dismantling of the globalization project in ways reminiscent of the first half of the 20th century. The surest way to avoid this nightmare is to stop dreaming and get on with the task of building a more just and democratic global order based upon globalization from below. We must, in other words, begin to think of ourselves as global citizens who are individually and collectively responsible for our shared future.

Gernot Kohler, who in recent years championed new investigations on the problem of "unequal exchange", debates the UNDP's 2002 Arab Human Development Report from a world system perspective. The UNDP calls for the mobilization of "the full productive capacities and human capital of all citizens" of the Arab countries, in order to fight unemployment and to accelerate economic growth (UNDP 2002, p. 95). The report emphasizes domestic reforms within Arab societies. In contrast, Kohler's article examines Arab economies from a world-system perspective. Whereas, undoubtedly, Arab

economies (like most other economies) must overcome various internal problems in order to achieve full employment and high economic growth, Kohler's article shows some of the ways in which the world-system is also responsible for, and contributes to, high unemployment and inadequate economic growth in the Arab world.

First, war and armed violence tend to increase unemployment in Arab economies, but they account only for some portion of the existing unemployment. The effect is, partly, direct - through destruction of economic assets and reduction of economic activity, and, partly, indirect. For example, the low rate of foreign direct investment (FDI) in the region may be influenced by the actual and perceived political-military instability of the region. Secondly, the natural wealth of some Arab countries with respect to oil and gas is no guarantee for full employment. High unemployment rates can be found in both oil exporting and oil importing Arab economies. Thirdly, unemployment rates in Arab economies have a strong correlation with GDP growth rates. The correlation between a 6-year average of the national GDP growth rate with the national unemployment rate is  $r = -0.8$ . Global economic policies affect unemployment in Arab economies through their effect on national GDP growth rates.

The impact of the world system and of global economic policies on GDP growth in the Arab region can be described, according to Kohler, as follows. From 1961 to 1980 the Arab region had a high average GDP growth of 7.2 percent per annum. This trend rate dropped, around 1980-81, to a much lower trend rate. From 1981 to 1999, average GDP growth of the region was 2.4 percent per annum. This historical shift in the economics of the Arab region is closely related to the restructuring of the world political-economic regime around that time. Margaret Thatcher became prime minister of Britain in 1979; Ronald Reagan president of the United States in 1980; both launched their neo-liberal revolutions in domestic and international economics. This was also the time of the second oil price shock, causing high rates of inflation. Inflation fighting rose to the top of the agenda of U. S. and OECD economic policies. One of the main instruments of inflation fighting was a high interest rate. For example, U. S. real interest rates were, on average, 1.9 percent between 1961 and 1980. In contrast, the average U. S. real interest rate between 1981 and 1999 was 6 percent. These radical changes in global economic policy, known as Thatcherism, Reaganomics, New World Order, or global neo-liberalism, induced the observed slowdown in Arab economic growth after 1980 (and in other countries as well). Another effect of global neo-liberalism on Arab (and other developing) economies was a rapid deterioration of the value of their currencies after 1980, which affects the export earnings of these countries.

The Arab Human Development Report 2002 recommends a mobilization of the human potential of the Arab world. Kohler's analysis suggests that, in addition to that, unemployment in the Arab world is also a world-system problem - as is unemployment in Europe. It follows that the fight against unemployment in Arab economies could be strengthened by a reform of the world political economy - in the sense of moving away from global neo-liberalism to global or regional Keynesianism.

John R. Oneal and Bruce Russett in their article say that for some observers, the 'war against terrorism' illustrates just what Professor Samuel Huntington predicted as 'the West vs. Islam' in his "The Clash of Civilizations and the Remaking of World Order" (ISBN: 0684844419, Paperback, 367pp. Pub. Date: December 1997 Publisher: Simon & Schuster Adult Publishing Group). That book has proven to be one of the most influential recent works on international relations, and gained a new life after September 11, 2001.

First, Oneal and Russett evaluate Huntington's well-known thesis in isolation. They ask simply: does a difference in civilizations increase the likelihood that a pair of states will become involved in a militarized interstate dispute? Second, Oneal and Russett add key influences from the realist tradition to the model, assessing the effect of cultural differences controlling for the balance of power and alliances. This test tells us whether Huntington's hypothesis makes a contribution beyond realist theory in predicting the frequency of militarized conflict. Third, Oneal and Russett add variables from the liberal tradition: shared democracy, economic interdependence, and shared membership in international organizations. Previous research has shown that these influences have substantial power to explain patterns of international conflict. Thus Oneal and Russett confront Huntington's account of interstate relations with prominent alternatives. Do civilizational differences explain conflicts that are not accounted for by liberalism and realism? Is the clash of civilizations distinguishable from the account of international politics they offer?

Oneal and Russett conduct several other tests of Huntington's thesis. They estimate the peacefulness of pairs of states within each of the eight civilizations relative to one another and to pairs of states split across civilizational lines. If Huntington is right, dyads within each of the civilizations will be more peaceful than pairs of states split across a civilizational boundary. Then Oneal and Russett evaluate the West vs. the rest hypothesis. They identify pairs of states composed of one Western state and one from any other civilization, and then estimate the probability of conflict for these dyads relative to all other pairs. Similarly, they test whether there is particular animosity between the West and Islam or between the West and the Sinic civilization. Next Oneal and Russett determine whether civilizations with a large 'core state' (or hegemon) benefit from more peaceful relations, and whether democratically organized hegemonies are particularly peaceful.

They test these hypotheses with data from the 1950-92 period. This is appropriate, Oneal and Russett say, because Huntington addressed events in these years when he first presented his argument in 1993. He does not believe that the effects of civilizational differences are limited to the post-cold war era, but he does argue that they have recently gained importance. Of course, if the clash thesis is simply a prophecy about what may happen in the twenty-first century, that would immunize it to any current empirical test.

Finally, Oneal and Russett consider the possibility that even if civilizational differences have an insignificant indirect effect on conflict, they may have powerful indirect influences. If civilizational identities substantially predict which states become allied, have high levels of trade, share memberships in intergovernmental organizations, and govern themselves similarly, then it could be argued that civilizations are the prime movers behind these political and economic factors and account for their influence on international conflict. But if civilizational identities do not predict alliances, trade, IGOs, or political systems well, this argument fails.

To test Huntington's thesis Oneal and Russett created a variable labelled SPLIT, which indicates whether a dyad is culturally heterogeneous or not. It is coded 1 if the states belong to different civilizations, and 0 if they are from the same one. In making this determination, Oneal and Russett considered the eight "Huntington" civilizations: the Western, Sinic, Islamic, Hindu, Slavic-Orthodox, Latin American, Buddhist, and African. Testing Huntington's theory requires, therefore that one classify each state according to the civilization of which it is a member. For this Oneal and Russett relied primarily on the map that appears on pages 26-27 of "The Clash of Civilizations". Identifying the civilization of a country is not always easy, however; and the criteria underlying the classificatory scheme are somewhat unclear. In most cases religion seems to be Huntington's primary criterion, but geographical location plays a major part in defining a few civilizations, notably Africa and Latin America.

As a measure of conflict Oneal and Russett use the famous "Correlates of War" (COW) data on militarized interstate disputes, identifying each year that one or both states in a dyad threatened to use force, made a demonstration of force, or actually used military force against the other. The variable DISPUTE equals 1 in these cases, and 0 otherwise.

Huntington is concerned not only with frequency of conflict, but also with the 'most pervasive, important, and dangerous conflicts' and with those that have the potential to engulf others.

Oneal and Russett lag all the independent variables by one year. Thus they explain the onset of a dispute in a year by reference to conditions in the previous year. They make appropriate statistical corrections for analyzing cross-sectional time-series data.

They add three variables in order to evaluate the clash of civilizations in competition with the liberal perspective. These three are those commonly associated with Immanuel Kant's (1795 [1970]) essay on perpetual peace: 'republican constitutions' (representative democracy), the 'cosmopolitan law' of interdependent trade and commerce, and international law and organizations.

For democracy they use the Polity III data (Jagers & Gurr, 1995) giving a score from -10 for an extreme autocracy to +10 for the most democratic states. Because a dispute can result from the actions of a single state, the likelihood of conflict depends primarily on

the degree of constraint experienced by the less constrained state in each dyad. So they expect that the less democratic state (DEML) in a dyad most strongly influences the danger of interstate violence: the more democratic that state, the more constrained from engaging in a dispute it will be.

For economic interdependence they use IMF's data on bilateral trade. Since they expect trade to influence relations only when it is economically important, they divide the sum of a country's exports and imports with its dyadic partner by its GDP. As with the influence of democratic institutions, they expect the likelihood of a dispute to be primarily influenced by the freedom of action available to the state less constrained from using force. This is the state with the lower bilateral trade/GDP ratio (DEPENDL), because it is less dependent economically on the other member of the dyad.

For the third Kantian influence they use common membership in inter-governmental organizations: the number of multilateral IGOs to which both members of the dyad belong. The index ranges from zero (e. g. some members of NATO with mainland China before 1971) to 130, with the densest network of IGOs found in Western Europe. Lacking a persuasive theoretical basis for weighting different kinds of IGOs (global, regional, or functional; security-oriented, economic, environmental, etc.) they counted all equally. A more nuanced index would produce stronger results, but even this simple one shows a reduction in militarized disputes.

The analyses of states' involvement in militarized disputes during the post-World War II era show that differences in civilization tell us little about the likelihood that two states will become involved in conflict. Knowing whether a pair of states is split across civilizational boundaries does not improve our ability to predict whether their relations will be marked by violence beyond what they know about the elements of realist power politics and the Kantian influences. In the complete model, each of these variables is significantly related to the likelihood of a dispute, but civilizational differences are not. Moreover, states in four of the eight civilizations fought more among themselves than did split states.

Nor is Huntington's warning of impending conflict between the West and the rest of the world supported by the evidence. Conflicts involving the West and other states in the post-World War II years primarily reflect the cold war rivalry between East and West across the iron curtain in Europe and the bamboo curtain in Asia. There is no evidence, Oneal and Huntington say, of a clash between the Western states and Islam except as it involves Israel and Islam. The dominance of a civilization by a strong core state, democratic or not, does not inhibit conflict within a civilization. Conflicts between civilizations became relatively less common, not more so, as the cold war waned. The cold war exacerbated regional disputes, rather than suppressing them. Thus there is reason to hope that the violence that worried Huntington will become less common as the cold war recedes in history. Finally, civilizational similarities and differences help predict alliance patterns; but they make little contribution to understanding countries' political

institutions, membership in international institutions, or commercial interactions. Consequently, there is no reason to believe that they have major indirect effects on the likelihood of conflict through these variables.

The events of September 2001, the subsequent invasion of Afghanistan, and the war between the United States and Iraq may, O Neal and Huntington say, appear to strengthen Huntington's case: if he was premature in finding a clash of civilizations, did he take the auguries correctly? O Neal and Russet do not think so. Taliban-ruled Afghanistan was controlled by Islamic fundamentalists. It was also - by its own choice -- a viciously oppressive regime, cut off from the world economy, and isolated from global and regional networks of international organization. It was an extreme example of a state operating outside of the Kantian system. Democracy, economic interdependence, and international mediation can successfully cooperate to significantly reduce the chances of war. The United States did not invade Afghanistan because it was Muslim, but because its government gave aid and protection to those who attacked the United States. Post-Taliban Afghanistan, while still far from stable democracy, is very different in terms of the three Kantian principles. The three legs of Kantian peace, democracy, economic interdependence and international organizations generate virtuous cycles of peace in opposed to vicious cycles of war.

Authoritarian regimes, but not necessarily fundamentalist ones govern most countries with Muslim majority populations. Nor are they authoritarian simply because they are Muslim. Many are so because they are 'blessed' by the geological fates, with oil wealth that supports corrupt rulers who can stay in power by paying off the army, security forces, and cronies. Other authoritarian governments (e.g., Egypt) would vanish instantly if not maintained in power by massive U. S. economic and military assistance. Especially in its fundamentalist variants (Saudi Arabia as well as Taliban Afghanistan), Islam may not favor democracy, but Indonesia, Mali, Senegal, and Turkey have reasonably democratic governments. All score 6 or higher on the -10 to +10 Polity scale in 2000 (<http://www.cidcm.umd.edu/inscr/polity/report.htm>). Muslim political thought is anything but monolithic. Many scholars contend that, despite formidable cultural barriers to liberal democracy in Muslim societies, an Muslim version of democracy, which guarantees political rights, is possible. And many Muslim countries with authoritarian governments are nevertheless well-integrated into the global economy.

The confrontation between the United States and Iraq illuminates how dangerous the clash of civilizations notion can become. Iraq, like Taliban Afghanistan, was ruled by a vicious dictatorship that is isolated from the rest of the world. It was certainly a military threat to its neighbors, but it was neither fundamentalist nor an exporter of Muslim theocracy. It is thus hard to see the U. S. -Iraq confrontation as one of 'civilizations'. Previous American administrations successfully dealt with far stronger and more dangerous states during the cold war by a policy of deterrence and containment. But abandoning deterrence for an American allegedly 'preventive' war on Iraq-one launched before an overt act of Iraqi aggression-may precipitate so much sympathy for Iraq

throughout the Muslim world as to make the clash of civilizations into a self-fulfilling prophecy. Such over-reach by the United States and consequent reaction, impelled by spreading the war on terrorism to Muslim states in the so-called 'axis of evil', must be just what Osama Bin Laden hoped to provoke.

#### Laying the Groundwork for a Common Future: The First Declaration of Alexandria

In many ways, peace in the Middle East would hold the key for a more rapid rapprochement between the Dar al Islam and Europe. To sum up the logic of the peace process that came to such a terrible halt now, it might be permitted to say that twenty years ago, the former head of Israeli military intelligence (and as such certainly not to be accused of being "soft on terrorism", as the contemporary discourse especially in the United States sometimes runs today), Yehoshaphat Harkabi, also a leading Arabist, made the following point

*"To offer an honourable solution to the Palestinians respecting their right to self-determination: that is the solution of the problem of terrorism. When the swamp disappears, there will be no more mosquitoes. " (quoted from Noam Chomsky, Monday September 9, 2002, The Guardian).*

Since 1967, now the second generation of Palestinians is born under occupation. By comparison, East Timor was invaded by Indonesia in 1975 and was admitted to the United Nations in 2002.

The peace plan, put forward by Crown Prince Abdullah of Saudi Arabia, states:

*The Council of Arab States at the Summit Level at its 14th Ordinary Session, reaffirming the resolution taken in June 1996 at the Cairo Extra-Ordinary Arab Summit that a just and comprehensive peace in the Middle East is the strategic option of the Arab countries, to be achieved in accordance with international legality, and which would require a comparable commitment on the part of the Israeli government.*

*Having listened to the statement made by his royal highness Prince Abdullah bin Abdul Aziz, crown prince of the Kingdom of Saudi Arabia, in which his highness presented his initiative calling for full Israeli withdrawal from all the Arab territories occupied since June 1967, in implementation of Security Council Resolutions 242 and 338, reaffirmed by the Madrid Conference of 1991 and the land-for-peace principle, and Israel's acceptance of an independent Palestinian state with East Jerusalem as its capital, in return for the establishment of normal relations in the context of a comprehensive peace with Israel.*

*Emanating from the conviction of the Arab countries that a military solution to the conflict will not achieve peace or provide security for the parties, the council:*



1. Requests Israel to reconsider its policies and declare that a just peace is its strategic option as well.

2. Further calls upon Israel to affirm:

I- Full Israeli withdrawal from all the territories occupied since 1967, including the Syrian Golan Heights, to the June 4, 1967 lines as well as the remaining occupied Lebanese territories in the south of Lebanon.

II- Achievement of a just solution to the Palestinian refugee problem to be agreed upon in accordance with UN General Assembly Resolution 194.

III- The acceptance of the establishment of a sovereign independent Palestinian state on the Palestinian territories occupied since June 4, 1967 in the West Bank and Gaza Strip, with East Jerusalem as its capital.

3. Consequently, the Arab countries affirm the following:

I- Consider the Arab-Israeli conflict ended, and enter into a peace agreement with Israel, and provide security for all the states of the region

II- Establish normal relations with Israel in the context of this comprehensive peace.

4. Assures the rejection of all forms of Palestinian patriation which conflict with the special circumstances of the Arab host countries

5. Calls upon the government of Israel and all Israelis to accept this initiative in order to safeguard the prospects for peace and stop the further shedding of blood, enabling the Arab countries and Israel to live in peace and good neighbourliness and provide future generations with security, stability and prosperity

6. Invites the international community and all countries and organisations to support this initiative.

7. Requests the chairman of the summit to form a special committee composed of some of its concerned member states and the secretary general of the League of Arab States to pursue the necessary contacts to gain support for this initiative at all levels, particularly from the United Nations, the Security Council, the United States of America, the Russian Federation, the Muslim states and the European Union.

(<http://www.mideastweb.org/SaudiPeace.htm>)

The Arab Human Development Report (2002) rightfully draws attention to the lamentable facts of poverty and occupation in the Occupied Palestinian Territories. Indeed, the very fact of the now 36 years of occupation is the very negation of the concept of Human Development. Birzeit University in Palestine published before the Second Intifada the following comparative data on Human Development in the Region:

#### HDI Indicators: Comparisons with Neighboring Countries

HDI	Palestine	Jordan	Lebanon	Syria	Egypt	Israel
Life expectancy at birth (years)	69. 2	70. 1	69. 9	68. 9	66. 3	77. 8
Adult literacy rate ( %)	85. 5	87. 2	84. 4	71. 6	52. 7	95. 4
Combined first-, second- and third level gross enrolment ratio ( %)	75. 7	66	76	60	72	80
Adjusted per capita GDP	2286	3450	5940	3250	3050	18150

Life expectancy index	0.74	0.75	0.75	0.73	0.69	0.88
Education index	0.822	0.80	0.82	0.68	0.59	0.90
GDP index	0.52	0.59	0.68	0.58	0.57	0.87
HDI value	0.694	0.715	0.749	0.663	0.616	0.883
Gender-related development & index value(GDI)	0.637	-	0.734	0.640	0.603	0.879
Gender empowerment measure value(GEM)	0.291	0.220	-	0.317	0.275	0.496

Source: Palestine Human Development Report, Birzeit University

<http://home.birzeit.edu/dsp/appendixs.html>

#### Poverty Rates by Governorate 1997

Governorate	Poverty	Poverty Gap	Poverty Severity	Absolute Poverty
Jenin	27.6	6.4	2.3	15.0
Tulkarm & Qalqilya	16.5	4.0	1.4	9.6
Nablus	11.5	3.1	1.2	7.3
Ramallah	9.1	1.7	0.5	3.8
Jerusalem	2.7	0.2	0.03	0.3
Bethlehem & Jericho	16.3	3.8	1.4	8.4
Hebron	24.4	7.1	2.9	17.5
North Gaza	30.8	8.2	3.1	20.5
Mid Gaza	39.5	12.7	5.6	27.3
South Gaza	50.8	14.4	5.6	34.6
<b>Total</b>	<b>22.5</b>	<b>6.0</b>	<b>2.3</b>	<b>14.2</b>

(Source: Palestine Human Development Report, Birzeit University

<http://home.birzeit.edu/dsp/appendixs.html>)

As Samir Amin says in his article, though it is extremely critical of the State of Israel:

*Now that the Palestinians accept the state of Israel, what if the Israelis, in turn, accepted a Palestinian state? Even if such acceptance required international action, could this new conjunction create the possibility for another evolution in the relations between the two peoples? I believe this is so. But nothing of this kind can happen unless Israel first withdraws from all the territories it has occupied in Palestine since 1967. And this the only objective towards which democratic forces, in the world and in Israel, should mobilize.*

As Professor Alfred Tovas shows in his contribution, the idea of “anchoring” Israel or – for that matter – the entire region (bold as this idea might sound today) in the European Union would mean the export of stability and prosperity, where there is today a never ending abyss of bloodshed, occupation, terrorism, counter-terrorism, and counter-counter terrorism. There is no alternative to the words by the President of the European

Parliament from one of the contributions to this essay, also quoted at the beginning of this volume:

*We must take the Andalusian Way, for it will lead us to Averroes and Maimonides, both natives of Cordoba, both philosophers, legal experts and medical practitioners, one a Jew, the other a Muslim, who represent the symbiosis between cultures at the highest level.*

*The transmission of Greek science and philosophy by Arab translators and the transmission to the Christian world of Arab science and philosophy are shining examples of interpenetration between cultures and of cross-fertilisation of civilisations. The exemplary nature of Muslim Spain must inform our present-day activities: it established a connection between the Orient and the Occident and between Antiquity and the Renaissance.*

#### Looking into the Future of the wider Europe: is an era of “Kantian peace” possible in the Mediterranean?

So, this book does not shy away from a thorough and – also - quantitative debate of some of the most contentious issues of international politics today. We think it was shown convincingly that Islam per se is not a development blockade neither in the Mediterranean nor elsewhere. To arrive at a final – also quantitative - projection into the future, we present here time-series Pearson-Bravais correlation analyses (y is the dependent, development performance variable, x is the time axis) for the countries of the “wider Europe” from 1980 onwards until 2001 for a leading indicator of globalization, for economic growth and for income inequality. This powerful analytical technique, based on yearly data, tells us much more about the underlying trends and structures than the mere 5 or 10 yearly rates of change. The correlation coefficients tell us really something about the “underlying swing” and not so much rates of change of a variable only.

The variables and their sources were:

- **foreign direct investments** per GDP at a given year, Global Development Network Growth Database, William Easterly and Mirvat Sewadeh, World Bank at
- <http://www.worldbank.org/research/growth/GDNdata.htm>
- **economic growth rates** (real per GDP per year), Global Development Network Growth Database, William Easterly and Mirvat Sewadeh, World Bank at

- <http://www.worldbank.org/research/growth/GDNdata.htm>
- Theil Index of **income inequality**, based on economic sectors (multiplied by 200 for a compatible, graphical data representation), based on
- <http://utip.gov.utexas.edu/>

For the 1980s and beyond, we are confronted with the following data:

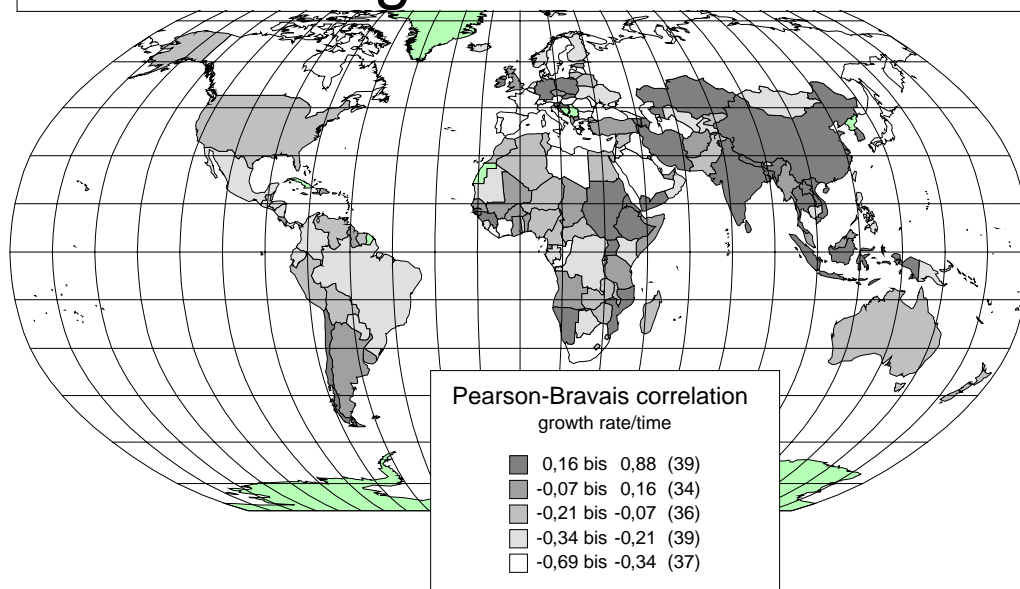
	inequality trend 1980 - 2001	(I-S)/GDP foreign saving, end 1990s	State interventio nism, end 1990s	globalizatio n trend 1980 - 2001	growth trend 1980 - 2001	unequal exchange (1/ERDI), end 1990s
Lithuania	-0,78	11,90	2,90	0,82	-0,04	2,53
Belgium	-0,74	-4,53	2,10	0,78	0,10	0,92
Cyprus	-0,59	6,49	2,55	-0,91	-0,25	1,47
Jordan	-0,36	21,17	2,90	0,18	-0,26	2,91
Croatia	-0,10	9,00	3,50	0,90	0,82	1,46
France	-0,07	-3,94	2,50	0,92	0,11	0,85
Armenia	0,03	33,14	3,10	0,76	0,68	4,51
Norway	0,12	-7,06	2,30	0,59	0,00	0,77
Syrian Arab Republic	0,15	11,17	4,00	0,49	0,06	2,83
Albania	0,34	22,68	3,70	0,62	0,04	3,46
Finland	0,39	-8,85	2,20	0,59	0,01	0,86
Italy	0,49	-4,33	2,30	0,26	-0,26	1,02
Algeria	0,49	-0,08	3,45	-0,31	-0,15	3,09
Austria	0,58	0,57	2,05	0,78	0,19	0,86
Russian Federation	0,60	-4,94	3,70	0,83	-0,44	2,86
Israel	0,63	11,11	2,75	0,85	0,02	1,07
Sweden	0,68	-7,01	2,35	0,63	0,11	0,81
Denmark	0,70	-3,35	2,25	0,78	0,24	0,73
United Kingdom	0,74	0,47	1,90	0,59	0,17	0,95
Malta	0,75	5,40	2,95	0,20	0,32	1,63
Greece	0,76	8,27	2,75	-0,47	0,31	1,19
Poland	0,77	5,17	2,80	0,98	0,46	1,95
Portugal	0,78	8,70	2,30	0,92	0,22	1,38
Ireland	0,78	-17,78	1,85	0,62	0,77	1,15
Azerbaijan	0,80	34,37	4,20	0,80	0,41	4,53
Turkey	0,81	3,47	2,75	0,78	-0,02	2,03

Tunisia	0,81	3,20	3,00	-0,08	0,12	2,62
Slovenia	0,81	1,45	3,00	0,40	0,74	1,46
Netherlands	0,82	-7,01	2,05	0,72	0,52	0,89
Bulgaria	0,85	1,06	3,40	0,72	-0,41	3,94
Moldova	0,88	28,76	3,20	0,85	-0,45	5,12
Egypt, Arab Rep.	0,92	6,46	3,50	-0,56	-0,37	2,36
Romania	0,92	8,48	3,30	0,83	-0,36	4,15
Latvia	0,93	13,22	2,65	0,85	-0,21	2,37
Hungary	0,93	2,56	2,55	0,76	0,09	2,27
Spain	0,94	-1,20	2,40	0,44	0,22	1,15
Czech Republic	0,95	1,41	2,20	0,71	0,01	2,40
Slovak Republic	0,96	11,17	3,00	0,83	0,19	2,62

For the overall period, from the beginning of the 1960s to the present, the trend is even clearer:

**Map 1: the world economic future lies in the semi-peripheries. Time series correlation analysis of World Bank country annual growth rates over time, 1962 - 1999**

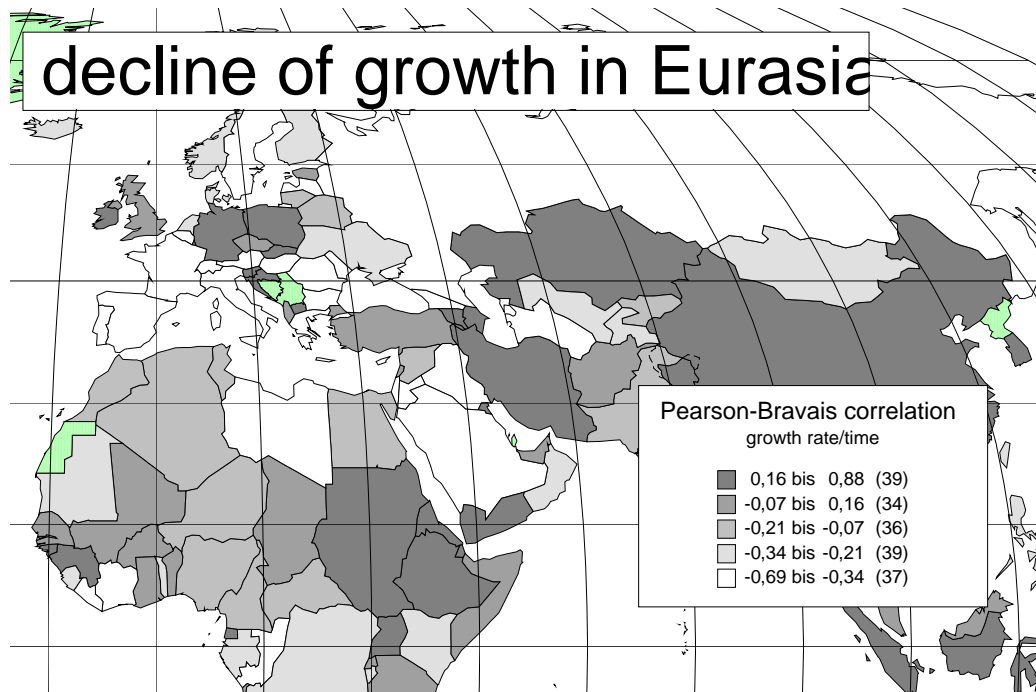
## correlation growth rates over time



Legend: *0,16 bis 0,88* means: country time-series correlation coefficient ranging from 0,16 to 0,88. Data source: see above. Dark colors indicate that growth is accelerating, while light colors indicate decreasing growth potentials. Although the values for Germany are represented in this figure, it has to be remembered that the data series for re-united Germany begins in the beginning of the 1990s, and thus the results are not really reliable.

Our analysis shows furthermore which geographical areas will most likely benefit from the enlargement of the European Union in the near future:

**Map 2: Decline of growth rates in parts of Europe. Time series correlation analysis of World Bank country annual growth rates over time, 1962 - 1999**



Legend: *0,16 bis 0,88* means: country time-series correlation coefficient ranging from 0,16 to 0,88. Data source: see above. Dark colors indicate that growth is accelerating, while light colors indicate decreasing growth potentials. Although the values for Germany are represented in this figure, it has to be remembered that the data series for re-united Germany begins in the beginning of the 1990s, and thus the results are not really reliable.

For the 1980s and beyond, we can summarize the following reaction mechanisms to the hotly contested issue of globalization in the “wider Europe”:

**Model (1) Rising globalization** (time series correlation  $>0.5$ ), **faltering growth** (time series correlation  $<0.0$ ), **rising inequality** (time series correlation  $>0.0$ ) – the worst of all worlds under globalization

Bulgaria  
 Latvia  
 Moldova  
 Romania  
 Russian Federation  
**Turkey**  
 Ukraine

Model (2) **Rising globalization** (time series correlation  $>0.5$ ), but **accelerating growth** (time series correlation  $<0.0$ ), and **rising inequality** (time series correlation  $>0.0$ ) – model: globalization with growth – at a high inequality price.

Albania  
 Armenia  
 Austria  
 Azerbaijan  
 Czech Republic  
 Denmark  
 Finland  
 Hungary  
 Ireland  
**Israel**  
 Netherlands  
 Norway  
 Poland  
 Portugal  
 Slovak Republic  
 Sweden  
 United Kingdom

Model (3) **Rising globalization** (time series correlation  $>0.5$ ), **accelerating growth** (time series correlation  $<0.0$ ), and **falling inequality** (time series correlation  $<0.0$ ) – model: redistribution with growth under globalization.

Germany  
 Belgium  
 Croatia  
 France

Model (4) **Rising globalization** (time series correlation  $>0.5$ ), **faltering growth** (time series correlation  $<0.0$ ), and **falling inequality** (time series correlation  $<0.0$ )

Lithuania



**Model (5) Not so rapid or decreasing globalization** (time series correlation  $> 0.5$ ), **faltering growth** (time series correlation  $< 0.0$ ), **rising inequality** – the worst of all worlds for neo-liberal growth theory (failed anti-globalization)

**Egypt, Arab Rep.**

**Algeria**

Italy

**Morocco**

**Model (6) Not so rapid or decreasing globalization** (time series correlation  $< 0.5$ ), **accelerating growth** (time series correlation  $< 0.0$ ), but **rising inequality** (time series correlation  $> 0.0$ ) – model: “successful anti-globalization” – at an inequality price

Spain

Portugal

Slovenia

**Tunisia**

Greece

Malta

Macedonia, FYR

**Syrian Arab Republic**

**Model (7) Not so rapid or decreasing globalization** (time series correlation  $< 0.5$ ), **accelerating growth** (time series correlation  $< 0.0$ ), and **falling inequality** (time series correlation  $< 0.0$ ) – model: “successful anti-globalization” – at no inequality price

Iceland

**Model (8) Not so rapid or decreasing globalization** (time series correlation  $< 0.5$ ), **faltering growth** (time series correlation  $< 0.0$ ), and **falling inequality** (time series correlation  $< 0.0$ ) – model:

Cyprus

**Jordan**

So, is a “*Kantian*” era of peace possible in the Mediterranean? Our time-series data analysis suggests that there is at least some room for optimism in **Israel, Syria** and **Tunisia**, based on their **growth performance**, while

Algeria  
Egypt, Arab Rep.  
Jordan  
Morocco  
Turkey

all are facing the phenomenon of **rising inequality** and **faltering economic growth**. These countries have the most problematic growth and equality performance in a time of globalization; they will form the outer circle of “**Latin Americanization**” in the “wider Europe” in the sense of the contribution by Professor Victor Krassilchtchikov to this volume. It is worthwhile to remember that this zone of “Latin Americanization” extends from Algiers to Saint Petersburg, and from Riga to Palermo:

Algeria  
Bulgaria  
Egypt, Arab Rep.  
Italy  
Latvia  
Moldova  
Morocco  
Romania  
Russian Federation  
Turkey  
Ukraine

A cautious cross-national analysis of these tendencies is possible (predictor variables: see Tausch’s contribution to part D in this volume). Cautious, because predictor variables are dated at the end of the 1990s and the performance variables range from 1980 to the end of the 1990s; however, as first estimates these results might be accepted, because the predictor variables for earlier time periods often are unavailable.

Militarization and globalization contribute towards the faltering economy, while both unequal exchange and militarization “siphon off” the share of income, going to the richer strata, and redistribute the local, semi-periphery wealth in favor of the centers. Instead of benefiting the richer strata in the semi-periphery and the periphery, militarization and unequal exchange are thus mechanisms that work in favor of the center and not the elites in the semi-periphery and the periphery:

**A macroquantitative, final reflection on the “Kantian” conditions of global ascent and social justice**

tendency	% population, aged >65y, 1998	% women in government, ministerial level	(I-S)/GDP	State interventionism	military expenditure as % of GDP	tendency towards globalization	public education expenditure per GDP	unequal exchange	EU-membership	Islamic conference	ln(GDP PPP pc)	ln (GDP PPP pc)^2	constant
towards	0,003	-0,062	-0,031	0,123	-0,107	-0,039	0,135	-0,021	-0,036	0,008	0,004	-0,017	1,020
economic growth	0,036	0,573	0,097	0,136	0,044	0,021	0,100	0,022	0,092	0,003	0,005	0,014	2,204
	0,226	0,312											
	1,826	75,000											
	2,130	7,290											
	% population, aged >65y, 1998	% women in government, ministerial level	(I-S)/GDP	State interventionism	military expenditure as % of GDP	tendency towards globalization	public education expenditure per GDP	unequal exchange	EU-membership	Islamic conference	ln(GDP PPP pc)	ln (GDP PPP pc)^2	constant
T-test	0,071	-0,108	-0,319	0,906	-2,458	-1,869	1,350	-0,967	-0,394	2,449	0,736	-1,210	0,463
tendency	% population, aged >65y, 1998	% women in government, ministerial level	(I-S)/GDP	State interventionism	military expenditure as % of GDP	tendency towards globalization	public education expenditure per GDP	unequal exchange	EU-membership	Islamic conference	ln(GDP PPP pc)	ln (GDP PPP pc)^2	constant
towards	-0,015	0,150	0,116	-0,314	-0,151	0,011	0,095	-0,071	0,185	0,004	0,013	0,025	-0,198
inequality	0,062	0,978	0,165	0,233	0,074	0,035	0,170	0,037	0,156	0,005	0,008	0,023	3,765
	0,159	0,533											
	1,186	75,000											
	4,035	21,273											
	% population, aged >65y, 1998	% women in government, ministerial level	(I-S)/GDP	State interventionism	military expenditure as % of GDP	tendency towards globalization	public education expenditure per GDP	unequal exchange	EU-membership	Islamic conference	ln(GDP PPP pc)	ln (GDP PPP pc)^2	constant
T-test	-0,236	0,154	0,703	-1,348	-2,026	0,306	0,556	-1,937	1,184	0,783	1,614	1,084	-0,053

*All our EXCEL 7.0 calculations are from UNDP and other data sources, quoted in this book. As in all EXCEL 7.0 outprints, first row: unstandardized regression coefficients, second row: standard errors, last row: t-Test. The values immediately below the standard errors are  $R^2$  (third row, left side entry),  $F$ , and degrees of freedom (fourth row). Variables printed in bold type have a significant influence on economic growth ( $p < .05$ )*

## Conclusion

The very problem of the current debate on further enlargement, i. e. the redefinition of the relationship of the EU to what might be called Muslim and MENA countries is how to avoid the confusion of the distinct aspects of the contemporary relationships and developments.

First and foremost, there cannot be any doubt that a re-definition has to take place. Though this is not necessarily the admission of all or a selected number of the countries in question there cannot be any doubt that the EU will be historically guilty if it sustains the center-/periphery gap. – What is important in terms of the term of a suggested «final stage of enlargement» is that investing in such a project that aims on overcoming such a gap is important as well in terms «EU-domestic» politics, politics, and policies.

Second, such a re-definition is as well concerned with the self-understanding of the EU. In economic terms the project of «convergence» has to face the challenge of overcoming those following mechanisms which largely known, namely

- a) the externalization of costs,
- b) the «mono-cultural identity».

Though this requires a rather fundamental rethinking, it would however not mean that the underlying neo-liberal character of the present EU-policy set is overcome. Thus, third, we have to be aware of the contradictory character of the presented argument. At the end, this final stage of enlargement is a strengthening of a (capitalist) regional amalgamation. As such, defining a positive European Social Model can have a positive role in world development, in particular weakening the present tendencies for a monopolistic and lone super-power. However, as such – fundamentally a super-power itself – it will be limited in putting in place its claim of a democratic and social society. Probably, at this stage we cannot have much more than the hope of stopping what Magdi Allam called with reference to the war against Iraq '*la binladizzazione del messaggio*' ('The Bin-Ladenization of the message' *Quando Saddam imita Bin Laden*; in: La Repubblica; Mercoledì, 2 Aprile 2003: 16). Latest when Richard Perle '*Thanked[s] God for the Death of the UN*' (*The Guardian*, Friday March 21<sup>st</sup>, 2003) we have to make the public sit up and take notice: The Bin Ladenization seems to be already a dangerous virus.

We would be the last – this analysis shows – not to recognize the sometimes often very negative consequences of peripherization for the countries now being integrated into the “wider Europe”. Such analysis, in the end, also forms the basis of many of the results achieved, inter alia, by such scholars as Bruce Russett in their earlier research. The “dependency” and world systems analysis provided by Samir Amin, Arno Tausch, Andre Gunder Frank, Peter Herrmann, Victor Krassilchikov, Kunibert Raffer, Hans-Heinrich Nolte, Patrick Ziltener, S. Mansoob Murshed, David Skidmore, and Gernot Kohler cautions against any premature optimism.

The voices of optimism are not absent from this volume – intercultural dialogue; the export of peace and stability (or the repeated attempt of export promotion and import substitution, as in the case of Andre Gunder Frank’s essay) is possible. Pat Cox, Clara Mira Salama, Alfred Tovias, Arno Tausch, Syed Ahsan, and John O’Neal and Bruce Russett would be the authors to this volume, most clearly linked to an optimistic vision for the region.

However convinced that the “*three legs of Kantian peace*”: democracy, economic interdependence and international organizations generate virtuous cycles of peace, the European Union should go ahead with its important project of the Mediterranean partnership. This book perhaps contributes towards re-formulating a bit the conditions of Kantian peace: not just democracy, economic interdependence and international organizations, but democracy, equal exchange and international organizations. Yes indeed, let us give peace between the civilizations a chance.

*A political reminder: Dialogue between Cultures a Matter of Supreme Importance for Civilisation and Democracy*

**Pat Cox**

The tragic events of 11 September 2001 have created a sharp awareness that we must not fall into the trap of drifting into a conflict stemming from wars between cultures and faiths. There is a heavy historical responsibility placed upon us not to allow the conditions to be created for such a confrontation.

We need determined resolve to follow the path of dialogue between cultures and of respect for others' point of view, asserting values that have always been at the heart of the European ideal. It is important for the creative process of civilisation and it is important for democracy.

**DIALOGUE BETWEEN CULTURES: AN OPTION FOR THE INTERNATIONAL COMMUNITY**

The dominant features of the 20th century were the frequency, range and savagery of wars, exponential development of science and technology and liberalisation of world trade. Those developments shared one progress: they all belonged to the same globalising movement - the "universalisation of History".

This phenomenon is epitomised in the birth of an international community in the form of the United Nations Organisation. The peaceful settlement of disputes, the protection and acknowledgement of the value of the various cultures and their heritage, programmes to foster economic development, campaigns against illiteracy, poverty and disease all illustrate the resolve of mankind to seek progress. The activities of the United Nations, backed up by those of non-governmental organisations and other private initiatives, have given practical form to universal awareness of universal trends and a desire to harness their positive energies.

In parallel, the maturing of democratic aspirations and the recognition of the centrality of human dignity have helped the international community to base itself more and more on shared and common values.

Acknowledgement of the dignity of each individual man and woman, implies respect for his or her culture. That is why a dialogue between cultures presupposes respect for cultural diversity. UNESCO, which has made significant efforts to protect cultures in all their forms of expression, is making plans to adopt a convention which will establish in law the specificity of cultural existence.

The international community therefore possesses a body of achievements based on the United Nations Charter and on international conventions. Through the work of the UN specialised agencies, it has, in particular, acquired experience in bringing peoples closer together with a view to the attainment of common objectives, such as the search for peace, the promotion of development, health, education and culture.

It is against this background of universalisation that the scope of the events of 11 September 2001 and the alleged risk of a confrontation between cultures should be viewed. Free acceptance of a common culture involving human rights, democratic aspirations and the globalization of problems with which mankind is confronted – for example the environment, health, and economic development – constitute the best defence against any attempt to talk up a confrontation between cultures.

The post-Cold War world has seen the appearance of new conflicts involving identity and making one culture into a means for repulsing, and a weapon against, another culture. Although, in referring to Islam in an attempt to justify its activities, the terrorist network responsible for the attacks of 11 September 2001 seems to be trying to play the identity card, it fails in its attempt because of its nihilistic ambition, its aim being to destroy life and not to usher in a new kind of society. The formal and summary reference to Islam made by the terrorists reflects not the expression of a culture but, on the contrary, a despairing negation of culture.

The confrontation which actually occurred is one between a humane civilisation and a barbaric movement.

#### DIALOGUE BETWEEN CULTURES: HISTORICAL BACKGROUND TO THE EUROPEAN IDEAL

The European ideal is, basically, the expression of a strong determination to put to rest the conflicts and deep-seated enmities of a tragic past and to unite peoples. That ideal found its early practical expression in the achievement of a limited common project, the ECSC (European Coal and Steel Community), the embryo of the future European Communities.

European integration has become the practical form of this ambition to unite peoples in a common destiny, overcoming the rifts of History, hatred and mistrust. A level of integration has been reached which makes it into a considerable human achievement in that it is based on the values of Pluralist democracy; Rule of law; Market economy; Cultural diversity; Solidarity and Sustainability

At the time of writing, it is poised to make a qualitative historical leap forward by realising, for the first time in a millenium and by the free will of sovereign peoples, a continent-wide enlargement

The continental reunification will bring the European Union, with the accession of Cyprus and Malta to the southern shore of the eastern Mediterranean. With its new Mediterranean bridges, Europe will be better equipped to comprehend its new dimension. The European Union is a participant in a dialogue between cultures of which it constitutes a model in History.

The determination to meet with legitimate aspirations of the Mediterranean peoples found practical expression in the implementation of the Euro-Mediterranean Partnership established in Barcelona in 1995. The aim of the project is to create a shared future in which the notion of a new economic relationship and issues relating to democracy, human rights and the imperatives of peace and security constitute a whole in a new approach which has therefore abandoned the traditional patterns of cooperation. The cultural and human aspect of the Partnership is based on a determination to mobilise popular initiatives on both shores of the Mediterranean in order to introduce exchanges and implement joint cooperation projects. A tightly knit network of exchanges has therefore been created: twinning schemes involving towns and territorial authorities, cooperation between universities and in the audiovisual sphere, so many partners and disseminators of ideas, teachers, artists and journalists who open up the path to and expand the area for exchanges, communication and the implementation of specific projects. All the activities and all the structures participate in the transmission of information and in the exchanges which enable both sides to get to know each other better and to change systems of representation.

For its part, the European Union, through the agency of the European Commission, has drawn up various programmes aimed at individual citizens and designed to promote the education of young people in the 27 Euro-Mediterranean partner countries (EURO-MED YOUTH, the TEMPUS university exchange programme between the two shores of the Mediterranean, and the NETDAYS project, which has created a network linking schools).

Other Euro-Mediterranean programmes involve audiovisual communications (EUROMED AUDIOVISUAL) and the cultural heritage (EUROMED HERITAGE). In this way, the dialogue takes on a practical form by multiplying the points of contact which facilitate the setting up of joint activities.

Since the events of 11 September 2001, the European Union has decided to strengthen the dialogue between cultures. The GENT European Council, held on 19 October 2001, declared that 'any equating of terrorism with the Arab and Muslim world' must be avoided and that 'it is essential to encourage a dialogue of equals between our civilisations'. It called on the Member States to 'give concrete priority to the dialogue between cultures'. The same sentiments were expressed at the Third Euro-Mediterranean Parliamentary Forum which was held in Brussels on 8 November 2001.

At the meeting of the Euro-Mediterranean Foreign Ministers held on 22 and 23 April 2002 in Valencia, a decision was taken to create a Euro-Mediterranean Foundation to promote the dialogue between cultures and civilisations. The European Parliament and



the fourth meeting of the Euro-Mediterranean Parliamentary Forum held in Bari (Italy) on 17 and 18 June 2002 and which I had the honour to co-chair with the President of the Moroccan Parliament, welcomed this decision and called for this Foundation to be set up at the earliest opportunity.

In that connection, the European institutions have emphasised that the education, youth, culture and audiovisual policies must play their part in this campaign. They have organised conferences and seminars attended by academics, representatives of the arts and senior religious leaders.

Several lessons may be drawn from the debates held:

- the need to develop all the networks for cooperation between the universities, schools and civil society;
- the requirement of inter-faith dialogue;
- the specific role that the European Union must play in the dialogue between cultures, since the Euro-Mediterranean Partnership provides an appropriate framework in this respect. The dialogue must not be seen as been targeted solely outside the European Union; it must begin in Europe. Jacques DELORS said that learning to live with others should become one of the pillars of contemporary education.

The Euro-Mediterranean Partnership was set up with the objective of creating an area of civilisation: an area for exchanges and for sharing common values in order to create a zone of peace and prosperity. In essence that vision corresponds to a resumption of the normal course of History which, for millennia, has made the Mediterranean into an area of civilisations. Fernand BRAUDEL wrote that the Mediterranean is a work which mankind has taken up over and over again. The cross-fertilisation of cultures is a process engraved on the heart of History.

#### DIALOGUE BETWEEN CULTURES: A PROCESS WHICH HAS CREATED CIVILISATION THROUGHOUT HISTORY

The bridges which are being built are also bridges with the past. A knowledge of History means recognition of the force of the past in the present, that continuum which creates the link which enables us to construct the future. It is with that in mind that UNESCO adopted the 'Routes d'al-Andalus' (Andalusian Ways) project in 1995. They seek to illustrate the harmonious coexistence of cultures and of the Islamic, Christian and Jewish faiths which held sway for eight centuries in medieval Spain. We must take the Andalusian Way, for it will lead us to Averroes and Maïmonides, both natives of Cordoba, both philosophers, legal experts and medical practitioners, one a Jew, the other a Muslim, who represent the symbiosis between cultures at the highest level.

The transmission of Greek science and philosophy by Arab translators and the transmission to the Christian world of Arab science and philosophy are shining examples of interpenetration between cultures and of cross-fertilisation of civilisations. The exemplary nature of Muslim Spain must inform our present-day activities: it established a connection between the Orient and the Occident and between Antiquity and the Renaissance.

## THE DEMOCRATIC DIMENSION OF THE DIALOGUE BETWEEN CULTURES

### · Strengthening international democracy

The internationalisation of human rights has resulted in the constitution of a body of case law, genuine international law at universal and regional level, over the past fifty years. That process has opened up a universal area for dialogue which has enabled the notions of cultural universality and specificity to be compared and contrasted. In this way, the international community has been able to forge common values for itself and to define the fundamental rights which apply to individuals. However, that structure of values has been threatened by the liberalisation of trade which exerts enormous pressure on national cultures. That has prompted the European Community to recognise cultural diversity in respect of which a decision has been taken that it will be made the subject of an international convention under the auspices of the United Nations. Diversity must therefore be respected in the name of universality.

The United Nations' recognition in law of the diversity of cultures fulfils a democratic requirement in that that organisation works on behalf of nations and in that the sovereignty of peoples is also a cultural sovereignty. Such recognition helps to strengthen international democracy. The dialogue between cultures therefore has an essential democratic scope in that it implements the representation of cultures.

### · Strengthening European democracy

In December 2000, the European Union adopted a Charter of Fundamental Rights. The third paragraph of the Preamble begins: 'The Union contributes to the preservation and to the development of these common values while respecting the diversity of the cultures and traditions of the peoples of Europe. ... .' Article 22 thereof reads: 'The Union shall respect cultural, religious and linguistic diversity.' The 'constitutional' value already acquired by the European Charter of Fundamental Rights and which will be formally confirmed when the new constitutional treaty is adopted confers a considerable scope on the provisions quoted above in so far as they strengthen the democratic foundations of the European Union.

The cultural diversity which forms an integral part of European integration found its first democratic expression when the European Assembly was created, initially on the basis of indirect elections and then, after 1979, on the basis of the direct election of Members of the European Parliament. While European integration constitutes fundamental historical progress in the history of nations and peoples, the existence of an international parliament, elected by the people whom it serves and in which political parties are established on a transnational basis, constitutes a model of international democracy applied to cultural diversity.

· The bridges constructed by the European Union

The European Union is not a cultural laboratory operating in a vacuum. It has established relations with all the other continents. It is taking steps to achieve the reunification of the entire continent.

With regard to the agreements which it has concluded with third countries, the European Union bases its policy on human rights, respect for cultures and democracy. Through the ACP-EU Joint Parliamentary Assembly, its interparliamentary delegations and its parliamentary cooperation committees, the European Parliament has institutionalised its relations with the national parliaments of countries outside the European Union.

The bridge to the southern shore of the Mediterranean built by the European Union in 1995 with the implementation of the Euro-Mediterranean Partnership established by the Barcelona Charter is a new and historic undertaking which stems from a civilisation project. This Partnership has since acquired a parliamentary dimension: in 1997, the European Parliament proposed to the national parliaments of the partner countries that regular contacts should be organised. As a result, the first Euro-Mediterranean Interparliamentary Forum was held in Brussels in October 1998. Since then, the Forum has met on three occasions. The third Forum was convened on an exceptional basis in November 2001, following the events of 11 September 2001. The fourth Forum was held in Bari in June 2002.

In a resolution which it adopted on 11 April 2002 with a view to the holding of the Conference of Euro-Mediterranean Foreign Ministers in Valencia, the European Parliament went even further and proposed the establishment of a Euro-Mediterranean Parliament Assembly. The Conference decided to recommend the establishment of such an Assembly along the lines of the European Parliament's proposal. The fourth Forum in Bari supported the development of the representative dimension of the Euro-Mediterranean partnership and committed itself to promoting the establishment of a Euro-Mediterranean Parliamentary Assembly as soon as possible.

Accordingly, the Euro-Mediterranean Partnership has now acquired a democratic basis with this parliamentary dimension. In this connection, the dialogue between cultures has, since November 2001, become a priority issue. Nevertheless, the Partnership retains its global character in that it covers all political and economic fields.

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Cultural diversity, which is the substratum of European integration, is an altruistic action based on the sharing of common values. The dignity of mankind and of each culture is at

the heart of this system of values. This value is inseparable from democracy. Without democracy, there can be no respect for mankind and the dialogue between men, and the European Communities would never have seen the light of day. Conversely, the recognition of cultural diversity is a factor which strengthens democracy. The European Union is at the forefront of the development of this dialectic between multiculturalism and democracy.

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The vision of a violent confrontation between civilisations is born of irrational fear and not of a rigorous observation of the way in which international society is developing. The various cultures are currently going through a shaking out process which does not seek to destroy them but calls on them to refine themselves so that they may be more accessible. This is a living process which is based on exchanges. However, if exchanges are to take place, we must ensure that diversity is preserved. The international community is moving forward into the future through a gestation process which may engender fear, despair and violence. However, a body of achievements has been created over half a century by the action of the international community in the fields of economic development, health, democracy and human rights, and dialogue between cultures. This process has created a sense of belonging to an international community. That body of achievements has its own dynamic force which should be developed. The European Union and the European Parliament lead the way in writing this page of the History of the international community.

## **B The European Mediterranean Partnership**

### *The Political and Economic Aspects of the Euro-Mediterranean Partnership*

**Clara Mira Salama.**

*This paper reviews the progress that the EU has been making in implementation of the Barcelona Process. It considers both the political and security provisions and the economic and financial dimensions. The implications of the adoption of free trade agreements is critically assessed and the major future policy issues highlighted.*

#### **Introduction**

Since the very beginning of the European Integration process the EU has had specific policies addressed to the Mediterranean region arising from the many important links that bind the countries on both shores. These are not only cultural and historic - mainly with the former regional colonial powers, France, the United Kingdom, Italy and Spain, - but also economic. The Mediterranean countries are important suppliers to the EU market of natural resources such as gas and petroleum and are an important market for EU exports. Europe also has an interest in the political stability of the zone; its proximity means that what happens in the region has important repercussions on the other shore of the sea. Military and commercial areas of strategic importance are located in the region, such as the Suez Canal and the Straits of Gibraltar<sup>2</sup>. All of these factors explain the development of specific policies towards these countries, evolving over time in response to changing political and economic circumstances.

The Treaty of Rome enabled France to keep special relations with its former colonies – Morocco and Tunisia (Algeria was still a French département) - through a special Protocol. In the 1960s Association Agreements were signed with these and other Mediterranean countries<sup>3</sup>; the privileged relationship they enjoyed being extended to all the EC members. They were granted free access for their exports of industrial products and some concessions for their agricultural exports.

The first general EEC policy for the region came with the establishment of the Global Mediterranean Policy (GMP) launched in the early 70s, in the context of the oil crisis, and in force until the beginning of the 90s. It involved all the non-EEC member Mediterranean countries<sup>4</sup> except Libya and Albania. Bilateral cooperation agreements were negotiated covering, for the first time, not just trade preferences but also aid through financial

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<sup>2</sup> RAYA, "A Review of the Barcelona Conference and a Summary of EU Policy Objectives", in COSGROVE-SACKS (Ed), *The European Union and Developing Countries*. Macmillan Press, 1999.

<sup>3</sup> For the evolution of these Agreements, see Table I.

<sup>4</sup> This included Greece, Portugal and Spain until they joined in 1981 and 1986.

protocols. In fact the approach was not really regional, but bilateral, and the Agreements were quite different from each other<sup>5</sup>.

The subsequent Southern enlargement of the EEC had adverse consequences for the Maghreb countries. Since the export pattern of the two groups of countries is quite similar the non-EEC ones suffered an important loss in their EEC market share. Even though new Protocols were signed to try to palliate these effects, the results of the GMP were unimpressive.

This unsatisfactory outcome, together with the new political situation (the Gulf War and the support to Iraq granted by the Maghreb/Mashrek countries, the end of the Cold War and the fall of the Berlin Wall) led the EU to change its approach to the region. A Renewed Mediterranean Policy was launched in 1992, increasing the amount of development aid (the MED programs of decentralized cooperation were created) and extending trade preferences. Cooperation was also to cover subjects such as human rights, the environment and the promotion of democracy<sup>6</sup>.

Nonetheless this policy did not bring the expected development to the region and was seen merely as a continuation of the previous phase. The political situation, the concerns with Eastern European enlargement, the economic trend towards globalization (the creation of the WTO and the Uruguay Round), together with regionalization and the completion of the Single European Market, led to the general belief in Europe that the policy towards the Mediterranean needed a reorientation. Spain proposed the creation of a Euro-Maghreb free-trade area in March 1992; the Commission agreed<sup>7</sup> and this was confirmed by the European Council at Lisbon in June of the same year. Negotiations were started, but the problems in EU-Libya relations and the crisis in Algeria prevented this regional initiative from being successful. After this failure and some changes in the political situation<sup>8</sup>, the EC considered the extension of the initiative to the whole Mediterranean region. Accordingly, the Corfu European Council charged the Commission to review current policy towards this area. The Commission drew up a proposal for the creation of a Euro-Mediterranean Association<sup>9</sup>, accepted by the Essen European Council of December 1994. Spain, one of the most committed countries vis-à-vis the Mediterranean, together with France and, to a lesser extent Italy, was mandated to prepare a meeting of all EU members and the Mediterranean countries at the highest level. During the negotiations divergent views emerged within the EU; the Southern countries favored an approach based upon more aid and fewer trade concessions than the Northern Member States (who advocated the maintenance of the

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<sup>5</sup> FELIU and SALOMÓN, "La dimensión sur de la UE: políticas para el Mediterráneo", in BARBE (coord), *Política Exterior Europea*, Ariel, Estudios Europeos 2000.

<sup>6</sup> RAYA, supra N. 1

<sup>7</sup> Communication from the Commission to the Council and the European Parliament, 30<sup>th</sup> April 1992 (Sec/92/401).

<sup>8</sup> In 1994 peace between Israel and its neighbours was seen as imminent; the CEECs were receiving progressively more and more funding and there was a feeling that this should be re-balanced in favour of the Mediterranean countries.

<sup>9</sup> COM(94)427: "Strengthening the Mediterranean Policy of the European Union: Establishing a Euro-Mediterranean Partnership".

current aid ratio of 5:1 in favor of the Central and Eastern Europe Countries (CEEC)). At the end the ratio was raised to 5:3.<sup>10</sup> The opinions of the non-EU Mediterranean countries were sought through visits of the Troika and the Commission. It was in this context that the Barcelona Conference took place on the 27<sup>th</sup> and 28<sup>th</sup> November 1995 and the Barcelona Declaration was adopted, inaugurating the so-called Euro-Mediterranean Partnership (EMP) or Barcelona process.

The Barcelona process calls for both a multilateral and complementary bilateral approach, covering three main fields of cooperation: security and stability; economic and financial; and cultural, social and human. This integrated approach is based on the Conference on Security and Cooperation in Europe (CSCE). The EMP draws inspiration from the CSCE and also from the earlier project of the Euro-Maghreb Partnership<sup>11</sup>. The importance of this Conference and of the adoption of the Declaration cannot be underestimated; at the negotiations table were Greece and Turkey, the Arab Mediterranean States, the PLO for the Palestinian Authority, taking part as another state and, sitting next to them, Israel<sup>12</sup>.

In this paper an initial assessment of the effectiveness of the new process created in Barcelona will be attempted. It is obviously too early to try to analyze the full impact of the new policies on the Mediterranean Partnership Countries (MPC), as it is a policy with long-term objectives. Thus the issue addressed is not the outcome of the process but an assessment of the effectiveness of the mechanisms and instruments. The paper focuses upon the political and security provisions and the economic and financial aspects. The third part of the Partnership, the Social and Cultural, will not be considered. Under this heading cooperation with civil society is encouraged, with programs covering young people, audiovisual arts and culture (Euromed Heritage, Euromed Audiovisual, Euromed Youth). There are many other important issues falling in this chapter, such as migration, cooperation in the fight against terrorism, drug trafficking, international crime and corruption, but some of these are also mentioned in the political and security partnership.

#### The Barcelona Declaration

The Barcelona Declaration has three chapters: Political and Security; Economic and Financial and Social, Cultural and Human Affairs. A Work Programme is attached to the Declaration as an Annex, outlining the means by which the Declaration's objectives are to be achieved.

The EMP has two dimensions, a regional/multilateral and a bilateral one. The regional dimension targets the Mediterranean area as a whole and covers such areas as industrial cooperation, the management of water, energy, environment, transport, and the information

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<sup>9</sup>EDWARDS and PHILIPPART, "The EU Mediterranean Policy: Virtue Unrewarded or...?". *Cambridge Review of International Affairs*. XI, No 1, 1997.

<sup>11</sup> BARBÉ, "The Barcelona Conference: Launching Pad of a Process". *Mediterranean Politics*, Vol 1 No 1 1996.

<sup>12</sup> The fragility of this diversity of members came to the front when the Arab states refused to take part in the second Barcelona conference together with Israel in Arab territory, so the candidacy of Tunis had to be declined in favour of Malta.

society<sup>13</sup>.

The bilateral dimension regulates the relationship between the EU and each Mediterranean Partner Country (MPC); this relation is established by the Euro-Mediterranean Association Agreements (EMAA) concluded - or being currently negotiated<sup>14</sup> - between the EU and its Member States, on the one side, and each MPC on the other. These Agreements have been reached with countries with very diverse economies, from developed states, such as Israel, to less developed ones such as Morocco. They also include the three EU membership candidates Malta, Cyprus and Turkey<sup>15</sup>, who have their own "Pre-accession Strategy", and whose relations and programs are managed by DG Enlargement. Turkey has also already established a customs union with the EU<sup>16</sup>. The bilateral nature of these Agreements provides the flexibility necessary to meet the needs of such a diverse group<sup>17</sup>.

The notable absence from this process is Libya. In 1999, at the Stuttgart Euro-Mediterranean Conference, following the lifting of the UN Security Council sanctions<sup>18</sup>, the partners decided to give Libya observer status to the process. The EU would like Libya to join, but only if it is able and willing to adopt all the Barcelona "acquis" (human rights, democracy and free trade). Nowadays Libya seems to be willing to join the process. In the Vth Euro-Mediterranean Conference that took place in Valencia in April 2002 the Presidency, after welcoming the Libyan delegation, stated in its conclusions: "*Taking into account Libya's role in the Mediterranean region and in the African continent, the EU Presidency hopes Libya will fully contribute to the relaunching of the Euro-Mediterranean cooperation*"<sup>19</sup>. The US, Canada and Russia also showed an interest in the initiative, but the EU wanted to keep the project "Euro-Mediterranean"<sup>20</sup>.

The three chapters of the Barcelona Declaration are interrelated and mutually reinforcing; even if they apparently deal with very different fields of cooperation they cannot be considered in isolation. Clearly the economic and social situation of the MPCs influences their political stability and therefore has enormous consequences for the security of the region. As Mortimer<sup>21</sup> points out "*the issues of trade, economic assistance and population movement are closely interrelated*". In fact nowadays the perceived "threat from the South" finds its origins in these socio-economic problems, rather than in territorial expansionism.

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<sup>13</sup> European Commission, 2000: "The Barcelona Process, five years on".

<sup>14</sup> See Table II for the progress in the negotiations.

<sup>15</sup> Altogether there are 12 MPCs: Morocco, Algeria, Tunisia, Egypt, Jordan, Israel, Lebanon, Syria, Turkey, OLP for the benefit of the Palestinian Authority, Malta and Cyprus.

<sup>16</sup> Decision 1/95 of the EC-Turkey Association Council on implementing the final phase of the Customs Union, O. J 1996 L 35/1.

<sup>17</sup> MARKS, "High hopes and Low Motives: the New Euro-Mediterranean Partnership initiative": *Mediterranean Politics*, Vol. 1, No. 1 1996.

<sup>18</sup> The EU decided to suspend the restrictive measures imposed on Libya, with some exceptions, in its Common Position of 16 April 1999.

<sup>19</sup> Vth Euro-Mediterranean Conference of Foreign Ministers (Valencia, 22-23 April 2002). Presidency Conclusions, point 15.

<sup>20</sup> MARKS, *supra* N. 16.

<sup>21</sup> "Europe and the Mediterranean: The Security Dimension", in *Europe and the Mediterranean*. Ludlow Brassey's 1994.



Thus the establishment of a Free Trade Area (FTA), as envisaged in the second chapter of the partnership, will have repercussions for the Security basket of the EMP. For some authors the positive effects that free trade may bring, in the form of economic growth and creation of employment, are a necessary condition for the reduction of emigration towards Europe and for the stability of the region. The case of the US and Mexico illustrates this argument; one of the reasons that moved the US to propose the establishment of NAFTA was the risk of massive immigration from Mexico. This argument seems reasonable for the medium to long-term, that is, once the positive consequences of free trade start to be felt by the countries and once the painful short-run structural adjustment is over. But in the meantime the accelerated market liberalization process may exacerbate instability in the region<sup>22</sup>.

The interrelation of the three chapters is also reflected in the Barcelona Declaration and the Euro-Mediterranean Association Agreements (EMAA). For the former, even where it deals with drug trafficking and organized crime under the Political and Security Partnership, they are referred to in the Work Programme under the heading of Social, Cultural and Human affairs. Meanwhile the EMAAs deal with drug trafficking and money laundering in the chapter on economic cooperation. This may reflect the MPCs rejection of the EU perception of social affairs as including security issues<sup>23</sup>.

The EMP is managed by the External Relations DG and not by the Development DG, reflecting the comprehensive scope of the EU's policy towards this region. Trade and financial aid have been the classic tools through which the EU has approached development cooperation in major agreements such as Lomé (Cotonou) with the ACP states. In the EMP we find these same instruments, but the proximity of the MPCs makes the EU want to achieve something more ambitious. There are political and security measures, as well as a social and human dimension aiming to promote exchanges and develop common values. These kinds of aims are not to be found in the EU's other development cooperation measures.

## **THE POLITICAL AND SECURITY PARTNERSHIP**

The first question to be asked is what has motivated the creation of such a partnership? Since the end of the Cold War the EU has focused upon its southern neighbors as a possible threat to its security. The perceived threat does not originate from military aggression - although there is concern about the acquisition of weapons of mass destruction (nuclear, biological and chemical) - nor from the creation of a unified Arab State. It is seen more in the consequences of political instability in these countries (terrorism, crime, religious extremism) and the problems of migratory pressure arising from their poor economic performance. A few commentators however go further<sup>24</sup> and see the "communist threat" as

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<sup>22</sup> XENAKIS: "From Policy to Regime: Trends in Euro-Mediterranean Governance". CRIA, Vol. XIII, N. 1, 1999.

<sup>23</sup> BARBÉ, *supra* N. 10.

<sup>24</sup> Samuel Huntington's "clash of civilisations" thesis. (DOKOS, "The Proliferation of Weapons

being replaced by an “Islamic one”.

The terrorist attacks of September the 11<sup>th</sup> have contributed to the feeling that more cooperation is needed in the political/security arena.

For the non-EU partners, they have an interest in maintaining confidence and stability in their countries so as to attract investment, stimulate growth and promote employment<sup>25</sup>.

### **Aims of this Partnership**

The aim of this first aspect of the Barcelona Declaration is to create “*an area of peace and stability in the Mediterranean*”. To achieve this objective the parties have committed themselves to political dialogue, and to acting in accordance with certain principles.

There are three major aspects to this chapter of the Declaration - the behavior of individual States, bilateral relations and security cooperation.

#### *State Commitments*

The first focuses upon the individual behavior expected from each country taking part in the process. Among these we find unilateral measures, such as the need to ensure the respect of human rights, fundamental freedoms, diversity and tolerance, democracy, the rule of law and equality of the peoples. Thus in regard to human rights and democratic principles, specific clauses have been introduced in the EMAA; according to which human rights constitute an “essential element”<sup>26</sup>. These provisions are backed by another – the so-called Bulgarian clause - under which a party that considers that another has failed to fulfill an obligation under the Convention can take appropriate measures. The measures should be notified to the other party and a consultation process commenced if it is requested. The form that these measures will take is not defined, the only guidance being that measures should be preferred that “least disturb the functioning of this Agreement”<sup>27</sup> and that they should be in accordance with international law<sup>28</sup>. In addition there is a requirement that the Association Council should be informed before any measures are adopted; but this is unnecessary in cases of “special urgency”. Violations of human rights and democratic principles are considered violations of essential elements and therefore cases of such special urgency (Art. 2 together with a joint declaration on Art. 90). In this situation the party who suffers sanctions can set in motion the dispute settlement procedure. These provisions constitute the counterpart to Arts. 60 and 65 of the Vienna Convention on the termination or suspension of the Agreement (the so-called “exception non-adimpleti contractus”).

The introduction of these kind of clauses in EU agreements was challenged by Portugal on the basis of lack of EU competence, but the European Court of Justice (EJC) rejected the

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of Mass Destruction in the Mediterranean: The threat to Western Security”. *Mediterranean Politics*, Vol 5, No3. 2000).

<sup>25</sup> MORTIMER, supra N. 20.

<sup>26</sup> Art. 2 of the agreements with Morocco, Tunisia, the OLP and Israel.

<sup>27</sup> See, for example, Art. 90(2) of the Morocco and Tunisia Agreement, art. 70(2) PLO agreement, art. 79(2) Israel Agreement.

<sup>28</sup> Joint Declaration on Article 90 in the Morocco and Tunisia Agreements.

claim stating that according to Art. 130u(2) (now Art. 177(2) of the EC Treaty) human rights are one of the aims of the EU's development cooperation policy<sup>29</sup>. They are also an aim under the Common Foreign and Security Policy (CFSP) (Art. 11 Treaty on European Union) and following the Treaty of Nice<sup>30</sup> they are expressly mentioned as an objective to pursue in relations with third countries (new Art. 181a EC Treaty).

A similar human rights clause has been introduced into the financial aid provided to the region, channeled through the MEDA programme. According to Art. 3 of the Regulation<sup>31</sup>, democratic principles, the rule of law and human rights constitute an essential element "*the violation of which [...] will justify the adoption of appropriate measures*". Art. 16 outlines the procedural mechanism; proposal by the Commission and decision by Qualified Majority Voting by the Council. Since the MEDA Regulation is a unilateral EC measure there is no requirement for information and consultation, as in the case of the EMPA. The existence of these two provisions is necessary since many Mediterranean countries do not yet have a EMAA and the old Cooperation Agreements do not include a human rights clause; at the same time Israel is not covered by the MEDA Regulation. Furthermore, economic conditionality has been introduced, as discussed below<sup>32</sup>.

The introduction of such clauses is in line with general EU policy. Since the 1991 Luxembourg European Council, tying financial assistance to a good human rights record is seen as an important incentive to realizing these fundamental objectives. However this practice has been criticized. It has been argued that donors are motivated by their own interests, that the appraisal of the violations may be subjective and that it may generate instability by isolating the state concerned. In particular the EU is accused of using "double standards" in the application of such clauses, with weaker states more likely to be subject to the suspension of aid than important EU trade partners<sup>33</sup>. What is clear is that the more intensive the relationship of an EMP with the EU, the higher the expected standards in human rights<sup>34</sup>.

The European Parliament has been the greatest advocate of the inclusion of such clauses, while the other EC institutions have been more reticent in their application. It is true that if they are properly applied – if it is possible to avoid punishing the poorest sections of the society but focusing upon the ruling elites - and preference is given to positive conditionality (that is, increasing aid and concessions following positive human rights achievements) they could be an effective means of spreading worldwide respect for these fundamental values.

An important question here is what human rights are to be protected, since across the Mediterranean the concepts may differ. However the Universal Declaration of Human

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<sup>29</sup>Judgment of 3. 12. 96 in C-268/94, Portuguese Republic v. Council.

<sup>30</sup> Treaty of Nice, published in the Official Journal of the European Communities C 80/77, 10. 3. 2001.

<sup>31</sup> Regulation 2698/2000.

<sup>32</sup> "Financial support" *infra*.

<sup>33</sup> SMITH, "The Use of Political Conditionality in the EU's Relations with Third Countries: How Effective?". *EFAR*, Vol 3 1998.

<sup>34</sup> KÖHLER, Michael. DG External Relations. European Commission. Interview 20<sup>th</sup> March 2001.

Rights is mentioned in the Barcelona Declaration and particular human rights identified; freedom of expression, association, thought, conscience and religion, and non discrimination.

These aims are also being supported through the MEDA Democracy programme. Democracy is also an essential principle of the agreement with a clear interdependence with the security objectives; “*democratic states make peaceful neighbours*”<sup>35</sup>.

#### *Bilateral relations*

The second dimension addresses the relations between the individual parties. They are required to commit themselves not to intervene in the internal affairs of the other parties, to respect their territorial integrity and unity, not to use force against the territory of a State and not to develop their military capacity “*beyond their legitimate defence requirements*” (something which presents serious problems of determination). These aims have clearly not been achieved as illustrated by relations between Israel and the Lebanon and between Turkey and Greece.

#### *Security Cooperation*

The third group of provisions establishes the framework for cooperation in the fight against organized crime, drugs, terrorism and the prevention of the proliferation of weapons of mass destruction<sup>36</sup>. Cooperation is to be improved between judicial authorities and the police, criminal intelligence is to be exchanged and extradition procedures improved. Migration does not come under this heading but it is mentioned under the third chapter - the partnership in social, cultural and human affairs. Both legal and illegal immigration is considered, although the EU's principal concern is the significant increase in illegal immigration into the Community from the MPCs. Accordingly practical measures to improve cooperation among authorities are envisaged.

#### **Actions to be undertaken under this Partnership**

In the Work Programme attached to the Declaration the emphasis is upon political dialogue and the establishment of a network of cooperation between the foreign policy institutes of the region. This network has been established (EuroMeSCo) and is encouraging research in this field.

In terms of political dialogue this has both a regional and bilateral dimension. At the regional level regular meetings of Ministers and senior officials have been taking place<sup>37</sup>.

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<sup>35</sup> FENECH: “*The Relevance of European Security Structures to the Mediterranean (and Vice Versa)*”, in *The Euro-Mediterranean Partnership. Political and Economic Perspective*. Gillespie. Frank Cass, 1997.

<sup>36</sup> The combat against terrorism, drug trafficking and international crime is also mentioned under the heading of the Social and Cultural partnership; this illustrates the interrelation of all the chapters of the Declaration (and the confusion to a certain extent).

<sup>37</sup> As can be seen in Table III.

Political dialogue has survived the vicissitudes of the now fragile Middle East Peace Process (MEPP), which in itself can be considered an important accomplishment. At the same time the introduction of political dialogue is to be welcomed because it allows the parties to share information and their concerns, giving the MPCs a voice. Nonetheless some authors have argued that the Partnership is “paternalistic”<sup>38</sup>, only accepted by the MPCs in order to access the associated financial aid. There is a danger that this political dialogue is not really two-way, that it is only the EU which “speaks”. Nonetheless, the evidence so far suggests that dialogue is actually taking place, even if it is clear that the EU is the strongest voice. However there is considerable variation in the degree to which the MPCs are making use of the system<sup>39</sup>.

Before the launch of the EMP there were already other organizations working to achieve stability in the region, for since the end of the Cold War there has been a general feeling of uneasiness about the south European “frontier”. Thus we have the Western European Union (WEU) Mediterranean Initiative, dating from 1992, the NATO Mediterranean dialogue, launched in 1994, and the OSCE, whose Mediterranean Dialogue was launched in Budapest in December 1994. The interaction between these pre-existing initiatives and the political chapter of the EMP is something that requires attention. In areas where there are shared objectives coordination is clearly desirable. For example, some authors<sup>40</sup> regard it as now appropriate to subsume the WEU Mediterranean initiatives into the EMP dialogue. For others<sup>41</sup> the EMP is regarded as the best-equipped framework to achieve stabilization in the region, given the comprehensive character of the EU’s approach. The EMP is the only one of these structures attempting to address the economic and social problems that lie at the heart of regional instability, the only one looking and dealing with the roots of instability (economic and social problems). However the different parties involved in the other regional initiatives would make it difficult to subsume them all into the EMP, thus the emphasis must be upon cooperation, coordination and synergy. To overcome these problems various options have been proposed<sup>42</sup>, such as starting with non-controversial measures, allowing for an opting-out system during a transitional period and permitting sub-regional projects.

Other measures taken in this area relate to cooperation among civil protection services for disaster management. These “**partnership-building measures**” are considered soft security issues and are rather limited as a result of the problems of the Middle East Peace Process (MEPP). It is highly unlikely that “hard security measures” such as arms control could be implemented under the circumstances of a confrontation between Israel and the Arab States. Thus the only obligations for the parties are to engage in the ratification

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<sup>38</sup> JOFFÉ, “Southern Attitudes towards an Integrated Mediterranean Region”, in GILLESPIE, *The Euro-Mediterranean Partnership: Political and Economic Perspectives*. Frank Cass, 1997.

<sup>39</sup> KÖHLER, *supra* N. 33.

<sup>40</sup> JACOMET: “Le dialogue méditerranéen de l’UEO”. Occasional Paper 13. WEU Institute for Security Studies, 2000.

<sup>41</sup> FENECH, *supra* N. 34.

<sup>42</sup> ORTEGA: “Towards an enhanced Euro-Mediterranean Security dialogue”. Occasional Paper 13, WEU Institute for Security Studies, 2000.

process of the international conventions relating to non-proliferation of nuclear weapons. But even hard security measures might prove inadequate in the Mediterranean context, since economic, social, demographic and environmental problems “*have a considerable impact on national security and political stability [...] a broader concept of security should be adopted*”<sup>43</sup>. As for the EU, a more far reaching security policy, including military aspects, might also present difficulties since it has only the CFSP instruments to cooperate in this field and these are inadequate. Nevertheless the EU is attempting to try to address these issues, as will be discussed below<sup>44</sup>.

Finally mention must be made of the **Charter for Peace and Stability**. The parties have been working on the elaboration of a document that would institutionalize political dialogue. The main guidelines<sup>45</sup> were drafted at the Stuttgart Euro-Mediterranean Foreign Ministers meeting of 1999. According to the Commission this document – a politically binding instrument – should contribute to the prevention of tension and the maintenance of stability “*by means of co-operative security*”<sup>46</sup>, with dispute settlement mechanisms. To achieve these objectives the guidelines mention five instruments: a) enhanced political dialogue, b) partnership building measures, c) measures to improve good-neighborly relations and regional cooperation, d) preventive diplomacy, crisis management and post-conflict rehabilitation, and e) mechanisms for joint action.

Although military cooperation is not mentioned in the Barcelona Declaration it has been argued<sup>47</sup> that military dialogue should be included in the Charter, either as a new mechanism or as a category under an existing one.

For the MPCs the bilateral and consensual character of the Charter is seen as very positive: the Egyptian Ambassador El Shazly<sup>48</sup> stated: “*The Charter is the first regulatory document of its kind in which drafting we participate. . . Policy designs for our part of the world, Barcelona Declaration included, have mostly been the work of others, specially Europeans*”.

There have been various proposals as to how the Charter could attain its aim; principally it is seen as being evolutionary and flexible. In a report from the EuroMeSCo Working Group

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<sup>43</sup> DOKOS, “Developing coordination between the EMP and NATO’s Mediterranean Dialogue”. Occasional Paper 13. WEU Institute for Security Studies, 2000.

<sup>44</sup> “The Common Strategy on the Mediterranean Region”. The Danish Presidency has just stated in its Programme that “*for the EU to live up to its global responsibility, the common foreign and security policy must be strengthened*”.

<sup>45</sup> The main elements of the Guidelines for the Charter are: politically not legally binding; rule of consensus for decision-making; focus on political and security issues but cover also economic, social, cultural and human affairs in so far as they affect political and security issues; promotion of human rights, democracy, tolerance and mutual understanding; cooperation on organised crime, terrorism, non-proliferation of weapons of mass destruction; conflict prevention, crisis management, post-conflict reconstruction.

<sup>46</sup> Communication from the Commission to the Council and the European Parliament to prepare the fourth meeting of the Euro-Mediterranean Foreign Ministers. “Reinvigorating the Barcelona Process” COM (2000) 497 final.

<sup>47</sup> ORTEGA, supra N. 41.

<sup>48</sup> Occasional Paper 13. WEU Institute for Security Studies, 2000.

on the Charter (October 1999) a strategy in three stages was proposed, starting with security Partnership Building Measures based upon an exchange of basic information and dialogue between the politico-military authorities. A second stage – non-institutionalized cooperation - would entail the occasional cooperation of the armed forces in peacekeeping operations and joint military exercises. The third stage would involve the development of permanent institutionalized cooperation, including the establishment of common multinational forces or at least strong links between them. This incremental approach seems appropriate given the current situation in the region. Nevertheless we are still very far away from achieving the desired close cooperation with the EU's Mediterranean neighbors and considerable effort and time will be needed if this is to be realized.

It is doubtful that this Charter can “enter into force” (it will not be a legally binding text, nor will it be an international agreement) unless the MEPP is successful and a settlement is reached in the Middle East.

Another new initiative to encourage cooperation and dialogue in subjects such as justice, combating drugs, organized crime and terrorism and the movement of people (migration) has been in preparation for some time, following a proposal from the Commission to create a regional cooperation programme within Justice and Home Affairs (JHA)<sup>49</sup>. After discussing the proposal at the Brussels Ministers of Foreign Affairs meeting in November 2001 the Euro-Mediterranean Committee was requested to reach an agreement on a document, “*if possible for the Barcelona V meeting*”. In the Communication to prepare for the Valencia meeting the Commission insisted on this point, recommending that “*Partners should finalise discussions and conclude an agreement on a general framework leading to a Euro-Mediterranean regional programme on freedom, justice and governance so that it can be adopted at Valencia*”<sup>50</sup>. At the meeting in Valencia the Framework Document was indeed endorsed. The issue was this time discussed under the Social, Cultural and Human dimension<sup>51</sup>. Since there was some resistance by the MPCs to the suggested “Home Affairs” denomination, the agreed title was “Regional Cooperation Programme in the field of Justice, in combating drugs, organized crime and terrorism as well as cooperation in the treatment of issues relating to the social integration of migrants, migration and movements of persons”, a very descriptive but too long a title. The Commission has now been asked to implement the Document with partners through concrete measures in a regional cooperation programme.

Another accomplishment under this basket, in the aftermath of the September 11<sup>th</sup> terrorist attacks, has been the activation of a Euro-Mediterranean network of contact points for the fight against terrorism at the Valencia Euro-Mediterranean Conference.

The EU acts in these matters under the Common Foreign and Security Policy (CFSP).

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<sup>49</sup> COM (2000) 497 final of 6. 9. 2000.

<sup>50</sup> Rec. 4, SEC(2002) 159 final.

<sup>51</sup> And the document itself states that “It is clear that the issues coming under this future programme are “horizontal” in nature and cover the three strands (political, economic and human) of the Partnership”.

### The Common Strategy on the Mediterranean Region

The CFSP - the second –intergovernmental- pillar of the Treaty of European Union (TEU) - functions under the unanimity rule until the Treaty of Nice comes into force. According to Art. 12 of the TEU, the CFSP instruments are general guidelines, common strategies, joint actions and common positions. Common strategies have to establish the objectives, duration and means available in areas of the EU's Member States (MS) common interest. They are adopted by the European Council and implemented by the Council by common positions or joint actions. In this sense, a "Common Strategy on the Mediterranean Region" was adopted at the Feira European Council of June 2000<sup>52</sup>. A common strategy is obviously a EU measure – that is, it has not been agreed with the MPCs. It deals with the relations between the EU and the Barcelona partners, excluding the candidates for membership (Malta, Turkey, Cyprus) and including Libya. This strategy outlines the objectives that the EU will try to achieve in each of the chapters of the Barcelona Programme. Thus we find initiatives to be taken concerning political and security aspects; democracy, human rights and the rule of law; economic and financial relations; environmental issues; social and cultural aspects and justice and home affairs. The broad scope of this document is surprising; as an instrument of the CFSP it would have been reasonable to expect to find in it only the political and security aspects of the partnership (the first Barcelona chapter). But it goes beyond that limit; it covers economic, social and even justice and home affairs measures. This approach has much to recommend it in that an integrated approach ensures coherence. But from a legal perspective it calls into question the constitutional structure of the Union; for we have three separate pillars with different decision-making procedures, mechanisms and instruments. It is surprising that a typical CFSP measure covers questions falling under the EC Treaty (the Community pillar) and under the Justice and Home Affairs pillar. This may be an indication that this strict pillar distinction may be starting to blur in the field of external relations. A similar approach appears to be being taken in dealings with the Ukraine and Russia<sup>53</sup>.

The Common Strategy merely reaffirms the engagement of the EC in the Barcelona process, adding the issue of landmines to the security and political aspects. Illegal immigration is dealt with under the heading "Justice and Home Affairs", with a focus upon the negotiation of readmission agreements. The Common Strategy has also placed upon any incoming President the obligation to present to the Council their priorities for implementation of the strategy, and for the Council to evaluate and review the progress achieved under this text, at least annually<sup>54</sup>. This requirement is a clear sign of the priority

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<sup>52</sup> 2000/458/CFSP. 19 June 2000.

<sup>53</sup> European Council Common Strategy of 11 December 1999 on Ukraine (1999/877/CFSP) and on Russia (1 December 1997).

<sup>54</sup> P. 33 of the Common Strategy. The Swedish Presidency presented its priorities on the 4<sup>th</sup> of January 2001, which go in the line of strengthening dialogue in all fields of cooperation and reinvigorating the process in all of its chapters. For the Belgian Presidency the aim was to "make



that the Community is giving to its Mediterranean policy. Nevertheless the Common Strategy does not add anything new to the fields of action already present in the Barcelona Declaration.

The European Parliament has been very critical of the Common Strategy<sup>55</sup>. It has regretted the fact that it was not involved in the drafting of the document and that it is offered no role. It also considers that the instruments and means to implement the strategy are weak and vague and criticizes the absence of a budgetary framework to finance the strategy. Most significantly it regrets the exclusion of free movement of persons and of agricultural products from the partnership.

The instruments and powers provided for under the CFSP are insufficient for engagement in a defense and military dialogue or partnership with the Mediterranean countries. However this situation may change with the development of the EU's Common Security and Defense Policy (ESDP); an issue raised at the Cologne European Council of June 1999 and continued at the Helsinki European Council of December 1999 and at the Nice European Council. The entry into force of the Treaty of Nice<sup>56</sup> may contribute significantly to this shift, since the EU seems to be moving towards a less "intergovernmental" approach to security and defense policy; the modification of Art. 24 of TEU has been agreed extending qualified majority voting (QMV) to those issues in external agreements where QMV would apply to internal decisions, removing the current general rule of unanimity.

These reforms are to be welcomed since until now there has been a lack of consistency between the objectives and actions of the EU in its CFSP, in the EC's external relations and in Member States' national policies<sup>57</sup>.

## **THE ECONOMIC AND FINANCIAL PARTNERSHIP**

The aim of the second "basket" of the partnership is the creation of an area of shared prosperity. This goal would be achieved through the establishment of a Euro-Mediterranean free-trade area (FTA) by 2010. As intermediate steps bilateral FTAs between each MPC

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sure that the Euro-Med partnership remains dynamic". For the Spanish Presidency the Mediterranean is a clear priority; the aims under each basket of the partnership have been stated (politically the emphasis is combating terrorism; economically, initiatives such as the creation of a Euro-Mediterranean Development Bank are mentioned and socially, the aim is the adoption of a regional Justice and Home Affairs programme and initiatives in the framework of a «Dialogue of cultures and civilizations»). For the Danish Presidency the Barcelona Process is not such an important priority. This is clearly reflected in the fact that in the presentation of its Programme on 28<sup>th</sup> June 2002 it only mentions that "The Presidency will also continue regional work with a number of countries in the southern and eastern Mediterranean (the Barcelona process)" in the context of the Middle East chapter.

<sup>55</sup> Report on the Common Strategy of the EU on the Mediterranean Region, Committee on Foreign Affairs, Human Rights, Common Security and Defense Policy. 22 January 2001.

<sup>56</sup> Published in the Official Journal of the European Communities C 80/77, 10. 03. 2001.

<sup>57</sup> STAVRIDIS and HUTCHENCE, "Mediterranean Challenges to the EU's Foreign Policy". *EFAR*, Vol. 5. 2000.

and the EU will be established, with a maximum transitional period of twelve years, together with coordination and cooperation measures (institutional and financial assistance from the EU's MEDA programme).

### **The Economic Situation of the MPCs**

Most MPCs have been through structural adjustment programs supported by the international financial institutions<sup>58</sup> in order to open-up their economies, establish market mechanisms and liberalize prices<sup>59</sup>. As a result they have managed to correct many of their macroeconomic imbalances, but the situation remains fragile and most have experienced a slow down in their rate of growth<sup>60</sup>. The deterioration in the international economic situation, exacerbated by the crisis that followed the September 11<sup>th</sup> 2001 terrorist attacks has not contributed to an improvement in their situation.

Three main groups can be identified according to their level of development: Cyprus, Israel and Malta, whose economies are comparable to the EU; the territories under the control of the Palestinian Authority and finally the Mediterranean Arab countries and Turkey. The following analysis is mainly focused upon the third group, which accounts for 96 % of the population of the region. Even within this group there are significant differences in regard to the relative importance of agriculture, mining and manufacturing<sup>61</sup>.

The most industrialized of the group are Turkey and Tunisia, while the other economies are still dependent upon agriculture (Morocco, Syria) or on mining (Algeria). Overall the combined GDP of the Maghreb States (Morocco, Algeria, Tunisia) is less than that of Portugal, and that of the Mashrek States (Jordan, Egypt, Lebanon, Syria) is roughly equal to that of Greece or Finland.

The EU is the main trading partner of these countries; it represents 52 % of their trade (exports and imports) and absorbs 60-75 % of their exports. This trade follows the usual pattern between a developing and a developed country; the exchange of manufactures for agricultural products and raw materials<sup>62</sup>.

Similarly Foreign Direct Investment comes mainly from the EU, although the amount remains very limited compared with that attracted by other developing countries such as those of CEECs and Latin America<sup>63</sup>.

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<sup>58</sup>Cyprus (1980), Turkey (first one in 1984), Tunisia (1986), Morocco (1988), Egypt (1991), Algeria (1991), Jordan (1994).

<sup>59</sup>FEMISE: Second Report 2000.

<sup>60</sup>Growth rates were of 4 %GDP on average since the 90s and dropped to 1. 2 % in 1999 (FEMISE, 2000).

<sup>61</sup>See Table IV.

<sup>62</sup>See Table V.

<sup>63</sup>In fact only 2 % of European FDI goes to the region. As for the difference between the Mediterranean and other regions, in 2000 the European FDI to the Mediterranean amounted to only 32. 0 % of the investments directed towards the CEECs. In regard to Latin America, the same ratio was of 10. 8 % in 2000 (Femise Report of the Evolution of the Structure of Trade and

The inadequate rate of capital accumulation is one of the major problems facing the MPCs. In part this arises from the high level of import protection, the lack of diversification in exports, the dominance of uncompetitive state-owned enterprises and from the existence of rigidities in the labour market. Thus the region requires more investment, access to funding and to embark on further significant structural reform.

### **The Free Trade Areas**

Given these problems the encouragement of the establishment of free trade between the two shores of the Mediterranean has been considered an appropriate means to promote growth. When the Mediterranean countries decided to embark on this process with the EU they accepted the principles of a market economy; there is an explicit link in the Barcelona Declaration between the promotion of free trade and institutional adjustment. However a FTA will clearly involve very unequal partners.

Although the creation of a FTA is mentioned in the Barcelona Declaration it is through the bilateral EMAAs that the detailed conditions are negotiated, although the provisions are similar in all of the Association Agreements. Each Agreement considers separately industrial and agricultural products. In regard to manufactures we find a prohibition on the introduction of new customs duties or charges having equivalent effect. Duties already in force will be removed immediately by the EU, so that the MPC's exports can enter the EU market duty-free. The partner country is under an obligation to phase out its duties, with different periods established for different goods. The general rule is that duties on all industrial products should be abolished immediately, with exceptions defined in the Annexes. Specific derogations are provided for in the cases of infant industries or for sectors facing serious difficulties in adjustment, with a maximum transition period of five years.

In regard to agricultural and fishery products, the Agreements provide for a gradual and reciprocal liberalization. The final aim is not the establishment of free trade, since this is prevented by the EU's Common Agricultural Policy (CAP). The system merely requires the reduction or elimination of custom duties in different proportions, according to the product and subject to quotas. The situation is to be reviewed five years after the signing of the Agreement.

The usual clause is included allowing possible restrictions on exports and imports on the grounds of public policy, morality or public security, protection of health and life of humans, animals, plants, of national treasures and of intellectual, industrial and commercial property.

According to the Barcelona Declaration, and the EMAAs themselves, they should all be compatible with GATT and WTO rules. Despite these statements the exclusion of agriculture presents a serious problem<sup>64</sup>; for a FTA to be compatible with the WTO provisions it should cover "substantially all the trade between the constituent territories"

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Investments between the EU and its Mediterranean Partners", March 2002).

<sup>64</sup> FERRAND, "Compatibilité des accords Euro- Méditerranéens avec le système multilatéral", in *Méditerranée: Vingt ans pour réussir*. Institut de la Méditerranée, 2000.

(Art. XXIV (8)b GATT). If agriculture represents an important part of the commercial exchanges between the parties in each FTA its exclusion renders it incompatible with WTO requirements. The twelve-year transitional period is also beyond the maximum ten years allowed by the GATT<sup>65</sup>.

The system of bilateral agreements may well produce a domino effect; as more and more countries negotiate a FTA neighboring countries may feel marginalized and disadvantaged, providing an incentive to sign a similar agreement<sup>66</sup>.

### **The Expected Effects of the FTA**

#### **The establishment of free trade is expected to produce several important effects:**

1. Firstly, it should encourage Foreign Direct Investment (FDI), which would itself lead to the creation of jobs and growth.
2. It should lead to a more efficient allocation of resources and enhanced competition making local firms more efficient.
3. The possibility of importing cheaper intermediate products should entail lower production costs for local producers and therefore lower final prices.
4. The loss of tariff revenues for the public sector should be compensated by the increase in indirect tax revenue once production and trade grow.

These are the expected benefits that the FTAs would bring; however potential difficulties have been identified. The major concern has focused upon the different treatment of industrial and agricultural products and services (tourism). The exclusion of agriculture from the movement to free-trade is particularly damaging for the MPCs, because it is in this sector that they enjoy a comparative advantage. By contrast free access to the EU market for many Mediterranean industrial products has already existed since the cooperation agreements of the '70s. Therefore the establishment of a FTA in manufactures under the EMAAs is an asymmetric liberalization process that entails the unilateral removal of trade barriers for EU exports entering the MPCs markets. The consequences of this opening-up of their domestic markets could present serious difficulties for many of the MPCs. Without access to appropriate technology, human capital and finance they will remain uncompetitive with EU industrial products. In the short term this may lead to the elimination of mainly small and medium sized enterprises, with consequent reductions in employment. The establishment of the Customs Union with Turkey illustrates this problem with nearly 20,000 small and medium sized enterprises closing<sup>67</sup>. The MEDA Regulation will attempt to address this problem during the transition period, although doubts must exist as to whether it will be sufficient for the task.

#### **Given these difficulties, and the deteriorating balance of trade of the MPCs with the**

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<sup>65</sup> Understanding on the Interpretation of Article XXIV of the General Agreement on Tariffs and Trade 1994.

<sup>66</sup> OECD 2000.

<sup>67</sup> NIENHAUS, "Promoting Development and Stability through a Euro-Mediterranean Free Trade Zone?". *EFAR*, Vol4,1999.

**EU<sup>68</sup>, the main short-run beneficiary of liberalization under the EMAAs is likely to be the EU.**

Doubts have also been expressed as to whether the establishment of FTAs will really enhance foreign direct investment (FDI). Since they will not improve access to the EU market for industrial exports it is difficult to see how this will encourage additional FDI, although it is true that the MPCs will gain economic credibility and that the partnership should encourage institutional and political stability. However some FDI may only have been undertaken to overcome the MPCs protective import duties<sup>69</sup> and once these tariff barriers are removed such FDI may decline, diverted to countries such as the CEECs that offer similar advantages to foreign investors, with the added attraction of future full EU membership<sup>70</sup>.

The efficiency gains from the FTAs will also only be realized in the long-term, while the short-run adjustment costs are likely to be considerable. It has been estimated that one-quarter of the industrial labour force will have to be transferred into more viable activities at considerable social cost. The economic impact of adopting a FTA will be greater the higher the existing rate of unemployment and the current rate of protection. In regard to the argument that FTAs will enhance competitiveness through the provision of cheaper imported intermediate inputs, it has to be observed that many MPCs have already established special export processing zones which are not subject to import duty. Nonetheless some scope for competitiveness gains may exist.

As for the reduction in tariff revenues for the MPCs, the fiscal systems will have to be reformed to increase the revenues from other sources, such as direct taxation. But if no mechanism is found to compensate for the loss of tariff revenues the government would be obliged to reduce public spending, something which could have particularly adverse consequences during a period of transition and job losses. The economist Bachir Hamdouch has estimated that for Morocco the loss in tariff revenues would be more than 6 % of GDP at the end of the first 5 year period, and at the end of the full transitional period of 12 years it would amount to more than 3 % of GDP: for Tunisia the equivalent figure is 6 % of GDP. Although recognizing that in the long-term there may be offsetting economic gains, nonetheless he estimates that in the meantime 30-40 % of Moroccan firms could disappear<sup>71</sup>.

The establishment of such bilateral FTAs may also have other adverse effects. It may cause trade diversion towards the EU, that is, the substitution of EU imports for cheaper products currently being supplied by third countries.

The process may also discourage regional integration in the area. Regional integration is vital because it allows producers to exploit economies of scale and to access larger "domestic" markets. Currently South-South trade represents only 5 % of commercial

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<sup>68</sup> The MPC trade deficit was of 43 billion dollars in 1999; Europe represented about 60 % of this figure (Femise Report, March 2001).

<sup>69</sup> Lahouel (1999) as cited by the OECD 2000.

<sup>70</sup> NIENHAUS, supra N. 66.

<sup>71</sup> As cited by KHADER, *Le partenariat euro-méditerranéen après la Conférence de Barcelone*. L'Harmattan, 1997.

exchanges. There are some South-South free trade agreements in force (Maghreb Union and the Greater Arab FTA–GAFTA) but they are not very effective<sup>72</sup>. Some further bilateral FTAs are being concluded<sup>73</sup> and an ambitious free trade area between Morocco, Tunisia, Jordan and Egypt is on its way (Agadir Process).

The effect of regional cumulation of rules of origin in the enhancement of regional integration could be very significant. Such regional cumulation had not been established in the EMAAs, despite several countries pressing the issue<sup>74</sup>. What we have had so far is the gradual implementation of partial cumulation, according to which final goods produced using raw materials originating from another partner country can be considered as products coming from that other country. Nonetheless things started to move in the right direction after the meeting of Trade Ministers in May 2001, where a Working Group was created to examine the extension of the pan-European system of cumulation to the Mediterranean Partners. Such an extension would allow processed goods to be granted the preferential tariffs available within the pan-Euro-Mediterranean area<sup>75</sup>. This group concluded in December 2001 that the extension was technically possible; after further analysis a decision to include the Mediterranean partners in the system was taken at the Trade Ministers meeting that took place in Toledo (Spain) in March 2002 and endorsed by the Valencia Foreign Ministers meeting of April 2002<sup>76</sup>.

Some commentators have suggested that if the countries take advantage of the transitional period of 12 years to embark on a real restructuring, with the aid of the EU through the MEDA funds, and not make only the minimal transformations required to comply with the conditions established by the donors, they could be in a much stronger position to face the challenge of free trade<sup>77</sup>. The provisions in the agreements on administrative and technological cooperation would also be of considerable help in this task.

A study undertaken by the OECD (2000) suggests that the static effects of the FTAs would probably be very small, but that the dynamic, long term ones, should be more significant. Nonetheless it is clear that for the MPCs to realize the potential gains from the FTAs will

<sup>72</sup> NIENHAUS, supra N. 66.

<sup>73</sup> See Table VI.

<sup>74</sup> Valencia meeting on regional cooperation (January 1999).

<sup>75</sup> The extension of the pan-European system of cumulation would allow trade between the countries concerned to increase by at least 40 %, according to the preliminary results of an economic impact study, currently being carried out by the University of Sussex on behalf of the Commission, as stated in the Presidency Conclusions of the 19 March 2002 – Toledo Ministerial Conference on Trade.

<sup>76</sup> The Commission recommended the extension in Recommendation 7 of the Valencia Communication. The Valencia Action Plan endorsed it in its point 6 and therefore “urged:

a) *The continuation of the technical work of the working group on rules of origin to solve practical problems and to reach concrete proposals at the earliest.*

b) *The introduction of the necessary amendments to the Association Agreements’ protocols.*

c) *The conclusion of Free Trade Agreements with harmonised rules of origin between the Mediterranean partners”.*

<sup>77</sup> KÖHLER, supra N. 33.

require significant adjustment - economic, political and social - and that the social costs may well be substantial. During this same period government revenues are likely to be under pressure from the reduction in import tariff revenues. The exclusion of agricultural products from the FTAs, to meet the demands of the CAP, is a particularly important handicap for the MPCs and difficult to justify. Structural adjustment appears only a demand placed upon the MPCs, not upon the EU's agricultural sector.

### **Coordination**

The Association Agreements require the approximation of MPCs laws to those of the EU in those areas essential for international trade, such as competition law, technical rules and standards, state aids and financial services. The enhancement of EU-MPC trade and investment requires that both sides are able to understand each other, that they “speak the same language” or have “the same voltage”, as Mr. Philippe<sup>78</sup> calls it. This will have broader positive effects; for example, the lack of adequate judicial systems and investment codes is seen as a major deterrent to international investment in some of the MPCs. Further, as all of these countries harmonize their legislation with the EU the foundations will be laid for greater regional economic integration and a regional FTA. Thus the EU's bilateral approach has to balance the specific requirements of each MPC whilst trying to establish the greatest degree of uniformity possible to lay the foundations for intra-regional free trade. A further step has been taken to enhance these arrangements with the launching in Valencia of the Euromed Internal Market Programme, that would help the transition from FTA to an Internal Market<sup>79</sup>.

### **Financial support**

The EU has provided funds to this region for many years through a number of Financial Protocols. The MED programs (MED-MEDIA, MED-URBS, MED-CAMPUS, MED-INVEST, MED-TEHCNO, MED-MIGRATION) were created in 1992 with the Renewed Mediterranean Policy. However after management problems these projects were all suspended. Subsequently the first three programs were revived, with financial aid channeled through the MEDA programme. Together with the United States, the EU is the major provider of aid to the Mediterranean region.

The management of MEDA funds was initially based on Regulation 1488/96<sup>80</sup>. However the Commission had identified serious weaknesses in the process and the European Parliament (EP) was equally critical of progress with the Barcelona Process<sup>81</sup>. Thus the

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<sup>78</sup> PHILLIPPE, Bernard, DG External Relations. European Commission. Interview 1<sup>st</sup> April 2001.

<sup>79</sup> Point 12 of the Valencia Action Plan.

<sup>80</sup> MEDA stands for “MEsures D’Accompagnement”. Council Regulation of 23 July 1996, on financial and technical measures to accompany (MEDA) the reform of the economic and social structures in the framework of the Euro-Mediterranean Partnership.

<sup>81</sup> For the EP “there is an unacceptable mismatch in the EU’s political and economic agenda between the absolute priority for enlargement of the EU[...]and the importance attached to the Barcelona process, which has scarcely made significant progress in recent years” (amendments

Commission proposed amendments based upon Art. 15 (6) of the Regulation (the need to re-examine its provisions before the 30<sup>th</sup> June 1999) leading to the adoption of MEDA II<sup>82</sup>.

MEDA funds are used to support projects under all three chapters of the Barcelona Declaration, with 90 % of the funds being allocated to bilateral programs. Commitments under MEDA are grants, in contrast to the loans from the European Investment Bank. They are allocated according to the priorities established through the National Indicative Programmes (NIP) and Regional Indicative Programmes (RIP). The allocations are only provisional, with conditionality introduced to take into account the progress achieved by each country *“as regards structural reforms, macroeconomic stabilisation, industrial development and social advancement, or the outcome of cooperation under the new Association Agreements”* (Art. 5 (3)3 MEDA Regulation). A further human rights clause (Art. 3) is also included, as explained earlier<sup>83</sup>. Clear conditionality criteria will be an important requirement if EU policy is not to be regarded as arbitrary and inconsistent by its Mediterranean partners.

The MEDA programme is intended to assist these countries in the process of transition and thus is focused, amongst other areas, on social projects (education, health), rural development, economic cooperation and structural adjustment. The amount of funding under MEDA and its country allocation is illustrated in the following table (1995–2000, Mio €):

	Commitments	Payments
Morocco	796. 6	166. 8
Algeria	194. 2	30. 4
Tunisia	503. 6	183. 9
Egypt	698. 7	221. 5
Jordan	269	192. 5
Lebanon	182	31. 7
Syria	137	0. 3
Turkey	551. 1	30. 2
West Bank/Gaza	207. 7	85. 2
Regional	577. 8	277. 9
TOTAL	4179. 8	1220. 5

*Source: European Commission, Annual Report of the Meda programme 2000.*

The amount actually allocated under MEDA for the period 2000-2006 (€ 5350 million) is considered by many commentators to be inadequate and does not represent a significant increase above the previous allocation (€3435 million for 1995-1999). Following the interruption of monthly transfers of clearance revenues (VAT and custom duty receipts) that Israel cashed on behalf of the Palestinian Authority (PA) because of their control of the

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proposed to the MEDA II Regulation).

<sup>82</sup> Regulation 2698/2000, adopted on 27<sup>th</sup> November 2000.

<sup>83</sup> See supra, "Aims of this partnership".



PA's dependent territories entry points, the Commission has been providing direct budgetary assistance to the Palestinians in the form of €10 million a month since June 2001 to date. The aim of this assistance is to sustain the PA and allow it to continue to provide essential services such as health and education. This monthly transfer is subject to macroeconomic conditions and more general conditions agreed with the PA, that include more transparency in the management of public finances, reform of pension schemes and of the legal system. The IMF monitors the expenditure of this money and informs the Commission through monthly comfort letters. In the light of this unexpected commitment the allocations for each country under MEDA for the period 2002-2006 have had to be adjusted.

The deficiencies of the initial MEDA system arose mainly from the complexities of the administrative procedures and the lack of staff<sup>84</sup>, both of which contributed to the slow implementation of the projects<sup>85</sup>. The delay in signing the necessary Framework Agreements – the legal basis of MEDA cooperation - also contributed to the delays in implementation. Further difficulties arose from the lack of coordination between this EU programme and national bilateral assistance to the region. The EP called for the system to be more transparent, more decentralized and for the Commission to take a more strategic approach to planning<sup>86</sup>.

The new system of aid management has tried to address some of these deficiencies and to introduce streamlined decision-making. In order to achieve a more strategic approach a new sequence of planning has been established: the long-term objectives (over 6 years) will be defined in Country and Regional Strategy Papers; the National and Regional Indicative Programmes (NIP and RIP) will draw up the priorities for 3 years (not 5 as before) and finally annual financing plans will be adopted<sup>87</sup>. With the approval of the annual financial plan, authorization of individual projects by the MED Committee would no longer be required.

The Commission has explicitly been given the role of coordinating the activities of the European Investment Bank (EIB), the Member States<sup>88</sup> and other international financial institutions, especially the World Bank and IMF. This latter responsibility is important since many Mediterranean countries are engaged in structural adjustment programs and, since the funds coming from the EU under MEDA are grants, while those provided by the Bretton Woods' institutions are loans, there is the danger of funding substitution. The EU's Member States have also been criticized for interfering too much in the functioning of MEDA through the regulatory MED Committee. To improve the situation the new

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<sup>84</sup> See Table VII.

<sup>85</sup> The disbursement rate has been very low: 26 % or EUR 3435 million at the end of 1999 (European Commission).

<sup>86</sup> Minutes of 05/09/2000; European Parliament resolution on the Commission report: Implementation of the MEDA programme-1998 annual report (COM(1999)291).

<sup>87</sup> The CSPs 2002-2006 for Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia and the RSP have already been approved. They have as an Annex the corresponding PIN and RIP 2002-2004, and are available at the Commission website: [http://europa.eu.int/comm/external\\_relations/sp/index.htm](http://europa.eu.int/comm/external_relations/sp/index.htm)

<sup>88</sup> Art. 4 new Regulation.

Regulation has reconstituted this Committee as a management committee. In fact projects, before being considered for MEDA funding, have already been through the Euro-Mediterranean Committee where the regional programs are established. At this stage the Member States have already had an opportunity to influence policy.

The Commission has introduced a new Directorate General, "EuropeAid"<sup>89</sup>, which will be responsible for the management of MEDA funds. The management of EC external aid is currently undergoing a process of reform aimed at achieving more coherence and effectiveness<sup>90</sup>. As part of this process, in order to respond to criticism that external aid management is too "Brussels-centered", the Commission is preparing to devolve responsibilities to its Delegations in the recipient countries (deconcentration); all the external assistance programs are to be managed at the country level in all its phases (this includes all the project life cycle phases except for the programming). In the Mediterranean region the process commenced with the Delegations in Egypt, Morocco, Tunisia and Turkey, by the end of 2001 and should be completed for the rest of the countries of the region by the end of 2002. However an important criticism of the new system has been the reduced involvement of the MPCs. With the previous arrangements the decisions on allocations under the Financial Protocols were made after consultations with the MPCs; under the new system MEDA allocations are made unilaterally by the EU. Although in practice MPCs are still likely to be consulted<sup>91</sup> these changes may still undermine the feeling of ownership, and therefore that of partnership. A more explicit statement of an active role for the MPCs in the management of the MEDA funds might contribute significantly to overcoming this danger.

The change of status of the European Parliament in the new Regulation is surprising; in MEDA I, Art. 11(7) it was stated that it should be regularly informed on the implementation of the Regulation. The EP itself considered that more powers should be assigned to it. In its 06/09/2000 Minutes, when debating the proposal for MEDA II, it suggested the extension of the Article to include the kind of detailed information it should receive (agendas for committee meetings, draft measures, results of voting and summary records of meeting). The EP also proposed compulsory consultation before an eventual suspension of aid under Art. 16. Not only was this proposal rejected, but the final outcome was the deletion of Art. 11(7), removing any obligation to provide information. This is an unusual modification of the Regulation and seemingly incompatible with the trend to grant the EP additional powers<sup>92</sup>.

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<sup>89</sup> It started working the 1<sup>st</sup> January 2001.

<sup>90</sup> Communication to the Commission on the Reform of the Management of External Assistance, 16 May 2000 (COM (2000) 212 final).

<sup>91</sup> PHILIPPART, "The MEDA Programme: analysis of the new design of EU assistance to the Mediterranean", in ATTINA and STAVRIDIS, *The Euro-Mediterranean Partnership after Stuttgart*. Franks Cass, forth.

<sup>92</sup> In the new framework agreement on the relations between the Commission and the EP (adopted on 5<sup>th</sup> July 2000) the Commission engaged itself to informing more the EP, on an equal basis with the Council.

Together with the MEDA funds, the Commission decided to propose to the Council the establishment of a Euro-Mediterranean Bank (EMB) as an EIB subsidiary focused in the Mediterranean region<sup>93</sup>, in line with the Laeken European Council Conclusions, that “...invite[d] the Council and the Commission to examine the setting up of a Euro-Mediterranean Development Bank”<sup>94</sup> on the basis of a Spanish proposal. The Commission presented an options paper, and despite its support, together with that of the Spanish Presidency and the southern states (France, Italy and Portugal), it was a less onerous option supported by Germany, Netherlands and the UK that was endorsed at the ECOFIN Council meeting of March 14 and at the Barcelona European Council. According to this option, a reinforced Euro-Mediterranean Facility within the EIB is to be established, complemented by the Euro-Mediterranean Partnership arrangement, with an EIB representative office located in the area. This Facility would provide funds for private sector development and support infrastructure investment. Within a year its role would be reviewed to make a decision on the incorporation of an EIB majority owned subsidiary, using as the basis an evaluation of the Facility’s performance and after consultations’ with the Partners<sup>95</sup>. The financial package for the facility for its first years (2003-2006) has been established at €225 million<sup>96</sup>. The new Mediterranean Facility will be launched in Autumn 2002, on the occasion of the meeting of the Joint Committee on Policy Dialogue, which will take place on October 18, 2002.

## CONCLUSION

The Barcelona process was launched in an atmosphere of enthusiasm and confidence, but six years later we cannot say that it has completely fulfilled these expectations. It is possible that these expectations were too high. In 1995 at Barcelona there was a feeling of optimism. Under the Treaty of European Union the EU had just created the CFSP, the Maghreb countries had established the Union du Maghreb Arab (Treaty of Marrakech, 1989) and the Middle East peace negotiations seemed to be finally making progress. Of all the factors that might account for the relative failure of the EMP it is the cessation of the peace process that is probably most significant.

Nonetheless, and even if the results of the EU's Mediterranean policy will only be apparent in the longer term, it is already clear that the process commenced in Barcelona has had important practical repercussions for both shores of the Mediterranean and that in some areas significant progress has been achieved. It has inaugurated a period of political, social and economic dialogue and created important new institutional structures. Indeed it is remarkable how the process has managed to survive tensions between the partners,

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<sup>93</sup> Report from the Commission to the Council of 27 February 2002, entitled 'A new Euro-Mediterranean bank'.

<sup>94</sup> Presidency Conclusions, European Council of Laeken, 14-15 December 2001, point 55.

<sup>95</sup> Barcelona European Council Conclusions, point 52. The Valencia Euro-Mediterranean meeting welcomed this decision in its Action Plan (point 9).

<sup>96</sup> ECOFIN Council decision, 20 June 2002.

specially between the Arab Partners and Israel. Progress is being achieved in all three fields covered by the Declaration (political and security, economic and financial, social and cultural). There remains an EU commitment to the region that has increased over time, and a willingness to reform the programs if they do not function effectively; as evidenced by the changes to the MEDA Regulation.

However, the political and security dimension remains the weakest. Here only a regular political dialogue has been created. Although the uneasy political situation explains much of this failure, the weakness of the EU's CFSP is recognized by the partners and may have undermined the EU's credibility<sup>97</sup>. The complex structure of the EU's CFSP creates particular difficulties; its different decision-making procedures limiting the EC's competence (eg. in the area of migration)<sup>98</sup>.

Furthermore, issues of importance for the MPCs have not been addressed. No debt elimination/conversion initiative has been mooted by the EU nor the issue of migrant workers discussed. Nor has sufficient account been taken of the interests of the MPCs in the creation of the FTAs; in particular the exclusion of agricultural products, in which the MPCs have a comparative advantage, presents a significant cause for concern. The CAP remains "the albatross around the neck of the European Union" and the reform process currently underway had been long overdue, both for domestic and international reasons. The imminent enlargement of the EU offers both an opportunity and a threat to CAP reform. For the CEECs agriculture production is an important activity, both in terms of employment and GDP<sup>99</sup>. The size of these sectors would place an unsustainable burden on the existing CAP system, forcing change. Nonetheless once they are beneficiaries of agricultural protectionism they are likely to support the efforts of the EU's Southern Member States to resist the opening up of the EU market to competition from Mediterranean produce. The most likely outcome for the CEECs is a period of transition, with only partial access to CAP support. But clearly this situation is unsustainable in the longer term.

An alternative to the inclusion of agriculture in the FTA has been suggested by the socialist MEP Menéndez<sup>100</sup>; the FTAs should be delayed until the other fields of cooperation (partnerships) are properly established. This idea of creating a chronological link between the three partnerships could be an interesting approach to achieving a balanced outcome.

But as things now stand it is difficult to refute the argument, often made by the EP that the establishment of free trade with the MPCs will be mainly to the benefit of the EU. Especially as, with the world economy moving towards trade liberalization, under WTO

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<sup>97</sup> ALIBONI: "The Enhanced Political Dialogue in the Euro-Mediterranean Partnership". EuroMeSCo Working Group, 1999.

<sup>98</sup> Even if visas, asylum and immigration have been communitarized following Amsterdam the new Title IV TEC has its own procedural rules (unanimity in the first 5 years, art. 67TEC). Things may change in the future, as measures and cooperation under these provisions are enacted.

<sup>99</sup> There is already a programme dealing with agriculture in CEECs, the SAPARD (Special Accession Programme for Agriculture and Rural Development), Regulation 1268/1999.

<sup>100</sup> MENÉNEDEZ DEL VALLE, in *El País*, 17/03/01.

rules, the advantage to the MPCs of free access to the EU market is being eroded<sup>101</sup>.

Further problems have arisen with the negotiation and ratification of the individual Association Agreements. This is proving much slower than expected<sup>102</sup>; the fact that, on the EU side, these Agreements have to be ratified by the 15 Member States together with the conclusion by the Community complicates matters further. It has been argued that ratification of particular Agreements by some Member States has been delayed as a result of broader internal political conflicts in those countries.

The EMP has also contributed relatively little to regional integration. A substantial majority of MEDA funds are allocated to individual countries on a bilateral basis. It is nonetheless reassuring to see that an effort is being made to try to address this point; several regional projects were adopted during 2001<sup>103</sup>.

MEDA II has linked the granting of funds to each MPCs to progress in the signing of an Association Agreement. It is to be questioned whether greater weight should not be given to the regional dimension and funds reallocated towards the Regional Indicative Programmes. It has also been observed by the EP that since the main objective of the MEDA funds is to assist in the transformation and opening-up of the MPC economies, should not funds be allocated to MPCs before they enter into an Association Agreement and enter into a FTA, rather than after?

Regional integration could also be encouraged through trade provisions, with a shift to multilateral or regional trade Agreements. The African, Pacific and Caribbean (ACP) group is moving towards just such regional FTAs. However the limitations of this approach must be recognized. Historical enmities would make a comprehensive regional Agreement problematic, but there remains substantial scope for such a shift in policy<sup>104</sup>. Even within the bilateral approach chosen a greater emphasis could be placed upon the gradual achievement of South-South free-trade. The improvements to come in the rules on 'regional cumulation' could also make a significant contribution to encouraging intra-MPC trade. .

Some positive developments towards regional integration have nonetheless taken place: in May 2001 four members of the Barcelona process (Morocco, Tunisia, Egypt and Jordan) signed the so-called Agadir Declaration, which aims to establish a free trade area amongst themselves. Technical work is under way and the EU, and the Commission in particular, are strongly committed to supporting this process and has offered any assistance that they

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<sup>101</sup> NAIR: *Las heridas abiertas. Las dos orillas del Mediterráneo: ¿un destino conflictivo?*. Ed. El País, 1998.

<sup>102</sup> The Agreement with Jordan, for example, was signed in 1997 and only entered into force in 2002.

<sup>103</sup> Amongst them, a new EIB Risk Capital facility and programmes on statistical co-operation, Transport co-operation and training, Water Management, Information Society, Environment and Youth.

<sup>104</sup> The EP has argued in this sense that the association agreements should be replaced eventually by a single multilateral agreement (Resolution on the Communication from the Commission to the Council and the European Parliament to prepare the fourth meeting of Euro-Mediterranean foreign ministers "reinvigorating the Barcelona Process" (COM(2000) 497)).

may deem necessary, last time in the Valencia ministerial Conference<sup>105</sup>. The conclusion of all of the Euro-Mediterranean Association Agreements could also contribute to enhancing regional integration since it will mean that all the MPC have adopted similar regulatory frameworks.

The new MEDA Regulation has introduced conditionality clauses, as have the Association Agreements. How these two different sets of requirements will interact is yet to be seen. But the main criticism that has so far been offered has focused upon the EU's lack of political will to initiate them in the face of significant human rights violations by some MPCs. The Commission appears to find it much more difficult to freeze aid to a Mediterranean partner than to do so in the case of an African ACP country such as Haiti<sup>106</sup> or Zimbabwe<sup>107</sup>, under the Cotonou Convention. Although if cooperation is suspended the EU would lose its capacity to influence these countries, the failure to take action in the face of human rights violations undermines the credibility of the whole policy. The innovation in EU development policy of the introduction of human rights, rule-of-law and good governance as a central criteria for the allocation of aid, is long overdue. But it requires consistent application and the development of clear and, as far as possible, objective criteria. A change in the Commission's historic approach to the MPCs, one of political tempering, is a stark test of the EU's resolve in this regard. It will have implications for the similar approach that it is advocating under Cotonou and in its general dealing with the developing world. The new conditionality, together with the emphasis upon a 'poverty focus', are likely to prove the most challenging issues for the Commission and the Community in the coming years.

The EU should also show more flexibility in its approach to the regional dimension of cooperation<sup>108</sup>. Instead of waiting for all the countries of the region to agree to go forward in a certain field, it should proceed as long as there are a sufficient number. This could speed up the process, creating a situation similar to that which obtains within the EU itself.

It is clear that the EU is not acting in the region out of altruism; it is pursuing its security and economic interests. This might be regarded as merely a recognition of the nature of *real politik*. This self-interest can be regarded as advantageous, in that it should make the EU more committed to its Mediterranean policy, but the EP has been very critical of the way in which the process has been developing,

*"It is as though Europe is interested in the Mediterranean solely for security reasons [ . . . ] and conceives its economic involvement solely as a means of opening up the markets of the countries of the South"* <sup>109</sup>.

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<sup>105</sup> Presidency Conclusions, point 5.

<sup>106</sup> Freeze of aid on 31 December 2000 after political consultations.

<sup>107</sup> Targeted sanctions were adopted by the Council on 19 February 2002 following consultations under art. 96 of the Cotonou agreement.

<sup>108</sup> KÖHLER, *Supra*. N. 33.

<sup>109</sup> *Report on the Commission Communication on relations between the EU and the*

The EP has been willing to be more generous towards the MPCs than the Commission-Council; it has called for free trade in agricultural products, for free movement of persons and the abolition of visas for students and the qualified workers of these countries, for a greater involvement of 'civil society' and a more active approach towards human rights.

The Commission itself realized that more could be done under the Partnership and decided to relaunch the process at Marseilles, in November 2000; a Communication was adopted<sup>110</sup> and suggestions to improve the partnership made. It is in this spirit that the relationship has evolved in the last two years and that it has further progressed in the Valencia Ministerial meeting (Barcelona V) that took place on 22-23 April 2002. Valencia gave a major impulse to the Partnership, with the Spanish Presidency setting the Mediterranean as a main priority area for External Relations. The three dimensions of Barcelona made progress in Valencia; the Valencia Action Plan, an ambitious document, laid the foundations for a substantial improvement in the Euro-Mediterranean relations, with very important initiatives also in the social field; amongst them, the extension of the TEMPUS programme on cooperation in higher level education has just been extended to the MEDA partners<sup>111</sup> and the proposal to launch a new Euro-Mediterranean Foundation has been endorsed. A Dialogue between Cultures and Civilizations Action Programme has been launched that should enhance dialogue between the civil societies of both shores. The impact that the new EIB Financial Facility will have in the region remains to be seen, particularly in the light of the future review. If this new instrument is successful in channeling new funds to the region it will make a significant contribution to the development of the Mediterranean partners.

The next Euro-Mediterranean Conference (Barcelona VI) will take place under the Italian Presidency in the second semester of 2003<sup>112</sup>. This Conference will be the moment to assess how the Valencia Action Plan has been implemented and developed; if this task is seriously pursued with the firm commitment of all the parties involved the situation in the years to come might be much more encouraging than its future once seemed.

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*Mediterranean region: reinvigorating the Barcelona Process (COM(2000) 497).*

<sup>110</sup> Communication to the Council and the European Parliament to prepare the fourth meeting of Euro-Mediterranean foreign ministers "Reinvigorating the Barcelona process". COM(2000) 497 final.

<sup>111</sup> 6<sup>th</sup> February 2002.

<sup>112</sup> The Greek Presidency will held a Ministerial Meeting in the first half of 2003.

**Table I:****Historical evolution of the EU Mediterranean Agreements.****Special Association Agreements under art. 238 (limited duration except Greece and Turkey).**

Greece	1961
Turkey	1963 (additional protocol 1980)
Tunisia	1969
Morocco	1969
Malta	1970
Cyprus	1972

**Trade Agreements under art. 113 and 114 (limited duration)****Preferential Non-preferential**

Spain	1970 Israel (I)	1964
Israel (II)	1970 Lebanon (I)	1965
Lebanon (II)	1972 Yugoslavia (I)	1970
Egypt (I)	1972 Yugoslavia (II)	1973
Portugal	1972	

**Cooperation Agreements under art. 238 (Unlimited duration)**

Israel (III)	1975
Algeria	1976
Morocco	1976
Tunisia	1976
Egypt (II)	1977
Lebanon (III)	1977
Jordan	1977
Syria	1977
Yugoslavia (III)	1980

*Source: Raya, 1999.*

**Table II:****Progress of negotiations on Euro-Mediterranean Association Agreements.**



<b>Partner</b>	<b>Conclusion of negotiations</b>	<b>Signature Agreement</b>	<b>Entry into force</b>
Tunisia	June 1995	July 1995	March 1998
Israel	September 1995	November 1995	June 2000
Morocco	November 1995	February 1996	March 2000
<b>PLO for the benefit of the Palestinian Authority</b>	December 1996	February 1997	July 1997
Jordan	April 1997	November 1997	May 2002
Egypt	June 1999	January 2001	
Lebanon	January 2002	June 2002	
Algeria	December 2001	March 2002	
Syria	Negotiations in progress		

Table III:

The Barcelona process.

27-28 November 1995	Barcelona Euro-Mediterranean Conference
15-16 April 1997	Malta second Euro-Mediterranean Conference
1 July 1997	Entry into force of the interim association agreement between the EU and the PLO on behalf of the Palestinian Authority
1 March 1998	Entry into force of the EU-Tunisia Association Agreement
3-4 June 1998	Palermo ad hoc Euro-Mediterranean Conference
28-29 January 1999	Valencia Euro-Mediterranean Conference on Regional Cooperation
15-16 April 1999	Stuttgart third Euro-Mediterranean Conference
1 March 2000	Entry into force of the EU-Morocco Association Agreement
25-26 May 2000	Lisbon Euro-Mediterranean think-tank meeting
1 June 2000	Entry into force of the EU-Israel Association Agreement
15-16 November 2000	Marseilles fourth Euro-Mediterranean Conference
5-6 November 2001	Brussels meeting of Foreign Ministers
22-23 April 2002	Valencia fifth Euro-Mediterranean Conference

Table IV:

	Agriculture/ GDP (%)	Mining/ GDP (%)	Industry/ GDP (%)	Labour Productivity	Manufactured exports (%)	Telecom / inhabitants
Algeria	10.4	26.7	10.2	1.0	3.7	44
Egypt	15.6	6.5	16.1	1.1	40.4	50
Jordan	4.5	3.0	13.4	2.4	48.7	60
Lebanon	7.8	0.0	9.1	na	na	149
Morocco	20.4	1.7	16.9	1.9	51.4	45
Syria	27.1	10.4	8.0	10.1	9.2	82
Tunisia	13.6	3.6	18.2	3.0	79.4	64
Turkey	16.0	0.0	14.0	5.6	74.4	224

Source: OECD, 2000.

Table V:

#### Sectorial breakdown of Exports to EU in 1995

	Agriculture (%)	Manufacturing (%)	Other (%)	Textiles (%)	Growth of exports to EU (%)	Openness 1980-95
Algeria	0	3	97	0	1	46-15
Egypt	6	33	61	15	4	19-10
Jordan	4	77	19	5	22	60-35
Lebanon	14	82	4	24	12	
Morocco	23	66	11	41	8	22-14
Syria	2	11	87	8	3	46-20
Tunisia	12	75	13	54	7	41-32
Turkey	18	76	6	48	14	10-17

#### Sectorial breakdown of Imports from the EU in 1995

	Agriculture (%)	Chemicals (%)	Misc. (%)	Textiles (%)	Equipment (%)	Capital goods (%)	Growth of imports from EU (%)
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							%)
Algeria	25	19	6	3	15	32	-1
Egypt	16	21	10	3	10	39	9
Jordan							3
Lebanon							5
Morocco	13	24	8	10	13	31	7
Syria							1
Tunisia	8	18	7	31	8	29	6
Turkey	5	26	6	5	15	44	15

Source: OECD, 2000.

Table VI:

Bilateral FTA concluded between MPCs.

Several Arab Countries have concluded a new generation of bilateral FTAs following the implementation of the Executive Program establishing GAFTA.

*The Egypt-Tunisia FTA:*

Completed in 1998 and into effect in 1999. As far as preferential rules of origin are concerned the Egypt-Tunisia FTA agreement sets the minimum required local content at 40 percent.

*The Egypt-Morocco FTA:*

Concluded in 1998 and into effect in 1999. The minimum required local content is 40 percent.

*The Egypt-Lebanon FTA:*

The Egypt-Lebanon trade agreement aims at achieving bilateral trade liberalization within the framework of GAFTA but in a more 'expeditious way

Source: Jamel Zarrouk (2000).

Table VII:

Number of officials per \$10 m in 1994

Commission (DG VIII + DGIB + Delegations)	2. 7
German cooperation (BMZ + KFW +GTZ)	5. 6
French cooperation (Cooperation ministry and CFD)	5. 7
Dutch cooperation	6. 0

Danish cooperation	6. 4
British cooperation (ODA)	8. 0

*Source: Commission, as cited by the EP in Working document on MEDA: the problem child of the external programmes? EP, Committee on Budgets, 12 February 2001*

*The 'Barcelona process' in the framework of neo-liberal globalization*

**Samir Amin**<sup>113</sup>

**Washington's Hegemony**

The 28 March 2001 issue of the New York Times contains an informative article on US political strategy. Its content is summed up by an eloquent image that takes up one page of the publication: a boxing glove in the colours of the American flag, accompanied by the following caption: "What the world needs now -- for globalization to work, America can't be afraid to act like the almighty superpower that it is". The reason for the announced punches is elucidated in these terms: "The hidden hand of the market will never work without a hidden fist. McDonald's cannot flourish without McDonnell Douglas, the designer of the F-15. And the hidden fist that keeps the world safe for Silicon Valley's technologies is called the US Army, Air Force, Navy and Marine Corps. " The writer of these words is not a provocative joker, but none other than Thomas Friedman, Madeleine Albright's adviser.

We are very far, here, from the unifying discourse spouted by fashionable economists on the self-regulating market as a guarantor of peace. The American ruling class knows that economics are political, and that it is relations of power -- including military power -- that command the market. There will be no "global market" without an American military empire, they say -- for the above-mentioned article is but one amongst hundreds. This brutal frankness is no doubt possible over there because the media are sufficiently controlled for the government's strategic objective never to be subject to debate; freedom of expression -- a freedom which often reaches the burlesque -- applies only to matters involving individuals and, beyond them, to conflicts within the ruling class, rendered perfectly opaque in these conditions. There is no political force capable of combating the system and enlightening a public manipulated with such consummate ease.

More curious is the silence of the European powers and some others who, pretending not to read the press on the other side of the Atlantic (I dare not think they have no idea what it says), forbid their adversaries from hinting at the very existence of Washington's global strategy, falling back instead on facile accusations that these opponents harbour a "conspiratorial" view of history, or even that they are behaving like visionaries who see the shadow of the "Great Satan" around every corner.

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<sup>113</sup> Professor Samir Amin has based this article on earlier contributions to "Al Ahram"

And yet the strategy in question is quite limpid. The US is less convinced than its allies, so it would seem, of the virtues of competition and "fair play" -- virtues, incidentally, which it violates with impunity every time its interests are at stake (cf. the banana wars among many other instances). Washington knows that, without its military hegemony, America cannot force the world to finance its savings deficit, which is the condition for the artificial maintenance of its economic position.

The instrument of choice in the imposition of this hegemony is therefore military, as the highest US authorities never tire of repeating. This hegemony, which in turn guarantees that of the Triad (US-Canada; Japan; Western Europe) over the global system, would therefore demand that the US's allies accept to navigate in its wake. The UK, Germany and Japan have put forth no objections, not even "cultural" ones. But the speeches European politicians feed their audiences -- with respect to Europe's economic power -- thereby lose any real significance. By placing itself exclusively on the terrain of mercantile disputes, with no project of its own, Europe is beaten from the start. Washington knows this well.

The weapon against the US's global strategy is a process of globalization which must be at once multipolar, democratic (at least potentially), and negotiated. The margin of autonomy that this allows is the only means of correctly addressing fundamental social problems, which differ due to the unequal development of markets, and is by the same token the condition for democracy to take root seriously, since it gives a better chance to demilitarisation, security and peace. In contrast, American hegemony, in association with neoliberalism, has so far only produced chaos, the multiplication of conflicts and large-scale military intervention. This, after all, was only to be expected.

The principal tool in the service of Washington's chosen strategy is NATO -- hence its ability to survive the collapse of the adversary that was its *raison d'être*. Today, NATO speaks in the name of the "international community", thereby expressing its contempt for the democratic principle that governs this community through the UN. In debates conducted in the US on the global strategy we are discussing, human rights or democracy are mentioned only rarely. They are invoked, in fact, only when this is useful for the functioning of this same global strategy, which explains the blinding cynicism and systematic use of double standards in evidence. There is no question of intervening in favour of democracy in Afghanistan or in the Gulf, for example, no more than there has ever been any question of hampering Mobutu yesterday, Savimbi today, and many others tomorrow. People's rights are sacred in certain cases (Kosovo today, perhaps Tibet tomorrow), and forgotten in others (Palestine, Turkish Kurdistan, Cyprus, the Serbs of Krajima, expelled at gunpoint by the Croatian regime, etc. ). Even the terrible genocide in Rwanda gave rise to no serious investigation into the responsibility of diplomats who had supported the governments that were openly advocating it. Certainly, the despicable behaviour of certain regimes -- like those of Saddam Hussein or Milosevic -- makes the task easier by offering pretexts that are easy to exploit. But the complete silence that

meets other cases deprives the discourse of democracy and people's rights of any measure of credibility. It would be impossible to do a greater disservice to the fundamental requirements of the fight for democracy and human respect, without which no progress is possible.

The avowed goal of the US's strategy is not to tolerate the existence of any powers capable of resisting Washington's orders, and therefore to seek to dismantle all those countries deemed "too big", as well as to create the largest possible number of pawn states -- easy prey for the establishment of American bases guaranteeing their "protection". Only one state has the right to be "big": the United States, as its two last presidents have said explicitly. The method put into practice, however, is not limited to wielding the bludgeon and manipulating the media. It attempts to enclose people in immediate and unacceptable alternatives: bowing to oppression, disappearing, placing themselves under the US protectorate. For this to take place, it is necessary to draw a veil of silence over the policies that have created the tragedy. For example, we may cite the rapid recognition of the states of the former Yugoslavia, with no concern for preparing them by regulating the fate of the concerned peoples in a democratic manner.

Alignment with the strategy of the US and its subaltern NATO allies has dramatic consequences. The UN is about to succumb to the fate of the League of Nations. Clearly - and fortunately -- American society is not that of Nazi Germany, but for the decision-makers in Washington, like those of Berlin before them, force has been established as a supreme principle, to the complete detriment of international law, for which the dominant discourse has substituted an odd "right of intervention", disturbingly reminiscent of the "mission civilisatrice" of 19th-century imperialism.

The struggle for democracy will remain completely ineffective if it is accompanied by submission to American hegemonism. The struggle for democracy is indissociable from the fight against Washington's hegemony.

### **A unipolar world**

In the previous chapter (based on the article in Al-Ahram Weekly, 29 April-5 May 2001), I defined the goals and means of Washington's hegemonic ambitions. While the simplistic economist discourse of neo-liberalism holds that the globalization of a deregulated market (that is to say, regulated unilaterally by capital) should spontaneously produce peace and democracy, the facts prove that US military hegemony is the necessary condition for the functioning of this system, ensuring as it does both its domination by the Triad (US-Canada, Western Europe and Japan), and the submission of Europe and Japan to America's strategic objectives.

To this vision of a unipolar world, I had opposed that of multipolar globalization, the only strategy that would allow acceptable social development for the different regions of the world, and thereby the democratisation of societies and the reduction of motives for conflict. The US's strategic hegemony, I had concluded, is today the principal enemy of social progress, democracy and peace.

The reply the dominant forces brought to the crises that have occurred in rapid succession since 1990 and the chaos engendered by the establishment of the neo-liberal utopia reveal both the US's hegemonic goals and the dissolution of the European project.

The Gulf crisis had already revealed Washington's objectives. Secretly encouraging Saddam Hussein to invade Kuwait, the US turned the situation to its own benefit in order to establish a military protectorate over the petrol states of the region, with the blessing of Europe and the UN, domesticated for the occasion. The Iraqi regime's use of nerve gas against the Kurdish guerrilla movement, which had never bothered Western diplomatic circles before, was suddenly orchestrated by the media to justify the systematic destruction of Iraq.

Encouraged by this first success, the United States then became involved in European affairs, exploiting the Yugoslavian crises in a bid to achieve a variety of objectives, not least the surrender of the European Union. It is not my intention to disregard the principal responsibilities of the fragmented local ruling classes, all of which chose ethnic chauvinism as a means of reconstituting, to their profit, a "legitimacy" to replace that of Tito-ism, which had been based on social progress and the equality of nations. Ethnic cleansing was therefore practiced by all these ruling classes, in Croatia (through the expulsion of the Serbs, a majority in Krajina) as in Bosnia (by each of the three components of this absurd state -- for, if coexistence is possible in the "little Yugoslavia", why would it not be so in the large one?) and in Serbia (Kosovo). But we must admit that Europe threw oil on the fire by its almost immediate acceptance of Slovenia and Croatia's unilaterally proclaimed independence, without the imposition of any conditions in terms of respect for the rights of the minorities created by the explosion of Yugoslavia. This decision could only serve to encourage the criminal regimes in question. The point was made at the time, but the media abstained from any critical analysis of the policy inaugurated, it must be said, by Germany, but which an initially reticent France resisted no longer than two weeks. Subsequently, the media systematically applied double standards, mobilising all the means at its disposal to denounce massacres in one place while ignoring them in another.

The massacres in Kosovo and the provocation practiced by its "Liberation Army" (was it any better, at the outset, than the Basque ETA?) provided the pretext for the US's systematic intervention, already put to the test in Bosnia. This intervention is based on three principles: 1) the brutal replacement of the UN with NATO as the means of managing the international order; 2) the alignment of Europe with Washington's strategic



objectives; 3) the adoption of military methods reinforcing American hegemony (no-risk bombing campaigns and the use of European troops for an eventual ground intervention).

The consequences of these choices are catastrophic at all levels. They have deprived the dominant discourse on democracy and people's rights of any scrap of credibility. They reveal that the real strategic goal, beyond Serbia, is Russia and China -- a fact that American strategists do not refrain from stating. NATO, now openly the tool of American expansionism, and no longer that of European defence, has thereby been able to put an end to illusions of "European autonomy", forcing the EU into a new alignment, even more severe than that imposed in the past under the pretext of the "Cold War".

The only option which would have had some meaning for Europe would have been to inscribe its construction within the perspective of a multipolar world. The margin of autonomy that this option defines would have allowed the invention of a socially valid project, in keeping with the best humanitarian and socialist European traditions. This option, of course, implied the recognition of the same margin of autonomy for Russia, China, and each of the large regions of the Third World. It also implied that the NATO page would be turned, once and for all, and replaced by the concept of a European defensive force, which could be integrated gradually at the rhythm of European political construction itself. It implied, furthermore, the conception of adequate modes of regulation at the European level, and at that of the world system, to replace the dominant forms: Bretton-Woods, the World Trade Organisation (WTO) and the Multilateral Agreement on Investment (MAI). By choosing liberal globalization, Europe has in fact renounced the use of its potential economic competitiveness, and been satisfied to navigate in the wake of Washington's ambitions, of which it has become the zealous servant.

The fact that the European states have chosen this path reveals the frailty of the European project itself, and even the fact that this project is only a subaltern priority on the scale of dominant political visions. Great Britain's fundamental option since 1945 has been to console itself for the loss of its imperial role by reliving it vicariously through the US. Germany, having given up the insane Nazi dream of world conquest, has chosen to limit its ambitions to the means at its disposal by reconstituting its traditional zone of influence in eastern and southeastern Europe, tailgating Washington's global hegemonic strategy. For somewhat similar reasons, Japan -- confronted with China, and even Korea -- has also inscribed its strictly regional expansionist ambitions within the same global American perspective.

Today, Blair and Schröder are, clearly, not only the most dangerous gravediggers of the traditions that were once the pride of the European left, but also the servile executors of America's anti-European project. Their association with Clinton in the so-called "Third Way" discourse must be the object of no illusions, for the new "Clinton doctrine" that has been announced aims -- after Yugoslavia -- "to turn on the East and the Middle East". Robert I Hunter, senior adviser at the Rand Corporation and US ambassador to NATO

from 1993 to '98, recently wrote the following in the Washington Post (21 April), with respect to the Clinton doctrine and its application in Kosovo: "It is the gateway to areas of intense Western concern -- the Arab-Israeli conflict, Iraq and Iran, Afghanistan, the Caspian Sea and Transcaucasia. Stability in southeastern Europe must be a precursor to protecting Western interests and reducing threats from farther East. " Again, the only question is that of protecting Western interests (such as oil and pipelines, or the flourishing of McDonald's -- see my previous article), not democracy or the rights of Kurds and Palestinians.

We must therefore expect a policy of systematic provocation in Russia and China. As for the Middle East, as it is clearly impossible to imagine the US bombing Israel to make it accept the Palestinian state and the return of refugees (the official motive for the intervention in Kosovo!), the use of force in Lebanon (where Hizbullah's "fanaticism" can serve as a pretext) and Syria (an "undemocratic" regime) will be the means of imposing the Pax Israeliana.

Can the European project be saved from this debacle? Things being what they are, the only means of climbing back up the slope that leads to the eradication of the European project implies that the political forces attached to it -- in France, Germany or Italy -- should rethink this project in terms of what is immediately possible -- in other words, in terms of a return to a more modest concept of a "Europe of nations", while waiting for the progressive ripening of cooperation. This in turn would imply a friendly -- and non-aggressive -- approach to Russia, China and the Third World and, in this framework, a revival of the UN's functions. Once again, this is not the option taken by the European governments, including the socialist majority. The priority given to the ultra-conservative management of a fictive single currency, the support for globalised liberalism and the US's hegemonic strategy are arrayed against the project of a multipolar world, and will lead to the worst catastrophes imaginable, for Europe and the rest of the world.

### **The Barcelona process**

The Euro-Mediterranean partenariat process, initiated in Barcelona in 1995, has proven bankrupt -- first, because there is no true Euro-Arab dialogue associating all the Arab countries with all their European counterparts and, second, because since its birth, its other goal has been to impose Israel's integration on the region, although this country, due to its apartheid policies, should be isolated from the international community. It is Europe's responsibility to distance itself from the US, on the political as on the economic levels, and to lend substance to its references to human rights. The struggle for democracy (in Tunisia, Turkey. . . ) is first and foremost the people's concern. The construction of alternatives must be the response to neoliberal expansion, the social consequences of which are objectively ruinous; and it must rest upon converging modes of struggle and resistance to the dominant model.

**A FAILURE AND ITS REASONS:** First, I would like to address directly the future of relations between the European states -- and their collective organisation, the European Union -- on one hand, and, on the other, the Arab states. I believe that the process referred to as the Euro-Mediterranean partenariat, begun in Barcelona in 1995, is not simply stalled but in fact bankrupt. This outcome could have been foreseen. The plane never really took off; and it is crashing to the ground at this moment. Such a failure could have been predicted, for the project itself was conceptualised on the basis of an unacceptable principle, which was neither credible nor, in consequence, feasible (even if some of its advocates may have been acting in good faith). This process brought about the intervention of two groups of participants: on one hand, the Europeans -- not only Mediterranean Europeans, from countries abutting on the Mediterranean, but all the European countries, and specifically the European Union. Far be it from me to question the Europeans' right to think of themselves as having common interests and as necessarily imagining a common future. This is their right, even if it is also the right of Europeans in each of the concerned countries to criticise, as some do, the European project as it stands today.

The other partenariat, including coastal countries from the southern and eastern parts of the Mediterranean, is quite odd. Yet these are for the most part Arab countries, which also belong to a distinct entity: the Arab world. Whether or not one is an Arab nationalist, and through passionate conviction considers that entity to be unified, it does exist, and it is necessary to recognise that it may have a certain sensitivity shared by the people that constitute it: a certain sense of common interests and a shared vision of its insertion in the contemporary world. To separate Mediterranean from non-Mediterranean Arab countries is truly disastrous, and unacceptable. What is needed, rather, is a Euro-Arab agreement or a dialogue -- involving all the European and all the Arab countries, whether or not they are Mediterranean. The concept of the Mediterranean means nothing unless it implies gathering all the coastal countries around technical problems linked to the sea they share, in the field of pollution for instance. But this is a very limited domain, and not a foundation on which one can conjure up the future of relations between Europe and that piece of the South called the Arab world.

**BARCELONA AND THE PEACE PROCESS:** We must remember, after all that the time at which the Barcelona conference convened -- 1995 -- was also the time of Madrid and Oslo, in other words a time during which a certain type of peace between the Arabs and Israel was being drawn up with America. The Europeans thus put in place a strategy to complement that of Israel and the US, aimed at dictating the content of peace. This peace was imagined on a basis that, as it should have been possible to foretell, was unacceptable, because it meant the creation of Bantustans -- there is no better term -- in the occupied territories of Palestine. Its result was the strengthening of the apartheid model, which, very fortunately, in its South African version, was condemned universally and in due course disappeared. Still, it was kept in place for a very long time, not only by reactionaries within South Africa, who ran the system to suit themselves, but also by

global capital, the great powers, the US and the European states, which buttressed it almost until its final hour. They turned coat only when the project began to stagger under the grave blows dealt it by the people of South Africa.

Former President Nelson Mandela, indeed, reminded Clinton of this when he visited South Africa: "Where were you during apartheid?" he asked. "No one heard about you at the time. On the other hand, those whom you believed should be banished from society, like Gaddhafi for example, were against apartheid, and gave us financial and material support, including weapons. "

But to return to the time of the Barcelona conference and the peace process in Israel: it is during this time that the Euro-Med project was thought up. It was hardly subtle: the idea was to impose, especially on the Arabs, Israel's integration into the region, and to set as a condition to cooperation between Europe and the Arab countries a similar kind of cooperation between those same Arab countries and Israel. . . It is just as if, during apartheid (to cite the same example), Europe had imposed upon the African states the normalisation of diplomatic and other relations with South Africa as a condition of European support. It is shameful. I feel that things must be said, called by their proper names; it must be said that, as long as Israel refuses to recognise a Palestinian state, it will be necessary to treat it as we treated South Africa, in other words by banishing it from international society.

EUROPEAN POLICY ON PALESTINE AND KURDISTAN: Israel is an apartheid country, and is implementing an apartheid project. It is unacceptable to tolerate it, let alone back it. Boycotting Israel is the duty of the world's civilised nations. It is not only a right -- the Arabs' right, for instance; it is the duty of all the civilised countries of the world today. I would say the same with respect to the other non-Arab partner of the eastern Mediterranean. Turkey is engaged in a civil war against a large proportion of its own population, the Kurds. The problem is not whether Turkey wants to consider itself or does indeed consider itself European, or whether the Europeans agree or refuse to consider it as such. The question is whether Turkey has any particular right to massacre part of its population, and to do so in the absence of any condemnation.

All this must be said, because Europe today -- its peoples, its governments and perhaps the European Union -- needs to inscribe itself within an alternative perspective to that of current globalization that is within a perspective freed from what I call the dual alignment that reigns today: liberal globalization and US hegemony. The two are linked. If one accepts the exclusive logic of liberal globalization, one must agree to give priority or even exclusive rights to the interests of dominant capital. And the interests of dominant European capital are not that different from those of dominant North American capital. There are conflicts, of course, but these are vulgar mercantile conflicts, similar to the conflicts that can take place between two transnational corporations affiliated to the same country. This is of course not the basis on which to conceive of Europe's possible

autonomy from the US. All the speeches about this autonomy are simply wishful thinking at this point in time. . .

Returning to the Middle East, at the present time, with the double tragedy unfolding in Palestine and Kurdistan, European intervention seems to impose itself -- not necessarily armed intervention, but a strong political intervention, accompanied by effective boycott measures against Turkey and Israel, until the latter recognises the state of Palestine. Europe raised a hue and cry in Kosovo for far less. It flexed its muscles, but aligned itself with a decision Washington had already taken. It so happens that, to take an independent stand on Palestine and Kurdistan, Europe would have to distance itself from the US, and clearly that is very difficult. If it is easier to cite good reasons for intervention when following in the US's wake that is because a political -- and not simply a verbal -- Europe does not exist.

**STRUGGLE FOR DEMOCRACY AND REFERENCES TO HUMAN RIGHTS:** Can European references to human rights, respect for which theoretically constitutes a condition to partnership agreements, serve as a lever to civil society? I fear that this too is only wishful thinking, even if it is, I am sure, motivated by the very best intentions. A charter, even one signed by governments that have no intention of implementing it, but one that recognises a certain number of rights, can become an instrument, a lever, that political forces and peoples that are the victims of a given system can use. But this will remain marginal, because I do not believe that in the understanding governments and the EU have of Europe, this tool will be anything other than a means to be manipulated when facing an adversary one seeks to weaken, but that is not mobilised when dealing with an ally. Duality prevails: double standards are the rule.

Ben Ali's dictatorship, for instance, one of the most despicable south of the Mediterranean, is not the target of very violent protests by the European governments. In Turkey, the permanent war being waged against the Kurds is not condemned in stronger terms. I know that the Europeans have imposed upon the Turks, in return for their adhesion to the European Council, a common declaration of rights, but it is quite obvious that, although Turkey did indeed sign, it violates that agreement every day. Worse still: it ignores it utterly and no one says anything. This is why I think one cannot separate the struggle for democracy: it is fundamental.

The struggle for democracy is above all the people's business; each people fights in its own country. Internationalism is very useful in this domain, but change will be built essentially on the basis of internal struggles and the mobilisation of democratic forces within each society. What the outside can do is, precisely, to support these forces, not to fight them, even if the latter is done in the name of democracy as witnessed in a number of cases.

The concept that dominates today, on the global and not just the European level, is that of "good governance," to use the fashionable jargon -- in other words, the concept of

acceptable government. Unfortunately, this is a very poor concept that reduces democracy -- still, better than nothing, you will say -- to the tolerance of party pluralism, formal elections, and respect for a certain number of elementary individual rights, with no recognition of social rights, individual and collective: the right to work, to an education, to health, freedom of movement both inside and outside one's own country -- in short, of people's right to self-determination, to cite the well-known formula.

Things cannot be separated. There is no such thing as political rights in the narrow sense. If other rights do not accompany them, they become instruments that can be and are manipulated, and therefore that hinder the cause of democracy because they cancel, they destroy its credibility before the people. If Israel is presented as an example of democracy to the Palestinian people, what idea can they have of democracy? What is a democracy based on the massacre of children, who are shot while doing nothing more than showing their legitimate anger at the apartheid to which they are subjected? So rights cannot be separated from each other, and the democratic charters I aspire to must recognise all human rights. Yet this is not at all what Europe is proposing or even setting as conditions, without implementing them, to said cooperation.

**CREDIBLE ALTERNATIVES TO GLOBALIZATION:** We should not be satisfied with a simple critique of neoliberal practice. In this part of the world as elsewhere, the results are clear for most people: growing inequalities in income distribution, an increase in the diverse forms of poverty, marginalisation, unemployment, etc. These results are inherent to the logic of the globalised neoliberal model. But we must not stop at a statement of fact. Rentier economies, corruption, etc. are not exotic local cultural artefacts, specific to this or that country or region of the world; they are phenomena that are objectively amplified, supported and encouraged by current neoliberal expansion. The effect of this expansion is to dismantle the possible constructive potential of an alternative model of economic development, one worthy of the name, which benefits the popular strata and guarantees a margin of autonomy and negotiation to countries and societies in the global system.

It is really necessary to put forth one or several credible alternatives to globalization. Theoretically, it is not that difficult to imagine what must be done: multipolar globalization, giving nations, countries, regional groupings some room to manoeuvre, a margin of freedom, autonomy, negotiation; imposing historic compromises on the international level, similar to market regulation mechanisms on the national level, and corresponding to social interests beyond the sole interest of the maximum profitability of capital. These alternatives are not difficult to imagine, but the fact that a research centre can express them coherently does not mean that they will be implemented. Alternatives in history are produced by struggle, the legitimate refusal to submit to the victor's logic and the ability to impose compromise on the dominant partner -- in this case, on capital, since we are in a capitalist system. What is the welfare state of the post-World War II period, in the European countries and elsewhere, if not an historic compromise between capital and labour, produced by the defeat of fascism, or in other words the victory of the democratic

forces that gave the working classes a political legitimacy they had never enjoyed in the capitalist systems of the countries in question?

Change will come from these struggles. They are complex and numerous; fortunately, they are not fading -- on the contrary, they are increasing, insofar as the adversary is being forced to make concessions, and change its language to some extent. Witness the World Bank's passage from a very harsh neoliberal discourse on poverty to a wishy-washy, diluted babbling. These developments would be inconceivable if we detached them from the economic processes that engender them. So we must think on the basis of social struggles. We need forums of this type (the Alternative Euro-Med Summit in Marseilles), as many forums as possible. Such forums, where experience of struggle gives rise to the exchange of analyses in a way that will gradually ensure maximum convergence among the various struggles, are indeed increasing in number. The alternative will be born of this convergence -- not otherwise.

### **Israel**

Israel is a unique state. No other state has been created under similar conditions and no other state relates to the world system -- all the rules of which it negates -- in remorselessly similar fashion.

Israel as a state is a fabrication of the major Western imperialist powers, of Britain initially and thereafter the US. It is not the creation of Zionism, which was only instrumental in the successive imperialist schemes aimed at controlling the Middle East for its geopolitical position -- as the "road to India", as, first, the southern border of the USSR and, now, central Asia, the plaque tournante to control Russia, China, Iran and India -- and its oil wealth. In this scheme Palestine occupies an exclusive position, separating Egypt from Arab Asia and allowing for control of the Suez Canal.

It was for these reasons, and no other that Britain chose, during World War I, to instrumentalise Zionism through the Balfour Declaration (1917). That declaration has no legitimacy, the colonial power having neither the moral nor juridical authority to expropriate the rights of indigenous people placed under its protection for the benefit of foreign settlers brought in with its permission.

The British authorities energetically supported the building of a "Jewish state within colonial Palestine", using all the means at their disposal to destroy, by political and police-military terror, the Palestinian liberation movement.

Israel was recognised as an independent state by the UN in May 1948, at a time when very few African and Asian countries were represented in the new international system. Among those that were, the vast majority voted against the partition of Palestine.

The Arabs were ethically correct in rejecting the principle of partition and those Palestinians who struggled for a united Palestinian state that would include new settlers, and respect all communities, were ahead of their time. But whether the rejection of partition was the most efficient choice tactically remains subject to discussion. Certainly, it helped the foreign settlers to present their aggressive, expansionist war as a "defensive" action.

Israel's admission to the UN was subject to normal conditions, ie that states must have recognised international borders. Israel's membership was therefore made pending on that recognition from its government. Such recognition never came. Legally Israel should, therefore, be expelled from the international community.

Israel, though, has not only not been expelled, it has been allowed to turn the positions upside down: it is Israel that does not recognise the legitimacy of UN resolutions, and it is the only state allowed to do so. Israel has refused to accept UN resolutions for more than half a century, yet no sanctions have been applied against it though terrible sanctions, including massive bombing, have been used against other states, often with less reason.

An imperialist US subsequently assumed the "protection of Israel". The 1967 War was planned in Washington during 1965, its aim being to destroy the Nasserist attempt at an independent development. And not only did Israel consistently refuse to withdraw from occupied Palestine and comply with UN resolutions to that effect, it systematically established new settler colonies in the territories. No sanctions have ever been taken in opposition to this expansionist policy. No Western power has ever reduced its financial support to a state that could hardly survive a few weeks without such support.

Yet the Palestinian liberation movement, as represented by the PLO, has made gigantic concessions in order to reach a reasonable peaceful solution, recognising the existence of Israel as a *fait accompli*.

The Palestinians have accepted that most of their land (and the best of it) will constitute the state of Israel. They signed an agreement stipulating that the Israelis should withdraw from the occupied territories according to a fixed calendar. Not one of the five Israeli governments in power since 1993 has respected the agreements signed in Oslo that same year.

It is said that the then Israeli Prime Minister Barak made a "generous offer" to the Palestinians in Camp David. Nothing could be further from the truth. Barak's offer divided the Palestinian state into four distinct, tiny districts separated by blocs of new settlements, maintained Israel's military occupation along the Jordan River and annexed almost the whole of East Jerusalem. The offer was an unacceptable step back from the Oslo agreement, it remains unacceptable today.



Ariel Sharon is a criminal whose responsibility in the massacre of Palestinians in Sabra and Shatilla has long been established. According to the principles governing the international community he should be arrested and judged by an international criminal court. But Ariel Sharon shares George W Bush's views on almost everything. He has, therefore, been in a position to take advantage of the confusions created by the events of 11 September, 2001, pursuing the reversal of "the peace process" initiated in Madrid and Oslo by reoccupying semi-autonomous Palestinian areas and, in the name of the so-called "war against terrorism", engineering massacres in Jenin, Ramallah, Bethlehem and elsewhere, the target being the Zionist "final solution", ie the removal of Palestinians from Palestine.

Sharon is not embarking on anything new. As already noted, the process of reversing the peace process was initiated by Barak. Israel was founded, and has always expanded, by expropriating Palestinian rights and land and expelling the original owners. Ethnic cleansing lies at the core of its day to day policies and has been actively pursued by Labour governments no less than the right. The policy started early, with the massacres of Deir Yassin (1948), Tantura and other places, followed by the mass expulsion of hundreds of thousands of Palestinians to whom Israel denies the right of return enshrined in international law. These events took place barely three years from the end of World War II, during which European Jews had been the victims of Nazi barbarism. One conclusion from this sad observation: there is no vaccination that prevents victims from becoming, in their turn, butchers. From Deir Yassin to Jenin the massacre has been continuous.

Israel, it is repeated, is a "democratic state". But what is the meaning of such a democracy if it operates on the basis of apartheid, discriminating not only de facto, but de jure, against Arab Israeli citizens, developing a vision of the Palestinian Authority as an auxiliary police forcing the Palestinians to accept the status of a Bantustan (at best, awaiting their expulsion). Israel is a racist, apartheid state. The mere fact that, in certain circumstances, a majority of its privileged population supports this is no excuse. Many odious systems have been supported by majorities.

The only real issue today is to secure Israel's withdrawal from occupied Palestine, and recognition of the right of return of Palestinians expelled from their homes.

The Bush-Sharon rhetoric has completely loaded the die, focussing on the so called issue of "violence" and "terrorism". Violence and terrorism against what? Israeli occupation, its daily actions, are based on violence and terror. Violence used by Palestinians is a response to this and is, therefore, fully legitimate. Resistance to oppression is one of the fundamental rights of peoples. And if the Israeli occupation army acts outside its boundaries, why should the Palestinians not act inside Israel? Some forms of the Palestinian actions may well be subject to discussion, particularly from the point of view of efficiency. But in no way can the violence of the oppressed and that of the oppressor

be placed on the same footing. To call on both sides to halt the violence without calling for the prior evacuation of the Israeli army is simply to align oneself with the Bush-Sharon strategy.

Asian and African peoples naturally understand what is at stake in Palestine. Colonialism, white settlers, racism, apartheid -- that Israel was a very good friend of the apartheid regime is hardly a coincidence -- are part and parcel of their shared history. It is, therefore, in Asia and Africa that support for the Palestinian struggle for liberation unifies. When the 77 and the Non-Aligned (the Third World countries) condemned Zionism as racism in the UN General Assembly they expressed a correct qualification of the official ideology of a "white settler" colonial state.

There appear to be two reasons why this is not the case in Europe. The G7 or the "Triad" (USA- Canada, Europe, Japan) share a common "collective imperialist" vision of their relations to the peoples of the South. This applies to governments belonging to the "left", in electoral terminology, as well as to the "right". Both support of what they believe are the requirements of neo-liberal globalization (ie the defence of the interests of dominant transnational capital). They share what they believe are the same strategic interests, among which "control" of the Middle East must count, they accept the leadership of the US in this respect and therefore consider Israel as a useful ally in the enterprise.

This attitude, prevalent in the ruling establishments of the G7, is far more important in explaining the attitude of these governments towards the Palestinian question than the weight so often attributed to the "Jewish lobby" (which should always be labelled Zionist, since many people classified as "Jews" are not supporters of Zionism). Should the G7 develop another vision of their relations to the South support for Israel would disappear overnight, whatever the Zionist lobby decides to do.

The second reason for confusion on the Palestinian issue is rooted in European history. Anti- Semitism, which led to the crimes of the Nazis, is a European phenomenon, and it produced Zionism as a reaction to it. Whether this reaction -- which is at least understandable -- was the best response to the challenge is questionable. But what cannot be questioned is that the full responsibility for this tragic history must be born by European peoples. If an Israeli state had to be created as a solution to the question it should have been located somewhere in Europe. The Palestinian people had no responsibility for Europe's anti-Semitism. Yet the Europeans find it normal to expiate their faults at the expense of others and moreover use Zionism as an instrument for their own imperialist schemes. European (and North American) democrats have to understand that this attitude is not acceptable.

Zionist propaganda has proven itself efficient in exploiting the bad conscience of Europeans. The "holocaust industry", so well analysed and denounced by Norman Finkelstein, shows how it works.

Maybe one should add to these two explanations the natural sympathy felt towards Zionist colonisation by a state, the US, built on the extermination of native peoples by white settlers. Yet if the US establishment did not perceive any strategic interest in their alliance with Israel such natural sympathy would be unlikely to have much effect. The US establishment has always been cynical enough to choose its arguments. One need only remember that in 1956 Eisenhower sided with Egypt, and against Israel, largely to eliminate British and French influence from the Middle East.

Could Israel itself change? Could it accept a historical perspective other than being the spearhead of Western imperialism?

This could be the subject for an interesting historical debate. I remember Jews being welcomed in Egypt, refugees during World War II escaping from the horrors of the Nazis. If these people are unjustly rejected by the nations among whom they lived and if they wish to return to the East from which they originated, then welcome. A million Jews in Palestine, why not? That seemed to be the attitude of the day. Unfortunately, upon reaching Palestine, organised and controlled by the Zionist establishment, they were taught to behave as white settlers. And they generally did.

Now that the Palestinians accept the state of Israel, what if the Israelis, in turn, accepted a Palestinian state? Even if such acceptance required international action, could this new conjunction create the possibility for another evolution in the relations between the two peoples? I believe this is so.

But nothing of this kind can happen unless Israel first withdraws from all the territories it has occupied in Palestine since 1967. And this the only objective towards which democratic forces, in the world and in Israel, should mobilise.

## C The West, Europe and the Muslim World

### *Towards a new EU policy for the Mediterranean South?*

**Arno Tausch**

#### Introduction

Ever more explosive conflicts seem to surround the European continent. The war in Iraq, the conflict over Palestine, and the welfare border at the Straits of Gibraltar are just examples. At the same time, and seemingly against all odds of the ‘*conflict between the civilizations*’, the European Union continues its policy of Mediterranean partnerships. The European Commission considers Turkey – a secular country with an overwhelming Muslim population majority, with good reason as candidate for membership in the European Union, all the more since the far-reaching reforms enacted by the Turkish Parliament in Summer 2002.<sup>114</sup>

When Boabdil, the last Muslim ruler of Spain, handed over the keys of the city of Granada to the Catholic rulers in 1492, it was perhaps for the first time in history that the keys to the European common house figured prominently. Are we Europeans entitled to keep these keys in our hands forever, and to exclude the neighboring world of Islam<sup>115</sup>?

Europeans should remember that the keys of the ‘common European house’ do not belong to one cultural tradition only. The world of Islam was pivotal to the European path to the Renaissance and to the re-discovery of classic Greek philosophy. Islamic tolerance and knowledge enabled us Europeans to develop. While there were terrible persecutions of Jewry in Europe, the world of Islam was generally tolerant towards Jewry and to

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<sup>114</sup> <http://www.turkishdailynews.com/FrTDN/latest/dom.htm#d10>

<sup>115</sup> The present author would like to recall here two articles about the speeches of H. E. Iranian President Ali Mohammad *Hojjat ol-Eslam* KHATAMI during his visits to Europe: *Orient und Okzident in Weimar. Die Rede des iranischen Präsidenten Mohammed Khatami in Weimar am 12. 7. 2000* (Quelle: Botschaft der I. R. Iran, Bonn) at: [http://www.jahrbuch2000.studien-von-zeitfragen.net/Dokimasia/De\\_Pace\\_Fidei/Khatami-Diwan/khatami-diwan.html](http://www.jahrbuch2000.studien-von-zeitfragen.net/Dokimasia/De_Pace_Fidei/Khatami-Diwan/khatami-diwan.html) as well as the comment *Orient und Okzident in Weimar: »In der Welt des Menschen gibt es kein absolutes Anderssein«* by David Hartstein at: [http://www.jahrbuch2000.studien-von-zeitfragen.net/Dokimasia/De\\_Pace\\_Fidei/de\\_pace\\_fidei.html](http://www.jahrbuch2000.studien-von-zeitfragen.net/Dokimasia/De_Pace_Fidei/de_pace_fidei.html)

Oriental Christianity, and even provided a safe heaven of refuge for the Sephardic refugees, expelled from Spain in 1492.

At the time of the enlargement of the European Union, the real enlargement question – that of the ‘cultural enlargement’ of the European Union cannot be excluded any longer. A successful integration of the Mediterranean South would have tremendous and positive repercussions for regional and world peace. And this question is made all the more relevant by the expected demographic shifts in the vicinity of Europe until 2050.

By the year 2000, 280 million people lived in the 22 countries of the Arab world. 65 million Arabs are illiterate, two thirds of them women. 10 million children are out of school. Arab unemployment is 15 %. More than half of young Arabs, surveyed by the UNDP in 2001, wanted to immigrate to the outside world. Total factor productivity declined at an annual average rate of 0,2 %; and less than 1 % of the population have access to the Internet. Fifteen Arab nations are below the ‘water poverty’ line of less than 1000 cubic meters per person and year available water resources. Although absolute poverty (< 1 \$ per capita and day) is lesser than in other regions of the developing world, one out of every five Arabs lives on less than 2 \$ a day. The combined GDP of the 22 Arab nations (\$531. 2 billion) is less than that of Spain (\$595. 5 billion) (our own compilation from UNDP, Arab Human Development Report, 2002). These tendencies are all the more notable, because the expansion of NATO and the EU creates a ‘Christian bloc’ while the Muslim world is – with the exception of Turkey – left out from the policy design of EU and NATO expansion. Do the politics of European enlargement thus end at the Straits of Gibraltar and at the Bosphorus?

The famous Copenhagen summit of the European Union declared once – without any reference to religion:

*"Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and, protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union. "*

(<http://www.mfa.gov.tr/grupa/ad/adab/copenhagen.htm>)

Not only Turkey, but also Morocco in particular, which already once applied for EU-membership, has re-iterated its willingness to join the EU:

*During his state visit to France on 20 March (2000), Morocco's new king, Mohammed VI - known to Moroccans as M6 - called for a new relationship between EU and its southern neighbors.*

*"After the acceptance of the Turkish candidature, EU membership for Morocco is no longer taboo," said the king's spokesman, Hassan Aourid.*

*There has been little enthusiasm from Europe. Many Europeans look askance at a Muslim entry into what remains "a Christian club". The EU ambassador in Morocco, Lucio Guerrato, said, "an evolution to integration was possible", but was careful not to commit himself to a time frame. European politicians often see Morocco as a source of illegal migration, hashish and cheap labour. France made little response to the new king's appeal for support for its EU application. But from Morocco, the division of the world into separate blocs - Africa and Europe - looks artificial. (<http://news.bbc.co.uk/1/hi/world/africa/699760.stm>)*

In 1993, at the Copenhagen European Council, the EU Member States took a decisive step towards the current enlargement, agreeing that 'the associated countries in central and eastern Europe that so desire shall become members of the European Union. '

'Accession will take place as soon as an applicant is able to assume the obligations of membership by satisfying the economic and political conditions required'.

At the same time, the Member States designed the membership criteria, which are often referred to as the Copenhagen Criteria.

As stated in Copenhagen<sup>116</sup>, membership requires that the candidate country has achieved:

*stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;*

*the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;*

*the ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.*

and has created:

*the conditions for its integration through the adjustment of its administrative structures, so that European Community legislation transposed into national legislations implemented effectively through appropriate administrative and judicial structures.*

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<sup>116</sup> <http://jpn.cec.eu.int/english/general-info/5-7.htm>

To start with a provocation at the outset: for the sake of Europe's own interests, but also for the sake of world peace and the dialogue between the cultures, the countries of the European Union could and should systematically envisage membership for the Muslim South and Southeast of the Mediterranean world.

Although there is a mainly foreign-policy establishments driven hope that European states with a majority Muslim population – Albania, Bosnia and Turkey<sup>117</sup> – will become a member of the Union by, say, 2010 or 2015, the idea of Arab member states in the European Union will sound even more far-fetched for many.

But with the present European EU-enlargement process, coming surely to a positive finish within the present decade, and with the former, war-torn ex-Yugoslavia joining somewhere in this or at the beginning of the next decade, and with Russia and other former Soviet Republics already knocking at Europe's door, it is realistic to assume that the borders of the European Union will ever more correspond to the geographic borders of Europe and even transcend them (as in the case of NATO founding member Turkey and Russia).

Religion must and should not be a selection criterion for a country to become a member. If we select member candidates by standard geography, you are always presented with the problem that both Russia and Turkey are both Asian and European countries at the same time. In addition, two trans-Caucasian nations with a predominantly Christian population, Armenia and Georgia would be excluded by a purely geographical criterion.

Turkish Prime Minister Bulent Ecevit has stated on December 11, 1999:

*The official recognition of Turkey's candidate status for full-membership to the European Union is a landmark event not only for Europe, but for the world as well. This candidacy, and in due time, full-membership to the European Union is Turkey's birthright by virtue of Turkey's historical development, its geography, and its present day attributes as well as the provisions of the 1963 Association Agreement. (...) The Bosphorus bridges do not only straddle the two sides of Istanbul but they also unite the continents of Europe and Asia. And this, not only in geographic terms, but in the political and cultural senses of the word as well. (...) The Turks have been Europeans for 600 years. But the Turks are not only Europeans. They are also Asian, Caucasian and Middle Eastern at once. Turkey is a power in the Eastern Mediterranean and the Black Sea basins and the Balkans. It is becoming the energy terminal where the gas and oil riches of the Caspian Basin and the Caucasus will be transported to world markets. (...) As such, it is living testimony to the interaction between Europe and Asia and the confluence of Christianity, Islam and*

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<sup>117</sup> an official candidate since 1999

*Judaism. Turkey, is the leader country in democracy and secularism among the countries having a majority of Muslim population. It epitomizes vividly the fallacy of the thoughts that underline the thesis of Rudyard Kipling, who said that the East and the West would never meet; and those who think like Mr. Samuel Huntington that the clash of civilizations is inevitable. (<http://www.mfa.gov.tr/grupa/ad/adc/candidacy.htm>)*

### The waves of enlargement

We Europeans should not be afraid about *Dar al Islam*. Properly understood, the Muslim world even has so many potentials that Europe in the long run cannot and should not overlook. Spiritual potentials, human capital potentials in the first place.

Even a first look at basic UNDP statistics shows that in terms of the achieved development level, as measured by the human development index, there is no real difference between, say, the 2<sup>nd</sup> and 3<sup>rd</sup> wave EU-enlargement 'candidates' in Europe (in former Yugoslavia and in the former USSR) and the most advanced countries of the Arab 'mezzogiorno' of Europe on the southern shores of the Mediterranean. The Islamic Conference member states<sup>118</sup> had the following basic socio-structural characteristics:

	human development index	female life expectancy	male life expectancy	female literacy	male literacy
Brunei Darussalam	0,843	78,3	73,6	86,7	94,1
Kuwait	0,827	78,4	74,3	78,5	83,2
Qatar	0,807	75,6	70,2	81,7	79,8
Bahrain	0,803	75,5	71,3	81,2	90,2
United Arab Emirates	0,793	76,7	74,1	77,1	73,4
Malaysia	0,762	74,5	70,1	82,0	90,7
Thailand	0,741	72,1	65,9	93,2	96,9
<b>Libyan Arab Jamahiriya</b>	<b>0,738</b>	<b>72,4</b>	<b>68,5</b>	<b>65,4</b>	<b>89,6</b>
<b>Turkey</b>	<b>0,726</b>	<b>72,0</b>	<b>66,8</b>	<b>75,0</b>	<b>92,9</b>
Maldives	0,720	63,8	66,1	96,0	96,0
<b>Lebanon</b>	<b>0,718</b>	<b>71,9</b>	<b>68,3</b>	<b>79,1</b>	<b>91,5</b>
Saudi Arabia	0,715	73,7	70,2	64,4	82,8
<b>Albania</b>	<b>0,708</b>	<b>76,0</b>	<b>70,1</b>	<b>76,2</b>	<b>90,5</b>
Guyana	0,698	68,2	61,5	97,8	98,8

<sup>118</sup> countries from the Mediterranean basin area are printed in bold letters



Oman	0,697	73,5	69,1	57,5	78,0
Iran, Islamic Rep. of	0,691	70,4	68,7	67,4	81,7
Tunisia	0,688	71,0	68,6	57,9	79,4
Uzbekistan	0,683	70,9	64,6	83,4	92,7
Indonesia	0,664	67,5	63,7	80,5	91,1
<b>Algeria</b>	<b>0,661</b>	<b>70,6</b>	<b>67,7</b>	<b>54,3</b>	<b>76,5</b>
Tajikistan	0,659	70,4	64,5	98,6	99,5
<b>Syrian Arab Republic</b>	<b>0,636</b>	<b>71,5</b>	<b>66,9</b>	<b>58,1</b>	<b>87,2</b>
<b>Egypt</b>	<b>0,604</b>	<b>68,3</b>	<b>65,1</b>	<b>41,8</b>	<b>65,5</b>
<b>Morocco</b>	<b>0,570</b>	<b>68,9</b>	<b>65,2</b>	<b>34,0</b>	<b>60,3</b>
Iraq	0,548	65,3	62,3	43,2	63,9
Cameroon	0,518	55,8	53,3	67,1	80,3
Comoros	0,503	60,6	57,8	51,6	65,5
Pakistan	0,489	65,6	63,3	28,9	58,0
Sudan	0,453	56,8	54,0	43,4	68,0
Togo	0,448	50,3	47,8	38,4	72,5
Bangladesh	0,441	58,7	58,6	28,6	51,1
Mauritania	0,441	55,5	52,3	31,0	51,7
Nigeria	0,425	51,5	48,7	52,5	70,1
Senegal	0,405	54,6	50,9	25,8	45,4
Côte d'Ivoire	0,401	47,5	46,3	35,7	52,8
Uganda	0,401	41,5	39,9	54,2	76,1
Benin	0,391	55,3	51,8	22,6	53,8
Gambia	0,388	49,0	45,8	27,5	41,9
Mali	0,371	55,0	52,4	31,1	45,8
Central African Republic	0,359	46,8	42,9	31,7	57,5
Mozambique	0,326	45,0	42,6	27,0	58,4
Guinea-Bissau	0,298	46,4	43,5	17,3	57,1
Burkina Faso	0,290	45,5	43,9	12,6	32,0
Niger	0,280	50,5	47,3	7,4	22,4

European states, by May 1<sup>st</sup> 2004 not yet members of the European Union, Eurasian states with a predominantly Christian population, and Israel<sup>119</sup> had by contrast the following socio-structural basic data<sup>120</sup>:

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<sup>119</sup> a majority of the population of the State of Israel had their ancestors in Europe; in addition, Israel is a state in the Mediterranean area and a MEDA partner country of the European Union

<sup>120</sup> there were no data for the Human Development Index for Georgia and Azerbaijan.

	human development index	female expectancy	life expectancy	male expectancy	life expectancy	female literacy	male literacy
Norway	0,932	81,3		75,4		99,0	99,0
Iceland	0,925	81,4		76,9		99,0	99,0
Switzerland	0,910	81,9		75,5		99,0	99,0
Israel	0,877	79,9		75,8		93,7	97,7
Cyprus	0,877	80,1		75,6		94,7	98,6
Slovenia	0,857	78,3		70,7		99,6	99,7
Malta	0,848	79,5		75,1		92,0	90,9
Czech Republic	0,841	77,7		70,6		99,0	99,0
Slovakia	0,822	76,9		69,4		99,0	99,0
Hungary	0,813	75,1		67,1		99,1	99,4
Poland	0,811	77,1		68,4		99,7	99,7
Estonia	0,798	74,7		63,4		99,0	99,0
Croatia	0,790	76,7		69,0		96,9	99,3
Lithuania	0,785	75,7		64,7		99,4	99,6
Belarus	0,778	74,0		62,3		99,4	99,7
Latvia	0,770	74,5		62,8		99,8	99,8
Bulgaria	0,769	74,9		67,8		97,6	98,9
Russian Federation	0,769	72,9		60,7		99,3	99,7
Romania	0,767	74,1		66,5		96,9	98,9
Ukraine	0,740	73,9		64,2		99,4	99,7
Armenia	0,718	73,8		67,4		97,3	99,2
Albania	0,708	76,0		70,1		76,2	90,5

This article analyses in a systematic and macro-quantitative way some of the most contentious issues of the European – Mediterranean dialogue and the dialogue between the cultures. This article takes up issues like gender discrimination, gender empowerment, human rights and development – issues which contemporary Euro centric discourse would claim to speak against Mediterranean enlargement of the EU - and arrives at conclusions, which are based on quantitative study, and not on prejudice. The message of the article is optimistic in terms of the chances of the Mediterranean dialogue to succeed, and tries to show that there is no inherent ‘Arabic’ or ‘Muslim’ cultural development blockade, and that – indeed – Europe could succeed to repeat the positive civilizational and development experience of the co-existence of Christianity, Judaism and Islam that was observed in Spain before the ‘Reconquista’ 1492. Such a positive

coexistence could have major implications for world peace and world coexistence in general.

### From Copenhagen to Barcelona

After 20 years of increasingly intensive bilateral trade and development cooperation between the European Union, the 15 Member States of the European Union and its 12 Mediterranean Partners, the Conference of EU and Mediterranean Foreign Ministers in Barcelona (27-28 November 1995) marked the start into a new "partnership" phase of the relationship including bilateral and multilateral or regional cooperation (hence called Barcelona Process or, in general, Euro-Mediterranean Partnership; see also the essay by Clara Mira Salama in this book).

The 12 Mediterranean Partners, situated in the Southern and Eastern Mediterranean are Morocco, Algeria, Tunisia (Maghreb); Egypt, Israel, Jordan, the Palestinian Authority, Lebanon, Syria (Mashrek); Turkey, Cyprus and Malta; while Libya currently has observer status at certain meetings.

The Barcelona Declaration adopted at the Barcelona Conference<sup>121</sup> expresses the 27 partners' intention to

*Establish a common Euro-Mediterranean area of peace and stability based on fundamental principles including respect for human rights and democracy (political and security partnership),*

*Create an area of shared prosperity through the progressive establishment of a free-trade area between the EU and its Partners and among the Mediterranean Partners themselves, accompanied by substantial EU financial support for economic transition in the Partners and for the social and economic consequences of this reform process (economic and financial partnership), and*

*Develop human resources; promote understanding between cultures and rapprochement of the peoples in the Euro-Mediterranean region as well as to develop free and flourishing civil societies (social, cultural and human partnership).*

A static view of this process could now hold that the future membership of the Mediterranean countries in the Union is decades, if not centuries away, and that only Israel is 'European enough' in its social structure to qualify for future membership.

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<sup>121</sup> [http://europa.eu.int/comm/external\\_relations/euromed/](http://europa.eu.int/comm/external_relations/euromed/)

*In addition, one of the in-built parts of the discourse on future Mediterranean membership in the European Union is the explicit or implicit assumption that the situation of women in Europe is distinctly different from the realities of the Middle East, and that the European social agenda would suffer a severe setback by incorporating the South of the Mediterranean into the wider European context.*

However abhorrent we find the world-wide facts about female poverty and female marginalization, it would be unjust to blame ‘Islamic culture’ or ‘the Islamic heritage’ for these phenomena, or, even worse, to block the necessary ‘grand’ southward expansion of the European Union by referring to a supposed ‘incapacity’ of ‘Islamic culture’ to provide citizens with a more ‘modern’ or – if you prefer – just relationships between the genders. Southern impatience with explicit or implicit ‘Huntingtonian’ arguments to block the further enlargement of the European Union is growing at any rate.

Contrary to what might be expected from contemporary discourse poverty in the Arab world<sup>122</sup> is not as widespread as in other developing regions in recent years. A recent survey, based on World Bank data, came to the following conclusion:

#### **Inequality and Poverty in a Sample of Countries by World Regions**

Region	No. of Countries	Mean Expenditure* (\$)	Poverty Line* (\$)	Gini Coefficient <	Head-Count Ratio (%)	Poverty-Gap Ratio (%)	Squared Poverty-Gap Ratio (%)
Arab World	6	115.3	50.8	39.0	21.5	6.5	3.4
Africa	18	75.5	41.9	48.0	52.1	23.0	13.2
Asia	8	97.7	45.8	37.0	24.7	7.0	3.0
Latin America	16	172.7	73.6	50.4	34.8	14.4	7.9
Overall	48	109.1	52.0	45.8	38.0	15.4	8.5

*Notes: \*per person per month. The Gini coefficient measures inequality*

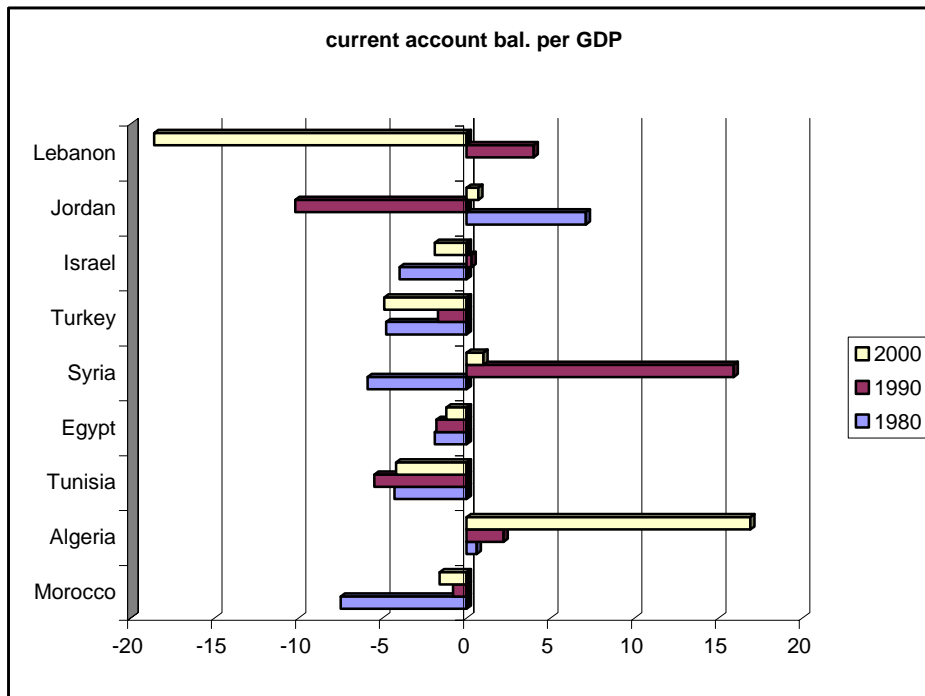
*The three measures of poverty are: The headcount ratio, which measures incidence or spread, the poverty-gap ratio measures depth and the squared poverty gap ratio measures severity.*

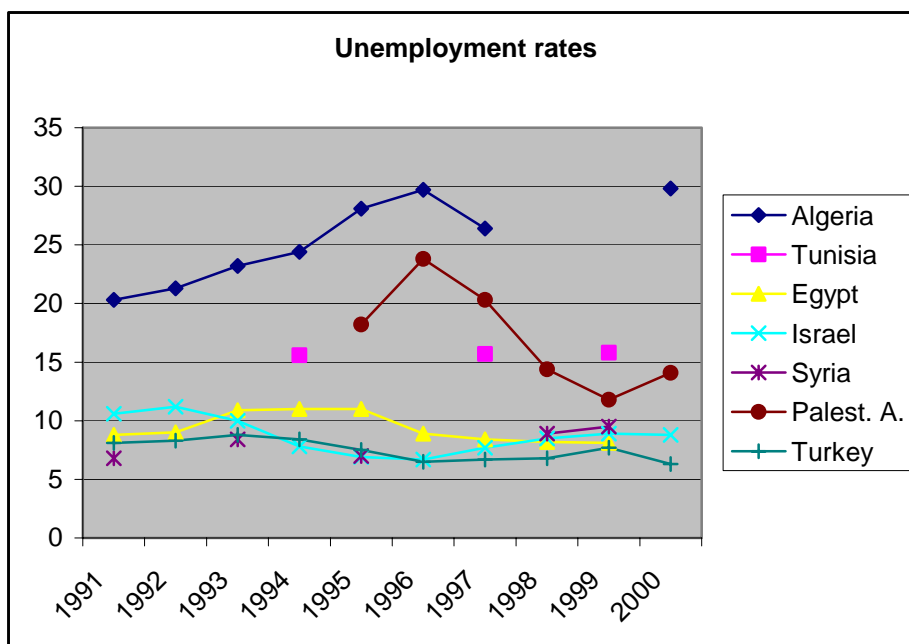
*Source: Ali & El-Badawi, 2000 quoted in Economic Research Forum for the Arab Countries, Iran and Turkey at [http://www.erf.org.eg/html/economic\\_00/html/chapter5.htm](http://www.erf.org.eg/html/economic_00/html/chapter5.htm)*

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<sup>122</sup> The Arab world comprises the following nations: Algeria; Bahrein; Djibouti; Egypt; Iran; Jordan; Kuwait; Lebanon; Morocco; Oman; Qatar; Saudi Arabia; Syria; Tunisia; United Arab Emirates; West Bank and Gaza; Yemen

On the other hand, the region is characterized by exploding unemployment, and – with the exception of Algeria and Syria - persistent current account balance deficits:





Source: our own compilations from Eurostat *Euro-Mediterranean Statistics*, 2002 and World Bank, <http://www.worldbank.org/data/countrydata/countrydata.html>

A first look at the global statistics would suggest that the welfare border on the Straits of Gibraltar<sup>123</sup> threatens to become a similar welfare border like the border between Mexico and the United States:

The World Bank MENA region	1996	1999	2000
Population, total	273. 1 million	289. 7 million	295. 2 million
GNP per capita, Atlas method (current US\$)	1,930. 0	2,010. 0	2,090. 0
The Countries of the European Monetary Union	1996	1999	2000

<sup>123</sup> The World Bank MENA data base comprises Algeria; Bahrein; Djibouti; Egypt; Iran; Jordan; Kuwait; Lebanon; Morocco; Oman; Qatar; Saudi Arabia; Syria; Tunisia; United Arab Emirates; West Bank and Gaza; Yemen

Population, total	301. 4 million	303. 3 million	304. 0 million
GNP per capita, Atlas method (current US\$)	23,480. 0	21,990. 0	21,730. 0

Source: WorldBank,

<http://devdata.worldbank.org/external/CPProfile.asp?SelectedCountry=MNA&CCODE=MNA&CNAME=Middle+East+%26+North+Africa&PTYPE=CP>

It is no coincidence that the European Union's Mediterranean partnership is of the highest foreign policy importance for the European Union.

#### Towards measuring the development gap

Historical data compiled by Aghion and Williamson/Kohler and Tausch further highlight the importance of such an approach. From 1870 to 1995, the European South had a divergent development path that would at least justify certain optimism regarding future EU candidacies further south:

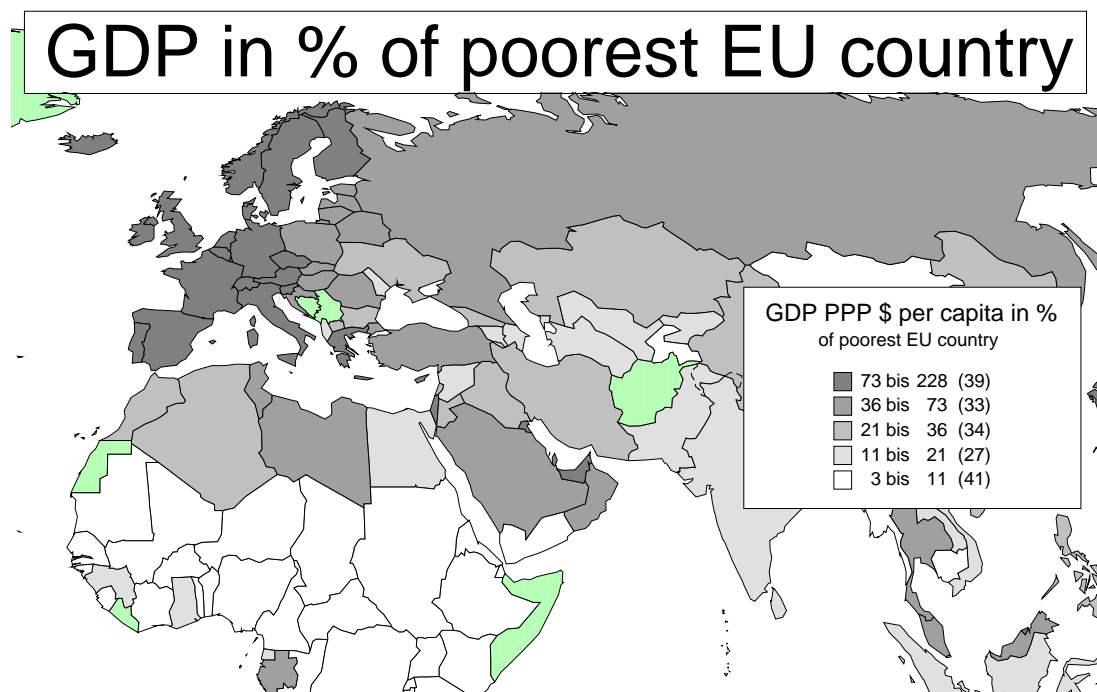
	Real GDP per head <b>1870</b>	Real GDP per head (Europe = 100) 1870	Real GDP per head, <b>1995</b> Value Europe = 100		Gain/loss in relative position, 125 years of development
<b>PORTUGAL</b>	793	<b>44</b>	12674	<b>64</b>	<b>20</b>
FINLAND	1095	60	18547	93	33
NORWAY	1229	67	22427	113	46
<b>SPAIN</b>	1338	<b>73</b>	14789	<b>74</b>	<b>1</b>
ITALY	1568	86	20174	101	15
SWEDEN	1596	88	19297	97	9
GERMANY	1619	89	20370	102	13
AUSTRIA	1847	101	21322	107	6
DENMARK	1836	101	21983	111	10
FRANCE	1935	106	21176	107	1
SWITZERLAND	2476	136	24881	125	-11
NETHERLANDS	2490	137	19876	100	-37
BELGIUM	2572	141	21548	108	-33

GB	3115	171	19302	97	-74
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Köhler G. and Tausch A. (2001) '*Studies on Unequal Exchange*' Huntington, NY: Nova Science. Countries are ranked by their development "distance" to the center in 1870, as measured by real GDP per capita.

Already today, several countries of the Mediterranean South achieve income levels of the poorer Mediterranean North:

MENA/MEDA country per capita incomes in % of the poorest EU country (Portugal)



Comparison with Portugal

Legend: as in all maps in this essay, "bis" is the shorthand for "values ranging from ... to". Missing values for Greenland, West Sahara, Somalia, Bosnia, Yugoslavia, and Afghanistan.

In a recent publication, the United Nations Development Programme and the Arab Fund for Economic and Social Development (2002): '*Arab Human Development Report 2002*' undertook a first major comprehensive analysis of human development in the Arab



world. This analysis highlights a what it terms contradictory performance of the region in terms of the main social indicators: while overall performance in terms of life expectancy and infant mortality reduction was quite good, the region – the Report says – suffers from three major deficits:

- a freedom deficit
- a women's empowerment deficit
- a human capabilities/knowledge deficit relative to income

Our macro-quantitative re-analysis of the very data set from which UNDP drew its conclusions shows that in the final result, the analysis of the Arab Human Development Report 2002 is not entirely correct.

According to the well-established definition by Professor Samir Amin, Euro centrism is a culturalist phenomenon that assumes the existence of irreducibly distinct cultural invariants that shape the historical paths of different peoples. It claims that imitation of the western model by all peoples is the only solution to the challenges of our time. It posits a progression from the Greek and Roman classical world to Christian feudalism and the European capitalist system, neglecting the crucial role played by the Arab-Muslim world.

It is absolutely important to consider in a proper statistical way the influence of levels of historically determined national poverty on development performance. Applying such a methodology, first proposed by Samir Amin in 1994, and showing the correlations of social indicators for the Muslim and the entire world economy as two separate groups of nations, it is shown that with increasing levels of income Muslim countries (the members of the Organization of the Islamic Conference<sup>124</sup> (OIC)) had a very positive social and human development<sup>125</sup>.

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<sup>124</sup> Members of this organization are (date of entry in brackets): Afghanistan (1969); Albania, Republic of (1992); Algeria, People's Democratic Republic of (1969); Azerbaijan, Republic of (1991); Bahrain, State of (1970); Bangladesh, People's Republic of (1974); Benin, Republic of (1982); Brunei Dar-us-Salaam, Sultanate of (1984); Burkina Faso (1975); Cameroon, Republic of (1975); Chad, Republic of (1969); Comoros, Federal Islamic Republic of the (1976); Cote d'Ivoire, Republic of (2001); Djibouti, Republic of (1978); Egypt, Arab Republic of (1969); Gabon, Republic of (1974); Gambia, Republic of the (1974); Guinea, Republic of (1969); Guinea-Bissau, Republic of (1974); Guyana, Republic of (1998); Indonesia, Republic of (1969); Iran, Islamic Republic of (1969); Iraq, Republic of (1976); Jordan, Hashemite Kingdom of (1969); Kazakhstan, Republic of (1995); Kuwait, State of (1969); Kyrgyzstan, Republic of (1992); Lebanon, Republic of (1969); Libya, Socialist People's Libyan Arab Jamahiriya (1969); Malaysia (1969); Maldives, Republic of (1976); Mali, Republic of (1969); Mauritania, Islamic Republic of (1969); Morocco, Kingdom of (1969); Mozambique, Republic of (1994); Niger, Republic of (1969); Nigeria, Federal Republic of (1986); Oman, Sultanate of (1970); Pakistan, Islamic Republic of (1969); Palestine, State of (1969); Qatar, State of (1970); Saudi Arabia, Kingdom of (1969); Senegal, Republic of (1969); Sierra Leone, Republic of (1972); Somalia, Democratic Republic of (1969); Sudan, Republic of the (1969); Surinam, Republic of the (1996); Syrian Arab

### Questions of methodology for this essay

A sophisticated re-analysis of the tendencies of world development in the 1990s should start from the assumption that the original development level has a decisive, most of the time non-linear trade-off with subsequent development performance: poor countries increase rapidly their average life-expectancy or economic growth and they quickly reduce their income inequality; *prima vista* there will be a spurious and very high, but absolute non-sense correlation between, say, the number of shanty-town dwellers per total population and life expectancy increases. The reduction of the infant mortality rate, the acceleration of growth or the redistribution of income over time will all dramatically and positively be influenced by the number of people still living in shanty towns. If we do not properly specify development level as an intervening variable, our results will be biased extremely.

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Republic (1970); Tajikistan, Republic of (1992); Togo, Republic of (1997); Tunisia, Republic of (1969); Turkey, Republic of (1969); Turkmenistan, Republic of (1992); Uganda, Republic of (1974); United Arab Emirates, State of (1970); Uzbekistan, Republic of (1995); Yemen, Republic of (1969)

<sup>125</sup> An overview of the main development concepts used by the UN system today draws from the following free electronic sources:

1. UNDP Human Development Report Office:  
<http://www.undp.org/hdro/general/past.htm>
2. Glossary of Poverty Statistics, Asian Development Bank:  
<http://www.adb.org/Statistics/Poverty/glossary.asp>
3. Analytical Tools for Human Development  
<http://www.undp.org/hdro/statistics/anatools.htm>
4. Globalisation– Economic Growth and Development and development indicators (Phillip Miles)  
<http://www.planetpapers.com/Assets/4302.php>

The human development index (HDI) is based on three indicators:

- longevity (as measured by life expectancy at birth)
- educational attainment (as measured by a combination of the adult literacy rate and combined gross primary, secondary and post-secondary enrolment)
- standard of living (as measured by Gross Domestic Product per capita)

The UNDP says HDI is "a very imperfect measure" and the agency underlines that HDI is only a "partial" measure of the full scope of human development. The HDI sets a minimum and a maximum for each dimension and then shows where each country stands in relation to these scales-expressed as a value between 0 and 1. Since the minimum adult literacy rate is 0 % and the maximum is 100 %, the literacy component of knowledge for a country where the literacy rate is 75 % would be 0.75. Similarly, the minimum for life expectancy is 25 years and the maximum 85 years, so the longevity component for a country where life expectancy is 55 years would be 0.5. For income the minimum is \$100 (PPP) and the maximum is \$40,000 (PPP). Income above the average world income is adjusted using a progressively higher discount rate. The scores for the three dimensions are then averaged in an overall index.

The curve-linear function of growth, being regressed on the natural logarithm of development level and its square, is sometimes called the '*Matthew's effect*' following Matthew's (13, 12):

*'For whosoever hath, to him shall be given, and he shall have more abundance: but whosoever hath not, for him shall be taken away even that he hath'*

Social scientists interpreted this effect mainly in view of an acceleration of economic growth in middle-income countries *vis-à-vis* the poor countries and in view of the still widening gap between the poorest periphery nations ('*have-nots*') and the '*haves*' among the former Second and Third World (Tausch/Herrmann, 2002):

$$\text{Economic growth/adjustment success} = a_1 + b_1 * \ln(\text{PCI}_{tn}) - b_2 * (\ln(\text{PCI}_{tn}))^2$$

An alternative formulation, which we were choosing here, would state:

$$\text{Economic growth/adjustment success} = a_1 + b_1 * (\text{PCI}_{tn}) - b_2 * (\text{PCI}_{tn})^2 + (\text{PCI}_{tn})^3$$

The same function is also applied to income inequality, following a famous essay published by S. Kuznets in 1955. Redistribution gets underway after 1000 \$ per capita income is reached; the share of the richest 20 % diminishes from approximately 55 % to around 40 %, but in very rich societies, income inequality increases again. Growth and adjustment accelerate with redistribution, and then stagnate. In general terms, we explain development performance by the following standard multiple cross-national development research equation:

**Development performance** <sub>1980 - end 1990s</sub> =  $a_1 + b_1 * \text{first part curvilinear function of development level by around mid 1990s} - b_2 * \text{second part curvilinear function of development level by around mid 1990s} + b_3 * \text{third part curvilinear function of development level by around mid 1990s} + b_4 * \text{transnational investment inflows per GDP (UNDP) mid 1980s} + b_5 * \text{Islamic Conference membership} + b_6 * \text{European Union membership}$

In each of the equations, investment inflows, Islamic Conference membership and European Union membership form part and parcel of the predictor variables. Our basic function for Human Development, income inequality and economic growth is:

human development – UNDP 1998 (UNDP HDR 2000 Report)			
1,03004E-13	-5,51724E-09	9,52746E-05	0,36367976
1,57143E-14	6,19294E-10	6,74603E-06	0,016936
<b>0,87639816</b>	0,065436371		

217,4418302	92		
2,793204666	0,393936513		
<b>GDP per capita</b>	<b>GDP per capita^2</b>	<b>GDP per capita^3</b>	constant
<b>6,55479047</b>	<b>-8,9089175</b>	<b>14,1230608</b>	<b>21,4737698</b>
<b>GDP per capita</b>	<b>GDP per capita^2</b>	<b>GDP per capita^3</b>	constant
<b>income inequality (top 20 %/bottom 20 %) 1998 (UNDP, 2000)</b>			
2,13109E-12	-8,05796E-08	0,000468414	10,31965152
1,4891E-12	5,86849E-08	0,00063926	1,6048707
<b>0,13445929</b>	6,200809857		
4,763979414	92		
549,5256383	3537,403945		
<b>GDP per capita</b>	<b>GDP per capita^2</b>	<b>GDP per capita^3</b>	constant
1,431120449	-1,373090683	0,732743146	6,43020744
<b>GDP per capita</b>	<b>GDP per capita^2</b>	<b>GDP per capita^3</b>	constant
<b>real per capita economic growth 1975 – 1998 (UNDP, 2000)</b>			
6,03452E-14	-7,90578E-09	0,000244648	-0,084358412
4,87483E-13	1,92115E-08	0,000209272	0,525381127
<b>0,11353426</b>	2,02993828		
3,927638754	92		
48,55326709	379,0997468		
<b>GDP per capita</b>	<b>GDP per capita^2</b>	<b>GDP per capita^3</b>	constant
0,123789376	-0,411513394	1,169040148	-0,160566126
<b>GDP per capita</b>	<b>GDP per capita^2</b>	<b>GDP per capita^3</b>	constant

*Legend: In this and in all following tables, very small decimal numbers are abridged according to established mathematical conventions, contained in the EXCEL routine. For example, a number **0,000141972** will be abridged to **1E-04**, i. e. a decimal number rounded to 0,0001 and starting at the fourth number after the decimal point with three zeros after the comma. A number 9E-10 equals thus a decimal number with 9 zeros after the comma, i. e. 0,0000000009. The first regression slope for economic growth, for example, is positive (thus the sign + 6,03425E-14), the second negative (thus the – 7,90578E-09). According to statistical practice, there are regressions using first order polynomial expressions*

*(i. e.  $y = a + b_1 \cdot x$ ),*

*second order polynomial expressions*

$$(i. e. y = a + b_1*x + b_2*x^2)$$

and so forth.

*All our EXCEL 7.0 calculations are from UNDP and other data sources, quoted above. As in all EXCEL 7.0 outprints, first row: unstandardized regression coefficients, second row: standard errors, last row: t-Test. The values immediately below the standard errors are  $R^2$  (third row, left side entry), F, and degrees of freedom (fourth row). Variables printed in bold type have a significant influence on economic growth ( $p < .05$ )*

The US research institute Freedom House (see Stiftung Entwicklung und Frieden, 2002) presents the following data series of civil rights violations in the world system (1 = best value, 7 = worst value). The – admittedly – subjective scale combines religious freedom, press freedom, freedom of assembly and collective action, freedom of trade unions, right to property and equality before the law, protection against political terror and protection against government corruption. According to this scale, the worst European Union performer, Greece, the best Islamic Conference member state, Mali, and Israel are all scaled with ‘3’ for the year 2000; while there are no data for the Occupied Territories. It is highly questionable that Muslim Malaysia, where even the US State Department says in its recent Human Rights Report that

*The Government generally respected its citizens' rights in some areas; however, its record was poor in a number of other areas, and significant problems remain (<http://www.state.gov/drl/rls/hrrpt/2001/eap/8342.htm>)*

should be ranked worse than “Catholic” Colombia<sup>126</sup>, where there is rampant civil war, death squadrons on various sides and a very difficult situation of civil rights, as again is admitted by the US State Department:

*The Government continued to face serious challenges to its control over the national territory, as longstanding and widespread internal armed conflict and rampant violence--both political and criminal--persisted. (...) Despite increased government efforts to*

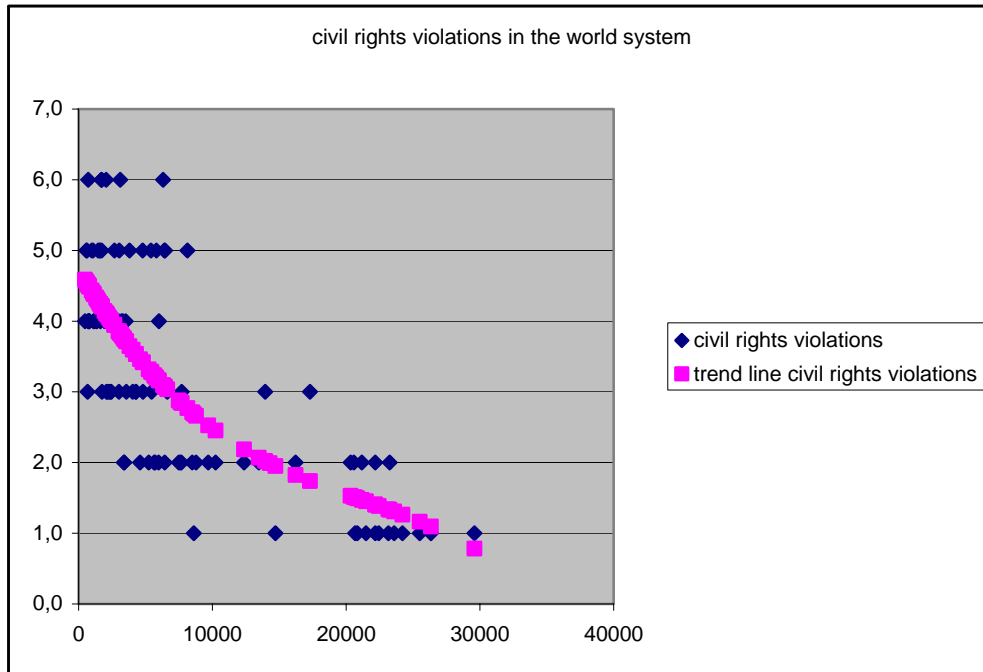
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<sup>126</sup> recently, the archbishop of Cali was assassinated. The Guardian newspaper writes in March 18<sup>th</sup> 2002: *Isaias Duarte Cancino, who has been murdered aged 63, was archbishop of Cali, in Colombia. He was gunned down as he left a wedding ceremony in a working-class neighbourhood of the city where he had been archbishop since 1995. Although the Roman Catholic church hierarchy in Colombia has often preferred to try to stay out of political affairs, Archbishop Duarte was outspoken in his criticism of the continuing violence. He attacked both rebel groups - the Revolutionary Armed Forces of Colombia (Farc) and the National Liberation Army (ELN) - for kidnapping innocent people. (...) He also spoke out against the paramilitary groups pitted against the rebels throughout Colombia, and was most recently in the headlines when he suggested that money from drug trafficking was going into the campaigns of several candidates for recent Congressional elections.*

*combat and capture members of paramilitary groups, security forces also often failed to take action to prevent paramilitary attacks. Paramilitary forces still find support among the military and police, as well as among local civilian populations in many areas.*  
(<http://www.state.gov/g/drl/rls/hrrpt/2001/wha/8326.htm>)

However, in view of the widely used data set, we rather chose to work with it cautiously – especially in the multivariate analysis. Our investigation shows that ‘Islam’ is not to blame for serious civil rights abuses, once we properly specify the multiple regression equations (see appendix data, below).

The relationship with economic development levels is:



civil rights violations			
-2,02348E-13	1,27327E-08	-0,000333585	4,747545177
2,47045E-13	9,73594E-09	0,000106055	0,266251438
<b>0,54038501</b>	1,028727448		
36,05584555	92		
114,4715583	97,36177501		
GDP per capita	GDP per capita^2	GDP per capita^3	constant
-0,819072328	1,307808007	-3,145408652	17,8310593

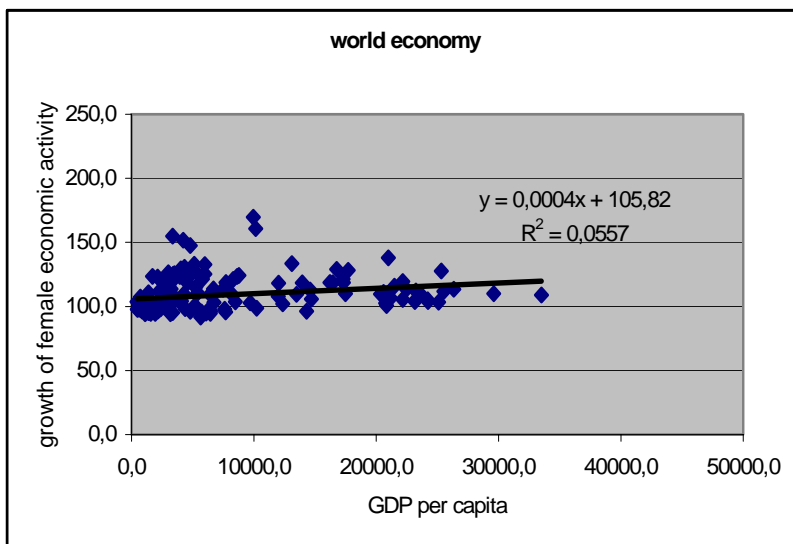
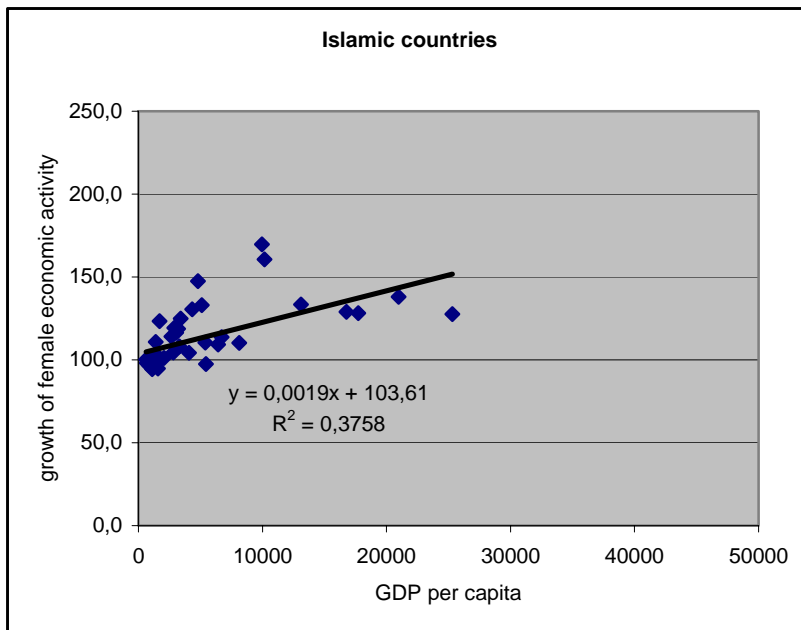
GDP capita	per	GDP capita^2	per	GDP capita^3	per	constant
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Source: our EXCEL 7.0 calculations from UNDP and other data sources, quoted above. As in all EXCEL 7.0 outprints, first row: unstandardized regression coefficients, second row: standard errors, last row: t-Test. The values immediately below the standard errors are  $R^2$  (third row, left side entry), F, and degrees of freedom (fourth row). Variables printed in bold type have a significant influence on economic growth ( $p < .05$ )

The Egyptian-born Marxist scholar Samir Amin once said:

*“The development policies that were implemented in this framework (i. e. of transnational globalization) widened internal social polarization. To a more striking degree than in the capitalist West, scarce resources in skilled labor and capital were used to meet the consumption needs of the privileged classes. The more one moves up the scale of per capita income among Arab countries, the more distorted is the pattern of use of scarce resources” (Amin, 1994: 155)*

A lot has been said in the literature in favor or against this hypothesis. We are interested here only in the **methodological aspect**; i. e. the comparison of correlation/regression patterns between per capita income (measured in terms of the purchasing power per capita concept) and societal variables in two different sets of countries to be investigated, i. e. the Muslim countries and the entire world economy. It is obvious that we expect an increase in ‘good’ phenomena in terms of the UNDP methodology (like female employment) and rising per capita income levels, and a decrease in ‘bad phenomena’ (like the rate of reported, committed rapes per 100. 000 inhabitants). A development pattern, where with rising per capita incomes you are confronted with falling life expectancy and a rising murder rate, would be totally perverse. We exemplify this methodology for one variable, female employment growth. The differences in the correlation coefficients tell us, how Muslim countries positively differ in their development patterns from the rest of the world.



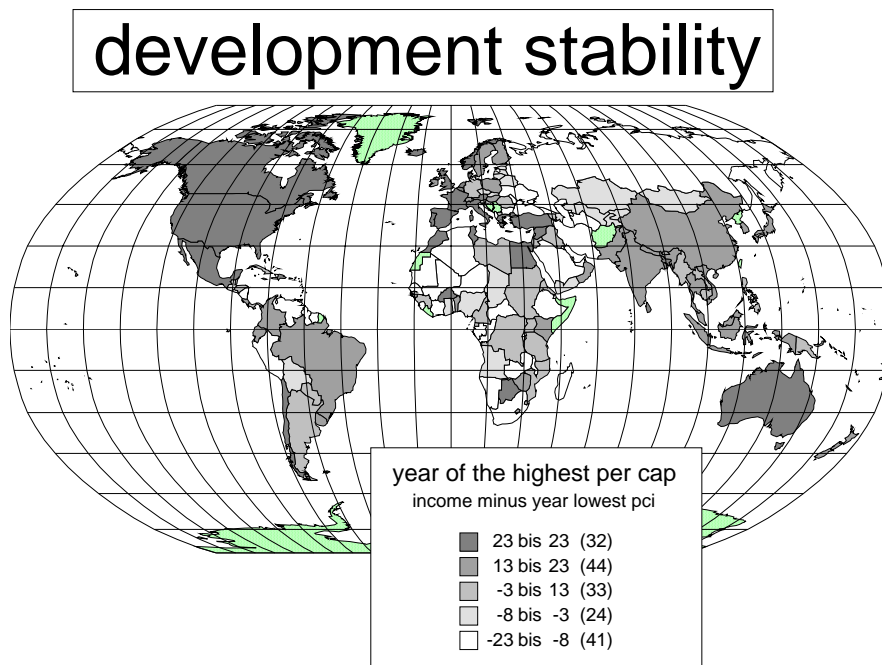
### Arab world systems theory (Samir Amin)

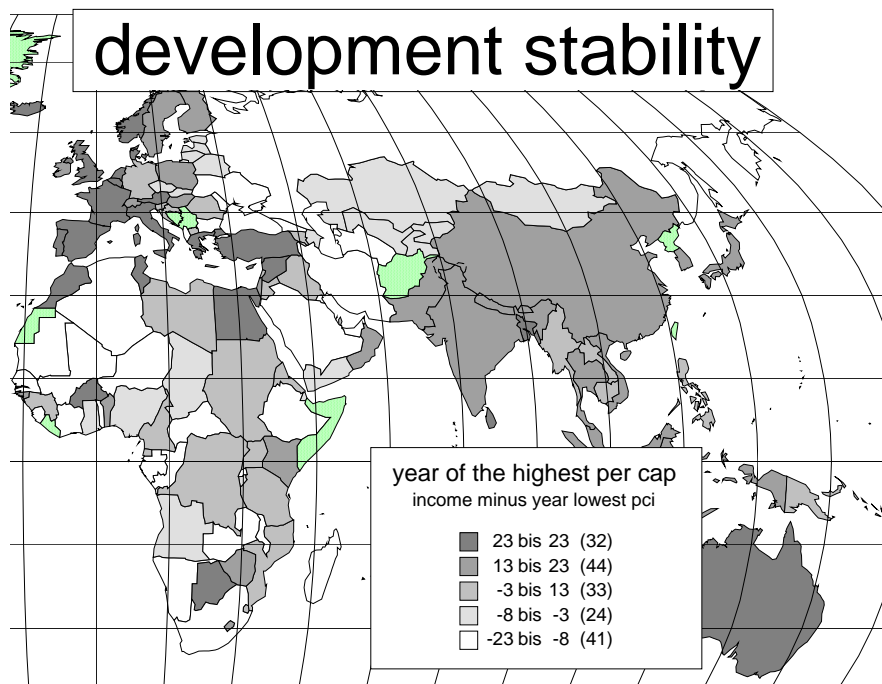
We limit our survey of development theories, relevant for the Arab world, to a well-known theory of development instability. Theories that predict low economic growth and



unequal social development for the region abound. Let me start my presentation with the following observation.

Ideally, nations should reach their highest real per capita income today, starting from a lower level of real per capita income earlier on in their history. The idea of a development reversal, i. e. progressive impoverishment in the course of history, contradicts everything that market economy optimism stands for. Yet it can be shown with UNDP data (2000) that the last quarter of the 20<sup>th</sup> Century, i. e. the period between 1975 and 1998, was a period of dramatic development discontinuities. Our – empirical – concept of development stability is simply calculated by taking the UNDP figure for the year, when a nation reached its highest real per capita income since 1975, and subtracting that from the year, when the nation had its lowest real per capita income since 1975. Saudi Arabia, from 1975 to 1998, lost 18 out of possible 23 valuable years of development; while most capitalist western democracies lost no year in that period. About a third of the world's entire land surface suffered from such dramatic development turn-arounds since 1975:





Legend: as in all maps in this essay, “bis” is the shorthand for “values ranging from ... to”. Missing values for Greenland, West Sahara, Liberia, Somalia, Bosnia, Yugoslavia, North Korea and Afghanistan.

Faced with the specter of such development reversals and even progressive impoverishment, it is no wonder that in the Muslim world, which is heavily, but not exclusively affected by this phenomenon, critical theories of development fall on a fertile ground.

The Arab scholar Samir Amin – who was born in Egypt (1931) – can be termed as the most influential Marxist thinker in the region (see also the essay by Samir Amin to this volume). He is skeptical of capitalist development in the Arab world and a critic of development instabilities. Amin – who to this day frequently writes not only for Western academic and public media, but also for such journals as *Al Ahram Weekly* and major Arab publishing houses, combines elements of various social theories. He himself recalls in his intellectual itinerary, published in 1994 that the transition from mercantilist capitalism to the era of the Industrial Revolution, the widening wage gap and the fall in the terms of trade of the periphery since around 1880 serve as starting points for his political economy. He shares many theoretical assumptions of fellow Marxist political economists but, on other points, his theory of global capitalist development, which he frequently also applied and tested in numerous Arabic country case studies, is indeed

very different from the mainstream of contemporary neo-Marxist and world system political economy.

For one, he shares with some neo-liberals like John Laughland the belief that the abolition of the gold standard by the United Kingdom in 1914 formed the true beginning of the period of inflation and facilitated the new forms of competition between capitalist monopolies. Economic cycles are the periodic expression of the imbalance between consumption and production. Apart from the development and critique of such economic theories as Harrods, Hicks and Kondratieff, Amin also focuses quite extensively on the equilibrium in the balance of payments. Amin offers – in development of his theory of the effects of the abolition of the gold standard – a concept of a dominant exchange rate ensuring a distribution of returns consistent with the structural adjustment of the weakest nations to the worldwide expansion of capitalism. This ‘structural adjustment of the weakest to the strongest’ opens up the debate on a theory of unequal power relationships in world capitalism and a critique of contemporary theories of equilibrium exchange rates.

Apart from this debate of exchange rates and what Amin terms the problem of ‘banking integration’ of the periphery, the author deals extensively with the role of the peripheries in global capitalist crises. The peripheries play a significant role in the worldwide expansion of capital. They allow the recovery of exports from the centers by speeding the break-up of the non-capitalist or pre-capitalist environments. There are various phases in the globalization process, ranging from the classic models of raw material exporting economies to the semi-industrialization of the periphery, and the re-incorporation of the countries of Eastern Europe. There is a persistent tendency at the periphery for a deficit in the external balance of payments. Pressure on the external balance of payments always follows the continual progression of absolute advantage benefiting the centers; the limited range of products available in the periphery; the pressure for repatriation of profits; and the social impact of the worldwide polarization in urbanization, inequalities of income distribution, increase in administrative costs, and so on. Amin mentions in this context what he calls the transfer of the multiplier effect of investment from the peripheries to the centers of the system, produced by the strong marginal propensity of the peripheries to import, and export the profits of foreign capital. The underdeveloped economy is not a backward economy, but a limb of the dominant economy.

Several other aspects of his theory can only be sketched in a rudimentary way: the observation that in 9 out of 10 cases, devaluation leads to price increases that cancel it out; the necessity of what Amin terms the distinction between the balance on real account and the balance of bank capital movements. The structural deficits in the periphery are accompanied by the monetarization of sectors of the subsistence economy, the ruination of craftsmanship, the flows of foreign investment into the mining and export cash crop sectors; peripheral growth, under such conditions, Amin says, leads to ‘*miraculous hopes suddenly dashed*’. The overall dynamic of accumulation of the periphery is governed by exports, whereas in the centers production of the means of production is linked to the

production of goods for local consumption. In addition, there is according to the theory a strong causal link between this export orientation and the increasing inequality of income distribution in the periphery. Impoverishment of the peasants, enhancement of the position of the landowners, preference for investment in light industries, markedly low wages in relation to productivity, disarticulation of the economy and the juxtaposition of 'miracles' with large areas of social devastation are the final consequence of this structure.

In the final analysis, which leads Amin also to state that the bourgeoisie in the periphery is a 'comprador class', the polarization between the centers and the peripheries is the most important feature of the capitalist world economy. Rewards for labor are lower in the periphery than in the center for equal productivity. Secondly, capitalist self-reliance means the interlinkage between the production of capital goods and consumer goods; while in the peripheral social formation, the basic linkage is between exports and luxury consumption at home.

For Samir Amin (1997), ascent and decline is largely being determined in our age by the following 'five monopolies'

- the monopoly of technology, supported by military expenditures of the dominant nations
- the monopoly of control over global finances and a strong position in the hierarchy of current account balances
- the monopoly of access to natural resources
- the monopoly over international communication and the media
- the monopoly of the military means of mass destruction

Let also recall that for Amin (1975), there are four main characteristics of the peripheral societal formation

- the predominance of agrarian capitalism in the 'national' sector
- the formation of a local bourgeoisie, which is dependent from foreign capital, especially in the trading sector
- the tendency of bureaucratization
- specific and incomplete forms of proletarianization of the labor force

In partial accordance with liberal thought, (i) and (iii) explain the tendency towards low savings; thus there will be

- huge state sector deficits and, in addition, their 'twin'
- chronic current account balance deficits

in the peripheral countries. High imports of the periphery, and hence, in the long run, capital imports, are the consequence of the already existing structural deformations of the role of peripheries in the world system, namely by

rapid urbanization, combined with an insufficient local production of food  
excessive expenditures of the local bureaucracies  
changes in income distribution to the benefit of the local elites (demonstration effects)  
insufficient growth of and structural imbalances in the industrial sector  
and the following reliance on foreign assistance

As I already hinted at above, the history of periphery capitalism, Amin argues, is full of short-term 'miracles' and long-term blocks, stagnation and even regression. Dependency has, according to Amin, a commercial, financial and technological aspect. 'Rent seeking' - originally a neo-liberal concept, interpreted from the viewpoint of dependency theory, has its basis in big landholding, which throughout the periphery was introduced, supported and upheld by colonial and post-colonial structures. Profitable investments in many periphery countries are - in part - constrained by the (emerging) unequal income distribution, which again determines that the local 'surplus' is being squandered by luxurious consumption, transferred abroad in the form of capital flight, or being used for speculation. Past and present foreign domination and colonialism cause long-term structural imbalances. Countries as far apart as large parts of Africa and Asia were no national state during the important era of the Industrial Revolution. Their economies were geared to the needs of others, i. e. their colonizers. The structural heterogeneity between the different economic sectors on the one hand and the 'modern', export oriented sector, the medium sector and the 'traditional sector' in agriculture, industry and services became the main reason for the unequal income distribution in the countries of the periphery. Colonial trade, foreign investment in the 19<sup>th</sup> Century, import substitution in the first half of the 20<sup>th</sup> Century, and the new international division of labor that we observe from the middle of the 1960s onwards did not really change the structures of inequality in the world system. While mass demand and agricultural structures (Elsenhans, 1983, a disciple of Amin) were responsible for the transition from the tributary mode of production in Western Europe to capitalism from the Long 16<sup>th</sup> Century onwards, periphery capitalism was and is characterized by the following main tendencies (Amin, 1973 - 1997):

- regression in both agriculture and small scale industry characterizes the period after the onslaught of foreign domination and colonialism
- unequal international specialization of the periphery leads to the concentration of activities in export oriented agriculture and or mining. Some industrialization of the periphery is possible under the condition of low wages, which, together with rising productivity, determine that unequal exchange sets in (double factorial terms of trade  $< 1.0$ ; see Raffer, 1987)
- these structures determine in the long run a rapidly growing tertiary sector with hidden unemployment and the rising importance of rent in the overall social and economic system

- the development blocks of peripheral capitalism (chronic current account balance deficits, re-exported profits of foreign investments, deficient business cycles of the periphery that provide important markets for the centers during world economic upswings)
- structural imbalances in the political and social relationships, inter alia a strong 'compradore' element and the rising importance of state capitalism and an indebted state class.

Mass migration is for Amin (1997) part and parcel of the process of transnational capitalism. Migration is even part of the five pillars of international inequality (Amin, 1997):

- unequal exchange: the gaps in wages are much greater than the gaps in productivities
- capital flight from the peripheries to the centers
- selective migration from the peripheries into the centers
- the monopoly position of the centers in the international division of labor
- the control of the centers over the earth's natural resources

The critique of the political economy in Arab countries, which Amin offers, is radical and sounds – at least to a European observer – often harsh. His earlier prognosis that '*Arab socialism*' will one day lead – just as in the former Soviet Union – towards a general opening towards capitalism, has come true; his predictions about the results of this opening sound very pessimistic. Amin, who is not only a theoretician of political economy, but also a development planner, an academic teacher and a political activist, combines in his more recent writings a rather *Gaullist* analysis of an alternative European project that is a critical force against the driving mechanisms of globalization and a Europe that serves as a model in terms of food-self-sufficiency and as a model of relative 'delinking' from the forces of global capitalism to the third world.

#### Globalization and inequality in the MENA countries

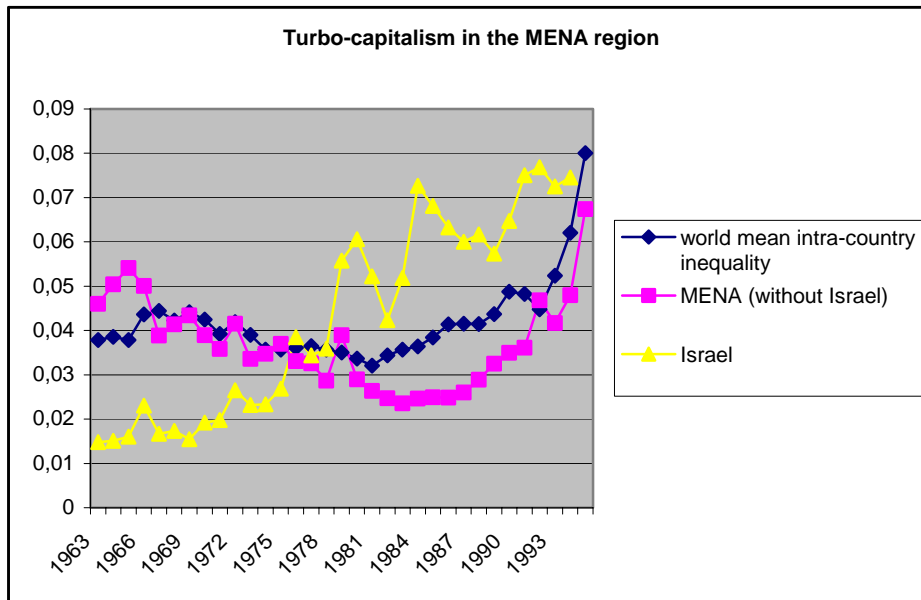
The *University of Texas Inequality Project (UTIP)* for inequality in over 70 countries of the world since 1963 shows indeed that the 1990s brought along a huge increase in inequality, as measured by the Theil Index of Inequality of Sectoral Incomes.<sup>127</sup> This

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<sup>127</sup> The total UTIP sample of countries with available data comprised: Algeria; Argentina; Australia; Austria; Bangladesh; Belgium; Bolivia; Brazil; Canada; Chile; China; Colombia; Costa Rica; Cuba; Czechoslovakia; Dominican Republic; Denmark; Ecuador; Egypt; Finland; France;

increase especially affected the Muslim world and the MENA region; inequalities in Israel also increased sharply:

Graph: globalization increases sectoral income inequality – the period 1976 - 1995



Source: our own compilation from University of Texas Inequality Project, University of Texas at Austin, <http://utip.gov.utexas.edu/>

For further notes on the **Theil measure** of inequality:

<http://www.worldbank.org/poverty/inequal/methods/measure.htm>

<http://www.economics.uni-linz.ac.at/Paper/papers/9614.htm>

There is a tendency towards an increase in absolute numbers in poverty on a truly global scale - in every geographic region of the former 'Second' and 'Third' World absolute numbers of absolute poverty increased from 1996 to 1998:

Table: World Poverty: the number of people living on less than 2 \$ per day and capita increased sharply due to the crash economy of the 1990s

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Germany; Ghana; Greece; Guatemala; Haiti; Honduras; Hong Kong; Hungary; Iceland; India; Indonesia; Iran; Iraq; Ireland; Israel; Italy; Jamaica; Japan; Jordan; Korea; Kuwait; Macau; Madagascar; Malaysia; Mexico; Mexico; Netherland; New Zealand; Nicaragua; Nigeria; Norway; Pakistan; Peru; Philippines; Poland; Portugal; El Salvador; Singapore; South Africa; Spain; Sri Lanka; Sweden; Taiwan; Turkey; United Kingdom; United States; United States; Uruguay; USSR; Venezuela; Zimbabwe. Thus the following members of the Organization of the Islamic Conference were covered by the data: Algeria; Bangladesh; Egypt; Indonesia; Iran; Iraq; Jordan; Kuwait; Malaysia; Nigeria; Pakistan; Turkey

	E Asia + Pacific	Eastern Europe + Central Asia	Latin America	Middle East and North Africa	South Asia	Sub Saharan Africa	China
1996	236,3	92,7	179,8	<b>60,6</b>	1069,5	457,7	627,6
1998	260,1	92,9	182,9	<b>62,4</b>	1095,9	474,8	632,1

The multivariate results that nevertheless justify a certain optimism

Many authors would agree with Samuel Huntington on the hypothesis that development in the Muslim world is deficient. However, various factors insufficiently understood by existing theory combine to explain, **why pessimistic visions do not correspond to reality.**

Applying Samir Amin's own methodology (see above), we arrive at the conclusion that the today existing world of Muslim countries has for the following indicators a much higher positive correlation than the entire world economy (n = 174 countries with UNDP data) with real income level per capita:

growth of female economic activity (1975=100)  
 female tertiary students as % of males  
 % immunization against TB  
 % female administrators and managers  
 % immunization against measles  
 gender empowerment  
 % female professional and technical workers  
 male life expectancy  
 female life expectancy

I.e. the development path of Islam is, more than the world-sample, female economic activity intensive, it is female tertiary students intensive, it is good for immunization against TB and measles, it furthers employment by women as administrators and managers, it is gender empowerment intensive, and it furthers female professional and technical workers, and female life expectancy,

With rising income levels, the world of Islam also much better avoided the following negative phenomena of the development process than the entire world economy:

divorce rate as % of marriages



% population, aged >65y, 1998  
male suicide rate per 100. 000 inhabitants  
female suicide rate per 100. 000 inhabitants  
juvenile convictions as % of all convictions  
% population, aged >65y, 2015  
HIV rate  
maternal mortality ratio  
central government expenditures as % of GDP  
infant mortality rate  
% people not expected to survive age 60  
rapes per 100. 000 women aged >15 y.

With that methodology, it is also possible to indicate along which indicators the UNDP considers to be positive performance criteria the Muslim nations were **outperformed** by the rest of the world. These are the real development deficits

% parliamentary seats held by women  
% women in government, ministerial level  
% women in government, all levels  
economic growth, 1975-98  
female economic activity rate as % of male economic activity rate  
public health expenditure per GDP  
% women in government, subministerial level  
contraceptive prevalence rate  
Maastricht budget criteria  
daily supply of calories, 1998  
female economic activity rate  
male literacy  
gross domestic savings rate  
human development index  
female literacy  
gross domestic investment  
doctors per 100. 000 people  
women's GDP per capita

The UNDP philosophy would expect that with rising per capita income levels, certain negative social phenomena disappear. However, nations in the Muslim world reduced more slowly than the entire 'world control group' (n = 174 countries) the following social deficits:

injuries and deaths from road accidents per 100. 000 inhabitants and year  
average cigarette consumption per adult and year  
teen-age mothers as % of all mothers  
TBC cases per 100. 000 inhabitants

% infants with low birth-weight  
female unpaid family workers as % of all unpaid family workers

Several of the negative effects which we above described, and which the UNDP Arab Human Development Report 2002 calls the three deficits of human development in the region, might still be caused by **other influences, and not the status of a country as an Muslim nation**<sup>128</sup>. Under due consideration of the often very strong interactions of development level on development performance (fourth order polynomial expressions), the exclusion from or membership of a country in the European Union, and the degree of 'globalization' (net direct foreign investment inflows per GDP) it is shown that Islamic Organization Conference membership has the following statistically significant positive multivariate effect on

economic growth

while the only negative effect had to be observed for

female share in life years<sup>129</sup>

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<sup>128</sup> Even the most fanatic detractors of Islam would agree that **reckless driving habits** – often the consequence of “immature westernisation” **have nothing to do with religion**

<sup>129</sup> As a Christian author, I am not in a position to reflect on Islamic theology, but I understand that the Holy Quran clearly forbids such structures (Sura 081. 001 ff. ; 016. 054 ff.). Nobel Laureate Professor Amartya Sen seems to share this view. He ‘discovered’ the phenomenon of ‘missing women’ in many parts of the world, but said about tolerance in Islam and the situation of women in the Muslim world:

*Huntington, who describes India as a "Hindu civilization" has to downplay the fact that India has more Muslims (about 125 million - more than the entire British and French populations put together) than any other country in the world with the exception of Indonesia and Pakistan, and that it is impossible to have an adequate understanding of Indian art, music, literature or society without bringing in intercommunity interactions. It also overlooks the secular conception that is meant to be a defining characteristic of Indian polity, and the not entirely irrelevant historical fact that it was a Muslim king - the Moghal emperor Akbar - who provided the most forceful and eloquent statement on the need for a secular state (Since Huntington sees liberal tolerance as a unique characteristic of "the West" and argues that "the West was West long before it was modern," it perhaps worth recalling that when Akbar was making pronouncements on the need for religious tolerance at the end of the sixteenth century, Giordano Bruno was burnt at the stake in Campo dei Fiori in Rome for heresy. ) The civilizational classification is not only hopeless history, it can directly feed political instability - and flammability - in the world by reducing people into narrowly defined categories, confronting each other across one hard "civilizational" divide.*

<http://www.humansecurity-chs.org/doc/0102sen.html>

About his lecture at Cornell University in 1996, we read the following report:

*"Gender inequality survives in most parts of the world -- from Japan to Zambia, from the Ukraine to the USA -- but inequality between women and men can take very many different forms," Sen said, stating his major theme at the outset. He stressed that gender inequality is not a*

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homogeneous phenomenon but a collection of "disparate but interlinked problems. " "It is important to take note of the variety of forms that gender inequality can take," Sen said. "The reasons why this is important are several: First, inequality between women and men cannot be confronted and overcome by any one set of all-purpose remedies. Much will depend on exactly what form gender inequality takes. Second, sometimes inequalities of different kinds feed each other, and we have to be aware of their interlinkages. " Sen settled the bulk of his discussion on two of the most elementary forms, which he termed: "mortality inequality," which can be seen most acutely, he said, in North Africa and Asia, including China and South Asia, and manifests itself in unusually high mortality rates of women as compared to men resulting in an imbalance toward men in the total population; and "natality inequality" (...) And although his discussion of these forms of gender inequality focused on his native Indian subcontinent, Sen said he hardly was claiming that that region exhibited the most extreme cases of gender inequality in every respect. Other forms are more prevalent elsewhere, he pointed out. For instance, he said, India and Bangladesh have had female heads of government, which the United States and Japan have not, and he added, "I had a vastly larger proportion of tenured women colleagues when I was a professor at Delhi University than I now have either at Harvard or at Trinity College, Cambridge. " However, in the area of mortality inequality, he said, India, as well as Pakistan and Bangladesh, are near the bottom in the world. "In the bulk of the subcontinent, with only a few exceptions, female mortality rates are much higher than what could be expected," he said. He dismissed "conscious homicide" or the occasional cases of "female infanticide " -- which, he said, are "statistically extremely rare" -- as large factors in the mortality disadvantage of women. Instead, he argued, the onus should fall on the widespread neglect or disparity in health care and nutrition for women and girls. The resulting imbalance in sex ratios -- India's overall female-to-male ratio is the lowest among the world's most populous countries, including China, which is next lowest -- Sen has indentified in a well-known indicator he calls "missing women. " "The concept of 'missing women,'" he said, "was devised to give us some idea of the enormity of the phenomena of women's adversity in mortality by focusing on the women who simply are not there, due to unusually high mortality compared with male mortality rates. " The problem of "natality inequality," Sen pointed out, also is an old one -- "the preference for boys that many masculinist societies have" -- but is exacerbated by the advent of modern technologies, such as ultrasound, which help determine the gender of fetuses. "This is, of course, what you might call 'high-tech sexism,'" Sen said. And, he added, modernity and economic advantage are not part of the solution, but part of the problem in this case. "The more rich you are, the more easily you can afford techniques such as ultrasound to determine the sex of children in the womb," he said. ([http://www. news. cornell. edu/Chronicle/01/4.26.01/Sen\\_cover.html](http://www.news.cornell.edu/Chronicle/01/4.26.01/Sen_cover.html))

Under proper specification of the statistical tradeoffs between development level and the 'missing women' phenomenon, described by Professor Sen (economic growth/adjustment success =  $a_1 + b_1 * (PCI_{it}) + b_2 * (PCI_{it})^2 + b_3 * (PCI_{it})^3$ ), I arrived at the following calculations which clearly show that the phenomenon is also present in other countries. We present only the most important results in the context of the overall theme of this research paper:

	predicted female share in life years (1)	female life expectancy (2)	female share of life years (3)	female premature death (4) = - 1* ((3) – (1))
Nepal	51,454	57,580	49,784	1,670
Bangladesh	51,493	58,720	50,051	1,442
India	51,653	63,320	50,319	1,334

A European Union membership perspective and the application of the '*Acquis Communautaire*' in the southern Mediterranean countries would quite rapidly help to overcome still existing deficits, while on the other hand the negative effects of unfettered globalization on most of the social development indicators have to be also considered:

	Islamic Conference	EU	globalization
civil rights violations	+	-	++
economic growth	++	-	+
female economic activity			

Tunisia	51,920	71,000	50,845	1,075
Yemen	51,500	58,900	50,428	1,072
Israel	52,228	79,860	51,304	0,924
Algeria	51,906	70,600	51,034	0,872
Pakistan	51,731	65,560	50,877	0,854
Papua New Guinea	51,506	59,080	50,652	0,854
Sweden	52,266	80,960	51,446	0,820
Jamaica	52,128	76,980	51,317	0,811
Costa Rica	52,201	79,074	51,525	0,676
Egypt	51,825	68,250	51,181	0,643
Greece	52,259	80,750	51,617	0,642
Philippines	51,901	70,460	51,329	0,572
Panama	52,112	76,536	51,547	0,565
Sri Lanka	52,080	75,600	51,534	0,546
Dominican Republic	52,002	73,348	51,457	0,545
Malaysia	52,041	74,490	51,504	0,537
Trinidad and Tobago	52,108	76,400	51,587	0,521
United Kingdom	52,231	79,960	51,714	0,517
Côte d'Ivoire	51,103	47,476	50,611	0,492
China	51,965	72,300	51,481	0,484
Australia	52,275	81,210	51,802	0,473
Canada	52,300	81,940	51,828	0,472
Morocco	51,847	68,900	51,380	0,468

rate as % of male economic			
activity rate	+	--	--
female share in life years	--	++	--
female share in literacy	+	++	--
growth of female economic activity	-	++	+
human development index	+	++	--
income inequality	-	+	--

To exclude the Muslim Southern Mediterranean in the long-term from the project of a Europe of peace would be self-defeating, also from a very narrowly defined European self-interest.

The Arab socialist legacy from the days of Bandung, in combination with contemporary cautious liberalization strategies and the nature of civil society, in which income redistribution for religious purposes indeed takes place, make development more viable than one would imagine under such adverse external conditions. In the Islamic tradition, social security has an important place. According to the electronic website '*The Light of Islam*' we find the following description by Shaykh Shawkat Husayn:

*The first instance of social security laws in Europe can be seen in the scheme of compulsory State insurance, which was introduced by Bismarck in Germany in 1883. Germany was followed by Austria and some other countries. By the beginning of this century most of the European countries initiated promulgation of laws in this direction. In America, except the Workman's Compensation Act passed in 1908, no significant legislation was enacted until 1935 when the Social Security Act was passed by Congress.*

*Contrary to the European tradition, in Islam, right from the beginning, fulfillment of the basic needs of the subjects was conceived to be the concern of the State. Zakat is the first institution of social security in Islam. Payment of 2 ½ percent of his/her savings of the zakat fund is one of the fundamental duties of a Muslim. The State is responsible to collect zakat and make arrangements for its distribution. Non-payment of it is tantamount to waging war against the State. The Caliph Abu Bakr subjugated by force all those who refused to pay it.*

*Non-Muslims are also included in one of the categories of the recipients of zakat. While prescribing laws for the distribution of zakat, the Quran includes them among those 'whose hearts are to be conciliated'.*

*Some present day scholars also hold the view that poor and destitute among non-Muslims can be helped out of the zakat funds. It is reported that 'Umar interpreted the word masakin in the verse "Alms are for the poor and the needy (masakin) and those employed*

*to administer the funds. . . . " as non-Muslims. Besides zakat, the Quran provides for collection of sadaqat<sup>130</sup>. Although sadaqah is not an obligatory duty like zakat, the Quran has given great Importance for it. Emphasizing the payment of sadaqah, the Quran goes to the extent of declaring; "You will never attain piety until you spend of what you love. "*

*The difference between zakat and sadaqah is that while the former is to be paid at a fixed rate, no such rate has been prescribed for the latter (...) Collection and distribution of sadaqah along with zakat are among the fundamental duties of the government.*

*If the funds raised out of zakat and sadaqah are insufficient to meet the needs of the poor, the State can impose other taxes to realize funds for this purpose. While prescribing the rules of zakat and sadaqah, the Quran emphasizes that the needs of those who are economically hard-pressed and unwilling to ask for help out of self-respect should be given priority. Thus it is clear that these funds are to be spent primarily to relieve people from immediate hardships without creating a class of social parasites. Besides Quranic institutions of zakat and sadaqah, there are several Prophetic traditions which hold the State responsible for the fulfillment of the basic needs of all its subjects. The Prophet (S) is reported to have said : "I am the guardian of a person who has no guardian". Another hadith declares: "The State is the guardian of a person who has no guardian".*  
<http://home.swipnet.se/islam/articles/Non-Muslim.htm>

There is no justification to scornfully look at the Muslim world. Both sides along what still might look like a cultural dividing line should begin to learn again from the very positive co-existence that existed in Spain before the Reconquista<sup>131</sup> 1492. The peaceful coexistence and economic convergence between Europe and Islam could even become the basis of future European well-being in world society.

Prospects: the coming European age crisis and the development potential of the Arab world

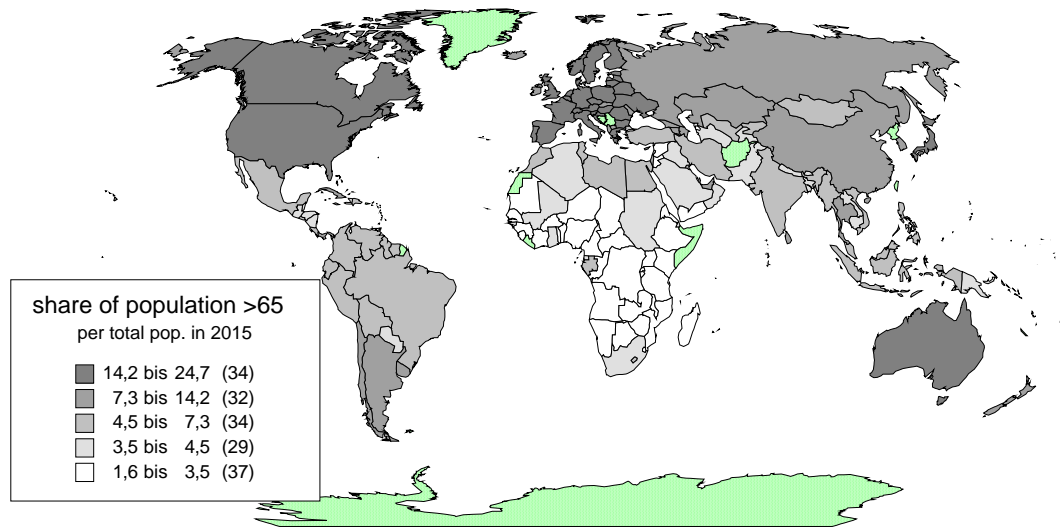
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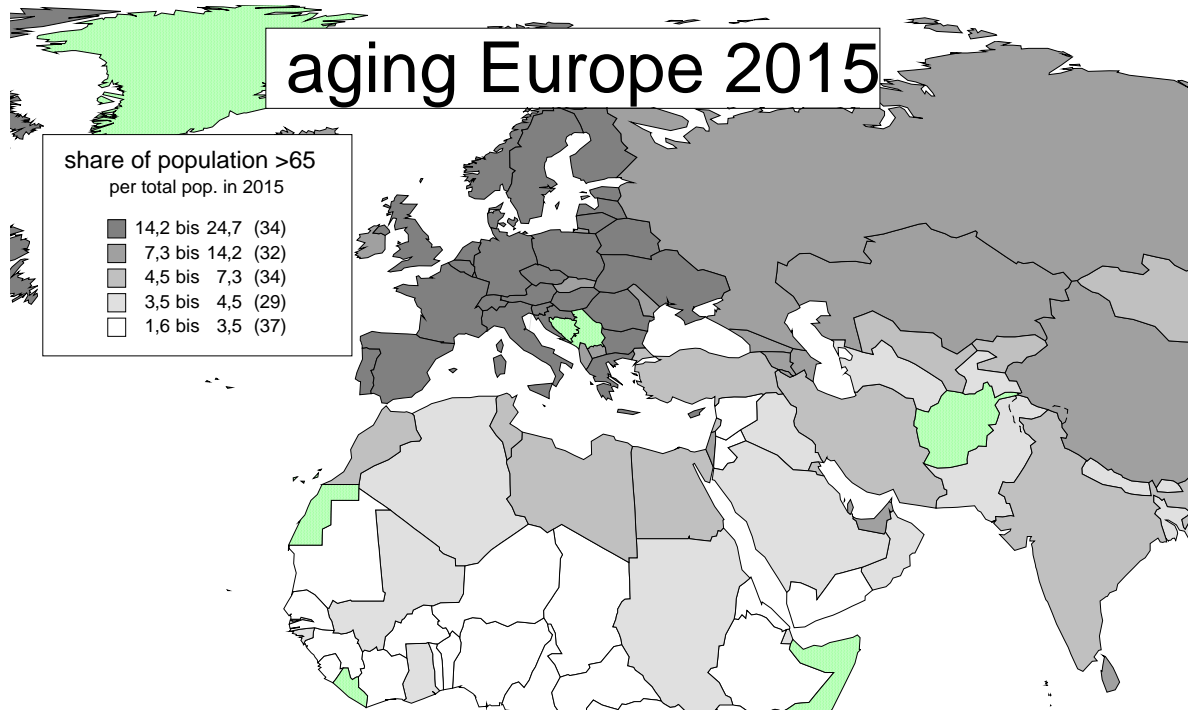
<sup>130</sup> Charity

<sup>131</sup> It is important to remember that the world of Islam provided a safe heaven of refuge for Spain's Sephardic Jewry, which was expelled in 1492, ending the coexistence between the three monotheistic religions that existed in Spain before under Muslim rule. For an excellent brief summary in Djudeo-Espanyol, written by the director of the 'Ladino' broadcasts of Kol Israel, Israel's state radio, Moshe Shaul, under the title: *LA KONVIVENCIA ENTRE LAS TRES KULTURAS EN ESPANYA. ENSHEMPLO I MODELO PARA MUESTROS DIAS* on these issues. See also: <http://www.shamash.org/listarchives/sefarad/konvynsa.txt>. The author of the present paper hopes and believes that – in the end – this vision of coexistence between the world religions will prove stronger than the negative visions so prevalent nowadays.

Without question, prospects for the European Continent in the 21<sup>st</sup> Century depend to a large extent on the ability of Europe to have an expanding population base. Since not many ruling circles in both the old and the new EU member countries in Western and 'Eastern' Europe seem to comprehend this very basic dimension of the competition between the EU and North America (which has a well-assured expanding population base in the 21<sup>st</sup> Century) it seems to be important to stress that the Arab neighbors of Europe and their migration in the end will not be a burden but an asset for the joint European architecture.

## aging Europe 2015



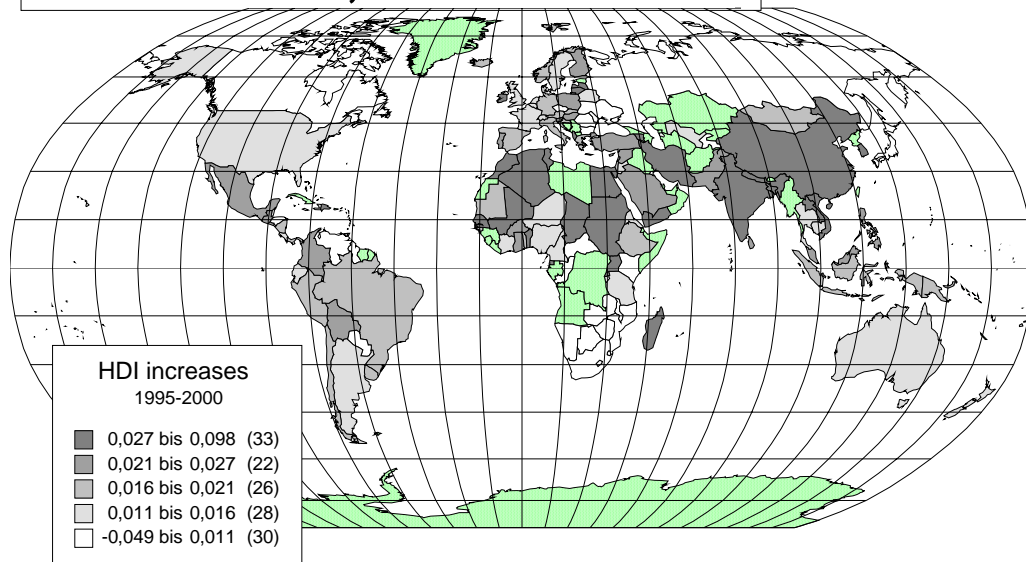


Legend: as in all maps in this essay, “bis” is the shorthand for “values ranging from ... to”. Missing values for Greenland, West Sahara, Liberia, Somalia, Bosnia, Yugoslavia, North Korea and Afghanistan.

Human development (still the best yardstick of social development, world-wide) increases in the region were among the most rapid in the entire world:



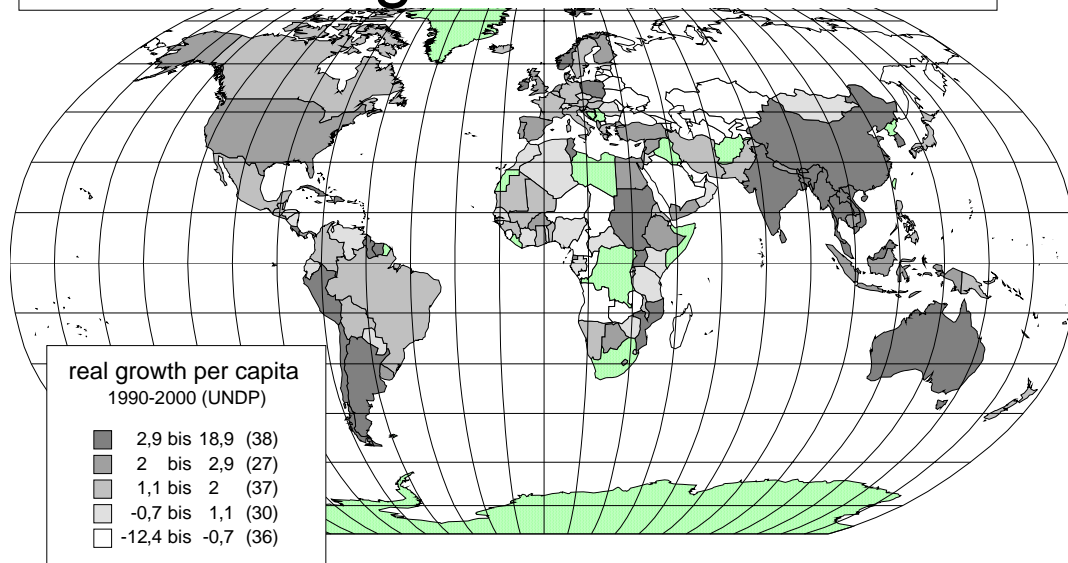
# DYN HDI, 1995-2000



Legend: as in all maps in this essay, “bis” is the shorthand for “values ranging from ... to”. Missing values for Greenland, several countries in Caucasia, the Balkans, and the Muslim world as well as in Africa

Also economic growth in the region was not as negative as one might assume:

## economic growth 1990/2000



Legend: as in all maps in this essay, “bis” is the shorthand for “values ranging from ... to”. Missing values for Greenland, West Sahara, Liberia, Somalia, Bosnia, Yugoslavia, North Korea and Afghanistan.

Even allowing for the fact that human development increases over time are a fourth-order polynomial function of already achieved human development levels, it emerges that the efficiency of human development policy in the region (residuals from this 4<sup>th</sup> order polynomial function) was among the best in the world. Thus, in the long run, the European Union would only have to gain from a more bold and forward-looking policy of applying the Copenhagen criteria to the Arab *mezzogiorno* of Europe. The very positive human development efficiency of the *Dar al Islam* is the final reason for the optimism regarding the positive cooperation between Europe and the region in the 21<sup>st</sup> Century:

	Human Development Index, 1975	DYN HDI 1975-1998	Trend DYN HDI (polynomial expression, 4th order, based on HDI 1975)	development efficiency (Residual from column (2) minus (3))
Indonesia	0,465	0,205	0,120	0,085

Nepal	0,291	0,183	0,099	0,084
Egypt	0,430	0,193	0,117	0,076
Tunisia	0,511	0,192	0,122	0,070
Korea, Rep. of	0,684	0,170	0,100	0,069
China	0,518	0,188	0,122	0,065
Singapore	0,725	0,156	0,091	0,065
Pakistan	0,352	0,171	0,106	0,065
Malta	0,715	0,150	0,093	0,057
Algeria	0,508	0,175	0,122	0,052
Morocco	0,426	0,163	0,116	0,046
India	0,405	0,158	0,114	0,045
Portugal	0,733	0,131	0,089	0,043
Saudi Arabia	0,588	0,159	0,118	0,041
Malaysia	0,620	0,152	0,114	0,038
Hong Kong, China (SAR)	0,753	0,119	0,084	0,035
Mali	0,248	0,132	0,098	0,034
Sudan	0,342	0,135	0,104	0,031
Bangladesh	0,329	0,132	0,103	0,029
Gambia	0,269	0,127	0,098	0,029
Thailand	0,600	0,145	0,117	0,028
Chile	0,702	0,124	0,096	0,028
Swaziland	0,505	0,150	0,122	0,028
Benin	0,285	0,126	0,098	0,027
Ireland	0,805	0,102	0,074	0,027
Turkey	0,590	0,143	0,118	0,025
Iran, Islamic Rep. of	0,566	0,143	0,120	0,023
Mauritius	0,626	0,135	0,113	0,022
Nigeria	0,317	0,122	0,101	0,021
Luxembourg	0,818	0,090	0,073	0,017
Australia	0,841	0,087	0,071	0,017
Chad	0,253	0,114	0,098	0,016
Belgium	0,841	0,084	0,071	0,013
Finland	0,832	0,085	0,071	0,013
Spain	0,814	0,085	0,073	0,012
Honduras	0,520	0,133	0,122	0,011
Norway	0,853	0,081	0,070	0,010
Bolivia	0,512	0,132	0,122	0,009
United Kingdom	0,837	0,080	0,071	0,009

Cameroon	0,406	0,122	0,114	0,008
Syrian Arab Republic	0,530	0,130	0,122	0,008
Senegal	0,309	0,107	0,100	0,007
Israel	0,802	0,081	0,075	0,007
Sri Lanka	0,612	0,121	0,115	0,006
Italy	0,825	0,078	0,072	0,006
Ghana	0,434	0,122	0,117	0,005
Japan	0,849	0,075	0,070	0,004
Dominican Republic	0,611	0,118	0,115	0,003
Mauritania	0,344	0,107	0,105	0,003
Greece	0,798	0,077	0,075	0,002
France	0,844	0,072	0,071	0,002
Austria	0,836	0,072	0,071	0,001
Colombia	0,657	0,107	0,106	0,000
Canada	0,865	0,070	0,071	-0,001
Iceland	0,857	0,069	0,071	-0,001
Brazil	0,639	0,108	0,110	-0,002
Mexico	0,687	0,098	0,100	-0,002
Netherlands	0,857	0,068	0,071	-0,003
El Salvador	0,581	0,115	0,119	-0,004
United States	0,862	0,067	0,071	-0,004
Sweden	0,860	0,066	0,071	-0,004
Guatemala	0,504	0,115	0,122	-0,007
Peru	0,635	0,101	0,111	-0,010
New Zealand	0,843	0,060	0,071	-0,011
Ecuador	0,620	0,102	0,114	-0,011
Uruguay	0,753	0,072	0,084	-0,012
Philippines	0,648	0,096	0,108	-0,012
Fiji	0,680	0,089	0,102	-0,012
Papua New Guinea	0,438	0,104	0,118	-0,014
United Arab Emirates	0,737	0,072	0,088	-0,016
Guinea-Bissau	0,250	0,081	0,098	-0,016
Lesotho	0,466	0,103	0,120	-0,017
Trinidad and Tobago	0,719	0,074	0,092	-0,018
Denmark	0,859	0,052	0,071	-0,019
Botswana	0,492	0,101	0,122	-0,021

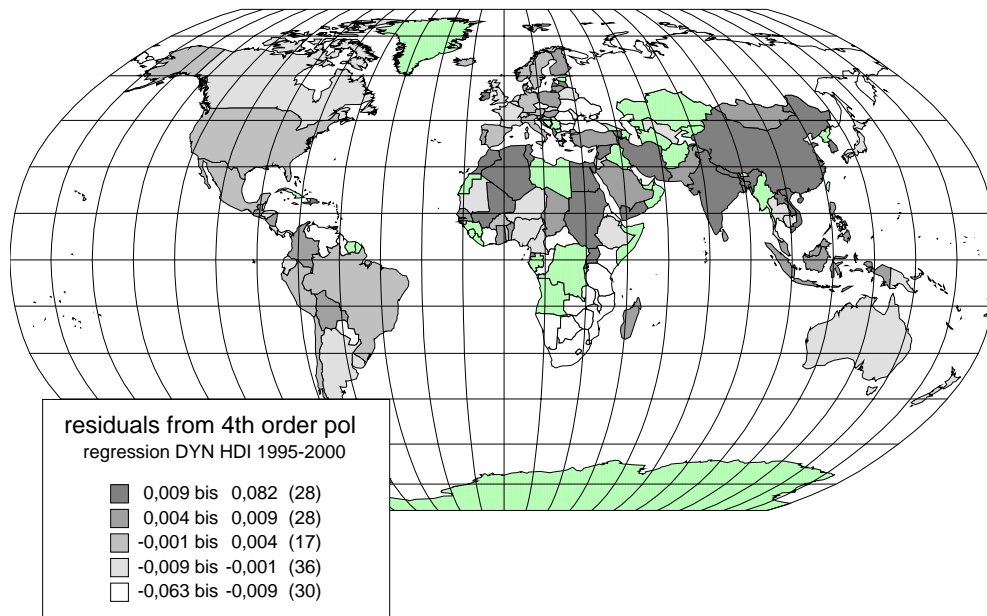
Argentina	0,781	0,056	0,078	-0,022
Burkina Faso	0,227	0,076	0,100	-0,023
Costa Rica	0,732	0,064	0,089	-0,025
Switzerland	0,870	0,045	0,071	-0,026
Panama	0,707	0,069	0,095	-0,026
Malawi	0,312	0,073	0,100	-0,028
Congo	0,421	0,086	0,116	-0,030
Paraguay	0,660	0,076	0,106	-0,030
Hungary	0,772	0,045	0,080	-0,035
Venezuela	0,714	0,055	0,093	-0,038
Madagascar	0,409	0,075	0,114	-0,039
Niger	0,236	0,057	0,099	-0,041
Togo	0,400	0,071	0,113	-0,042
Kenya	0,441	0,066	0,118	-0,052
Jamaica	0,686	0,048	0,100	-0,052
Côte d'Ivoire	0,366	0,054	0,108	-0,054
Burundi	0,281	0,041	0,098	-0,057
South Africa	0,645	0,051	0,109	-0,058
Nicaragua	0,569	0,062	0,120	-0,058
Central African Republic	0,332	0,040	0,103	-0,063
Romania	0,750	0,021	0,085	-0,064
Guyana	0,676	0,033	0,102	-0,069
Zimbabwe	0,519	0,036	0,122	-0,087
Congo, Dem. Rep. of the	0,416	0,014	0,115	-0,101
Zambia	0,444	-0,024	0,118	-0,142

The same methodology<sup>132</sup> can be applied to the growth rates of the Human Development Index in the shorter time period 1995 – 2000. The map of the best performers on a world scale is clear – most of the Arab nations already today show a great dynamism in their human development, irrespective of levels achieved in 1995:

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<sup>132</sup> DYN Human Development (HDI 2000 – HDI 1995) =  $a_1 + b_1 \cdot \text{first part curvilinear function of human development level}_{1995} - b_2 \cdot \text{second part curvilinear function of development level}_{1995} + b_3 \cdot \text{third part curvilinear function of development level}_{1995} - b_4 \cdot \text{fourth part curvilinear function of development level}_{1995}$   
i. e. ( $y = a + b_1 \cdot x - b_2 \cdot x^2 + b_3 \cdot x^3 - b_4 \cdot x^4$ )

## human dev. efficiency



### Concluding remarks

It has been shown in this research paper that Europe in the long run could gain a lot from looking more positively at the prospects of EU-membership of the Southern Mediterranean neighbors. “Arab” or “Muslim” “development efficiency” in quantitative terms suggests a more positive approach than has been hitherto suggested in the literature. Our macro-quantitative analysis also shows several internal constraints that exist against such a scenario at the level of the European itself. So the debate has to be a two-way street from the outset – instead of fixing “our”, i. e. European attention at “their” lack of “integration capability” the Union would also have to start to thoroughly re-think its structural and regional policy before such a “big” “cultural” enlargement could take place.

Appendix – The multivariate results in detail:

<b>human development index 1998 (UNDP, 2000)</b>						
0,001414561	1,01688E-13	-5,31883E-09	8,93738E-05	0,000834365	-0,065449203	0,39864036
0,00310764	1,66477E-14	6,57159E-10	6,9063E-06	0,000864637	0,016839475	0,019470829
<b>0,89677383</b>	0,060799575					
128,8640825	89					
2,858144814	0,328996365					
Islamic Conference membership	<b>EU membership years in 2000</b>	GDP per capita	GDP per capita <sup>2</sup>	GDP per capita <sup>3</sup>	<b>net foreign direct investment as % of GNP</b>	constant
0,45518821	<b>6,10823144</b>	-8,093677124	12,94089677	0,964988425	<b>-3,8866533</b>	20,47372274
Islamic Conference membership	<b>EU membership years in 2000</b>	GDP per capita	GDP per capita <sup>2</sup>	GDP per capita <sup>3</sup>	<b>net foreign direct investment as % of GNP</b>	constant
<b>growth of female economic activity 1975 – 1998 (1975=100) (UNDP 2000)</b>						
-0,250400329	6,79471E-12	-3,12035E-07	0,003948973	0,139249803	3,545639391	97,16776153
0,528749259	2,83252E-12	1,11812E-07	0,001175073	0,147113695	2,865151636	3,312863184
<b>0,13519056</b>	10,34474044					
2,318807564	89					
1488,864434	9524,215282					
Islamic Conference membership	<b>EU membership years in 2000</b>	GDP per capita	GDP per capita <sup>2</sup>	GDP per capita <sup>3</sup>	<b>net foreign direct investment as % of GNP</b>	constant
-0,473571027	<b>2,39881754</b>	-2,790704125	3,360619921	0,946545483	1,23750497	29,33044806
Islamic Conference membership	<b>EU membership years in 2000</b>	GDP per capita	GDP per capita <sup>2</sup>	GDP per capita <sup>3</sup>	<b>net foreign direct investment as % of GNP</b>	constant

<b>civil rights violations 2000 (Freedom House; Globale Trends 2002)</b>						
0,002684521	-3,03432E-14	4,67015E-09	-0,00022444	0,009713188	0,809566022	4,234481937
0,050866942	2,72496E-13	1,07566E-08	0,000113045	0,014152689	0,27563443	0,318705351
<b>0,58389148</b>	0,995188738					
20,81441838	89					

123,6876778	88,14565556					
Islamic Conference membership	EU membership years in 2000	GDP per capita	GDP per capita^2	GDP per capita^3	net foreign direct investment as % of GNP	constant
0,05277536	-0,111353045	0,434166223	-1,9854074	0,68631398	<b>2,93710049</b>	13,28651034
Islamic Conference membership	EU membership years in 2000	GDP per capita	GDP per capita^2	GDP per capita^3	net foreign direct investment as % of GNP	constant
<b>income inequality (UNDP 2000 - top 20 %/bottom 20 %)</b>						
-0,28500855	2,23786E-12	-8,17559E-08	0,000335431	0,020200612	-2,939983803	12,29972151
0,316287959	1,69436E-12	6,6884E-08	0,000702907	0,088000672	1,713880349	1,981693058
<b>0,16613101</b>	6,188031075					
2,955232389	89					
678,9657392	3407,963844					
Islamic Conference membership	EU membership years in 2000	GDP per capita	GDP per capita^2	GDP per capita^3	net foreign direct investment as % of GNP	constant
-0,901104646	1,320766891	-1,222353778	0,47720526	0,229550657	<b>-1,7153962</b>	6,206673359
Islamic Conference membership	EU membership years in 2000	GDP per capita	GDP per capita^2	GDP per capita^3	net foreign direct investment as % of GNP	constant
<b>economic growth 1975- 1998 (real per capita incomes)</b>						
0,231375064	-2,14254E-14	-4,00332E-09	0,000231961	0,003844271	0,850253389	-0,838938719
0,10187109	5,45726E-13	2,15422E-08	0,000226395	0,028343553	0,55201235	0,638270369
<b>0,17331505</b>	1,993061872					
3,109818192	89					
74,11870321	353,5343107					
<b>Islamic Conference membership</b>	EU membership years in 2000	GDP per capita	GDP per capita^2	GDP per capita^3	net foreign direct investment as % of GNP	constant
<b>2,27125344</b>	-0,039260377	-0,185835786	1,024585307	0,135631234	1,540279649	-1,314393962
<b>Islamic Conference membership</b>	EU membership years in 2000	GDP per capita	GDP per capita^2	GDP per capita^3	net foreign direct investment as % of GNP	constant
<b>female share life years 1998 (calculated from UNDP 2000)</b>						



-0,077691268	6,63756E-13	-3,31647E-08	0,000446555	0,000557791	-0,34187832	50,97785291
0,036169406	1,9376E-13	7,64858E-09	8,03815E-05	0,010063399	0,195992392	0,226618365
<b>0,38293608</b>	0,707638086					
9,205235172	89					
27,65722081	44,56689782					
<b>Islamic Conference membership</b>	<b>EU membership years in 2000</b>	GDP per capita	GDP per capita^2	GDP per capita^3	<b>net foreign direct investment as % of GNP</b>	constant
<b>-2,147983</b>	<b>3,42565102</b>	-4,3360622	5,55544812	0,055427662	<b>-1,7443449</b>	224,9502284
<b>Islamic Conference membership</b>	<b>EU membership years in 2000</b>	GDP per capita	GDP per capita^2	GDP per capita^3	<b>net foreign direct investment as % of GNP</b>	constant
<b>female share literate people 1998 (calculated from UNDP 2000)</b>						
0,140001392	3,62749E-12	-1,76472E-07	0,002503938	0,033313204	-6,298061459	40,14345906
0,219759745	1,17726E-12	4,64716E-08	0,000488386	0,061143666	1,190819622	1,376898323
<b>0,58827363</b>	4,299500154					
21,19383048	89					
2350,696953	1645,22744					
<b>Islamic Conference membership</b>	<b>EU membership years in 2000</b>	GDP per capita	GDP per capita^2	GDP per capita^3	<b>net foreign direct investment as % of GNP</b>	constant
0,637065683	<b>3,08130528</b>	-3,7974149	5,12696598	0,54483492	<b>-5,2888459</b>	29,15499161
<b>Islamic Conference membership</b>	<b>EU membership years in 2000</b>	GDP per capita	GDP per capita^2	GDP per capita^3	<b>net foreign direct investment as % of GNP</b>	constant
<b>female economic activity rate as % of male economic activity rate 1998 (UNDP 2000)</b>						
1,1491738	-9,56208E-12	4,49956E-07	-0,00513845	-0,314913043	-6,958757816	76,58975982
0,764811059	4,09711E-12	1,61731E-07	0,001699688	0,212793075	4,144307763	4,791901566
<b>0,15174851</b>	14,96318296					
2,653619007	89					
3564,821529	19926,81914					
<b>Islamic Conference membership</b>	<b>EU membership years in 2000</b>	GDP per capita	GDP per capita^2	GDP per capita^3	<b>net foreign direct investment as % of GNP</b>	constant
1,502559078	<b>-2,333857</b>	2,78212054	-3,023173	-1,479902684	<b>-1,6791122</b>	15,98316634
<b>Islamic Conference membership</b>	<b>EU membership years in 2000</b>	GDP per capita	GDP per capita^2	GDP per capita^3	<b>net foreign direct investment as % of GNP</b>	constant

Source: our EXCEL 7.0 calculations from UNDP and other data sources, quoted above. As in all EXCEL 7.0 outprints, first row: unstandardized regression coefficients, second row: standard errors, last row: t-Test. The values immediately below the standard errors are  $R^2$  (third row, left side entry), F, and degrees of freedom (fourth row). Variables apart from development level, printed in bold type, have a significant influence on economic growth ( $p < .05$ )

Towards an optimistic assessment of the future of the Barcelona process – the comparison of crossnational correlations of societal variables with GDP per capita in the global system and in the Muslim countries

With rising income – what happens to society? What is increasing, when incomes increase ( + correlations) and what decreases ( - correlations) when incomes rise?

	Muslim world: correlation with GDP		total world system: correlation with GDP		difference Islam-world system
GDP per capita PPP	1,000	GDP per capita PPP	1,000	GDP per capita PPP	0,000
women's GDP per capita	0,962	women's GDP per capita	0,977	women's GDP per capita	-0,015
injuries and deaths from road accidents per 100.000 inhabitants and year	0,900	injuries and deaths from road accidents per 100.000 inhabitants and year	0,681	injuries and deaths from road accidents per 100.000 inhabitants and year	0,219
gender empowerment	0,828	gender empowerment	0,791	gender empowerment	0,037
average cigarette consumption per adult and year	0,794	average cigarette consumption per adult and year	0,592	average cigarette consumption per adult and year	0,203
female tertiary students as % of males	0,745	female tertiary students as % of males	0,383	female tertiary students as % of males	0,362
human development index	0,723	human development index	0,795	human development index	-0,072
male life expectancy	0,666	male life expectancy	0,665	male life expectancy	0,001
female life expectancy	0,662	female life expectancy	0,662	female life expectancy	0,000

% population, aged >65y, 2015	0,627	% population, aged >65y, 2015	0,756	% population, aged >65y, 2015	-0,129
growth of female economic activity (1975=100)	0,613	growth of female economic activity (1975=100)	0,236	growth of female economic activity (1975=100)	0,377
daily supply of calories, 1998	0,523	daily supply of calories, 1998	0,733	daily supply of calories, 1998	-0,210
% immunization against measles	0,505	% immunization against measles	0,386	% immunization against measles	0,119
female literacy	0,503	female literacy	0,575	female literacy	-0,071
doctors per 100. 000 people	0,397	doctors per 100. 000 people	0,465	doctors per 100. 000 people	-0,067
male literacy	0,395	male literacy	0,533	male literacy	-0,138
gross domestic savings rate	0,373	gross domestic savings rate	0,461	gross domestic savings rate	-0,088
% immunization against TB	0,369	% immunization against TB	0,156	% immunization against TB	0,212
contraceptive prevalence rate	0,301	contraceptive prevalence rate	0,588	contraceptive prevalence rate	-0,287
central government expenditures as % of GDP	0,298	central government expenditures as % of GDP	0,352	central government expenditures as % of GDP	-0,055
% female administrators and managers	0,253	% female administrators and managers	0,132	% female administrators and managers	0,121
female unpaid family workers as % of all unpaid family workers	0,252	female unpaid family workers as % of all unpaid family workers	0,249	female unpaid family workers as % of all unpaid family workers	0,003
public health expenditure per GDP	0,240	public health expenditure per GDP	0,590	public health expenditure per GDP	-0,350
% female professional and technical workers	0,153	% female professional and technical workers	0,136	% female professional and technical workers	0,017
rapes per 100. 000 women aged >15 y.	0,131	rapes per 100. 000 women aged >15 y.	0,132	rapes per 100. 000 women aged >15 y.	-0,001
maastricht budget criteria	0,026	maastricht budget criteria	0,242	maastricht budget criteria	-0,216
gross domestic investment	-0,082	gross domestic investment	-0,013	gross domestic investment	-0,069
economic growth, 1975-98	-0,125	economic growth, 1975-98	0,305	economic growth, 1975-98	-0,430
% women in	-0,184	% women in	0,124	% women in	-0,308

government, subministerial level		government, subministerial level		government, subministerial level	
female suicide rate per 100. 000 inhabitants	-0,193	female suicide rate per 100. 000 inhabitants	0,150	female suicide rate per 100. 000 inhabitants	-0,343
TBC cases per 100. 000 inhabitants	-0,262	TBC cases per 100. 000 inhabitants	-0,334	TBC cases per 100. 000 inhabitants	0,071
% population, aged >65y, 1998	-0,301	% population, aged >65y, 1998	0,684	% population, aged >65y, 1998	-0,985
% parliamentary seats held by women	-0,319	% parliamentary seats held by women	0,458	% parliamentary seats held by women	-0,777
% women in government, all levels	-0,323	% women in government, all levels	0,211	% women in government, all levels	-0,535
HIV rate	-0,337	HIV rate	-0,276	HIV rate	-0,061
male suicide rate per 100. 000 inhabitants	-0,384	male suicide rate per 100. 000 inhabitants	0,064	male suicide rate per 100. 000 inhabitants	-0,448
% infants with low birth-weight	-0,398	% infants with low birth-weight	-0,458	% infants with low birth-weight	0,061
% women in government, ministerial level	-0,415	% women in government, ministerial level	0,345	% women in government, ministerial level	-0,760
female economic activity rate as % of male economic activity rate	-0,438	female economic activity rate as % of male economic activity rate	-0,052	female economic activity rate as % of male economic activity rate	-0,386
female economic activity rate	-0,440	female economic activity rate	-0,241	female economic activity rate	-0,199
teen-age mothers as % of all mothers	-0,454	teen-age mothers as % of all mothers	-0,607	teen-age mothers as % of all mothers	0,153
maternal mortality ratio	-0,595	maternal mortality ratio	-0,537	maternal mortality ratio	-0,058
juvenile convictions as % of all convictions	-0,601	juvenile convictions as % of all convictions	-0,278	juvenile convictions as % of all convictions	-0,323
% people not expected to survive age 60	-0,638	% people not expected to survive age 60	-0,629	% people not expected to survive age 60	-0,009
infant mortality rate	-0,665	infant mortality rate	-0,644	infant mortality rate	-0,022
divorce rate as % of marriages	-0,839	divorce rate as % of marriages	0,229	divorce rate as % of marriages	-1,068

Where are Muslim states really different from the rest of the world?

	Muslim world: correlation with GDP		total world system: correlation with GDP		difference Islam-world system
growth of female economic activity (1975=100)	0,613	growth of female economic activity (1975=100)	0,236	<b>growth of female economic activity (1975=100)</b>	0,377
female tertiary students as % of males	0,745	female tertiary students as % of males	0,383	<b>female tertiary students as % of males</b>	0,362
injuries and deaths from road accidents per 100.000 inhabitants and year	0,900	injuries and deaths from road accidents per 100.000 inhabitants and year	0,681	<u><b>injuries and deaths from road accidents per 100.000 inhabitants and year</b></u>	0,219
% immunization against TB	0,369	% immunization against TB	0,156	<b>% immunization against TB</b>	0,212
average cigarette consumption per adult and year	0,794	average cigarette consumption per adult and year	0,592	<u><b>average cigarette consumption per adult and year</b></u>	0,203
teen-age mothers as % of all mothers	-0,454	teen-age mothers as % of all mothers	-0,607	<u><b>teen-age mothers as % of all mothers</b></u>	0,153
% female administrators and managers	0,253	% female administrators and managers	0,132	<b>% female administrators and managers</b>	0,121
% immunization against measles	0,505	% immunization against measles	0,386	<b>% immunization against measles</b>	0,119
TBC cases per 100.000 inhabitants	-0,262	TBC cases per 100.000 inhabitants	-0,334	<u><b>TBC cases per 100.000 inhabitants</b></u>	0,071
% infants with low birth-weight	-0,398	% infants with low birth-weight	-0,458	<u><b>% infants with low birth-weight</b></u>	0,061
gender empowerment	0,828	gender empowerment	0,791	<b>gender empowerment</b>	0,037
% female professional and technical workers	0,153	% female professional and technical workers	0,136	<b>% female professional and technical workers</b>	0,017
female unpaid family workers as % of all unpaid	0,252	female unpaid family workers as % of all unpaid	0,249	<u><b>female unpaid family workers as % of all unpaid</b></u>	0,003

family workers		family workers		<u>family workers</u>	
male life expectancy	0,666	male life expectancy	0,665	male life expectancy	0,001
female life expectancy	0,662	female life expectancy	0,662	female life expectancy	0,000
GDP per capita PPP	1,000	GDP per capita PPP	1,000	GDP per capita PPP	0,000
rapes per 100. 000 women aged >15 y.	0,131	rapes per 100. 000 women aged >15 y.	0,132	rapes per 100. 000 women aged >15 y.	-0,001
% people not expected to survive age 60	-0,638	% people not expected to survive age 60	-0,629	% people not expected to survive age 60	-0,009
women's GDP per capita	0,962	women's GDP per capita	0,977	<u>women's GDP per capita</u>	-0,015
infant mortality rate	-0,665	infant mortality rate	-0,644	infant mortality rate	-0,022
central government expenditures as % of GDP	0,298	central government expenditures as % of GDP	0,352	<u>central government expenditures as % of GDP</u>	-0,055
maternal mortality ratio	-0,595	maternal mortality ratio	-0,537	maternal mortality ratio	-0,058
HIV rate	-0,337	HIV rate	-0,276	HIV rate	-0,061
doctors per 100. 000 people	0,397	doctors per 100. 000 people	0,465	<u>doctors per 100. 000 people</u>	-0,067
gross domestic investment	-0,082	gross domestic investment	-0,013	<u>gross domestic investment</u>	-0,069
female literacy	0,503	female literacy	0,575	<u>female literacy</u>	-0,071
human development index	0,723	human development index	0,795	<u>human development index</u>	-0,072
gross domestic savings rate	0,373	gross domestic savings rate	0,461	<u>gross domestic savings rate</u>	-0,088
% population, aged >65y, 2015	0,627	% population, aged >65y, 2015	0,756	% population, aged >65y, 2015	-0,129
male literacy	0,395	male literacy	0,533	<u>male literacy</u>	-0,138
female economic activity rate	-0,440	female economic activity rate	-0,241	<u>female economic activity rate</u>	-0,199
daily supply of calories, 1998	0,523	daily supply of calories, 1998	0,733	<u>daily supply of calories, 1998</u>	-0,210
maastricht budget criteria	0,026	maastricht budget criteria	0,242	<u>maastricht budget criteria</u>	-0,216
contraceptive prevalence rate	0,301	contraceptive prevalence rate	0,588	<u>contraceptive prevalence rate</u>	-0,287

% women in government, subministerial level	-0,184	% women in government, subministerial level	0,124	<u>% women in government, subministerial level</u>	-0,308
juvenile convictions as % of all convictions	-0,601	juvenile convictions as % of all convictions	-0,278	juvenile convictions as % of all convictions	-0,323
female suicide rate per 100. 000 inhabitants	-0,193	female suicide rate per 100. 000 inhabitants	0,150	female suicide rate per 100. 000 inhabitants	-0,343
public health expenditure per GDP	0,240	public health expenditure per GDP	0,590	<u>public health expenditure per GDP</u>	-0,350
female economic activity rate as % of male economic activity rate	-0,438	female economic activity rate as % of male economic activity rate	-0,052	<u>female economic activity rate as % of male economic activity rate</u>	-0,386
economic growth, 1975-98	-0,125	economic growth, 1975-98	0,305	<u>economic growth, 1975-98</u>	-0,430
male suicide rate per 100. 000 inhabitants	-0,384	male suicide rate per 100. 000 inhabitants	0,064	male suicide rate per 100. 000 inhabitants	-0,448
% women in government, all levels	-0,323	% women in government, all levels	0,211	<u>% women in government, all levels</u>	-0,535
% women in government, ministerial level	-0,415	% women in government, ministerial level	0,345	<u>% women in government, ministerial level</u>	-0,760
% parliamentary seats held by women	-0,319	% parliamentary seats held by women	0,458	<u>% parliamentary seats held by women</u>	-0,777
% population, aged >65y, 1998	-0,301	% population, aged >65y, 1998	0,684	% population, aged >65y, 1998	-0,985
divorce rate as % of marriages	-0,839	divorce rate as % of marriages	0,229	divorce rate as % of marriages	-1,068

<b>where Muslim development outperformed the rest of the World</b>	Muslim world: correlation with GDP	nature of the indicator in global dev. Discourse	total world system: correlation with GDP		difference Islam-world system
growth of female economic activity (1975=100)	0,613	positive	0,236		0,377
female tertiary	0,745	positive	0,383		0,362

students as % of males					
% immunization against TB	0,369	positive	0,156		0,212
% female administrators and managers	0,253	positive	0,132		0,121
% immunization against measles	0,505	positive	0,386		0,119
gender empowerment	0,828	positive	0,791		0,037
% female professional and technical workers	0,153	positive	0,136		0,017
male life expectancy	0,666	positive	0,665		0,001
female life expectancy	0,662	positive	0,662		0,000
<b>what Muslim development better avoided than the West</b>					
divorce rate as % of marriages	-0,839	negative	0,229		-1,068
% population, aged >65y, 1998	-0,301	negative	0,684		-0,985
male suicide rate per 100. 000 inhabitants	-0,384	negative	0,064		-0,448
female suicide rate per 100. 000 inhabitants	-0,193	negative	0,150		-0,343
juvenile convictions as % of all convictions	-0,601	negative	-0,278		-0,323
% population, aged >65y, 2015	0,627	negative	0,756		-0,129
HIV rate	-0,337	negative	-0,276		-0,061
maternal mortality ratio	-0,595	negative	-0,537		-0,058
central government expenditures as % of GDP	0,298	negative	0,352		-0,055
infant mortality rate	-0,665	negative	-0,644		-0,022
% people not expected to survive age 60	-0,638	negative	-0,629		-0,009



rapes per 100. 000 women aged >15 y.	0,131	negative	0,132		-0,001
<b>with which positive societal developments Muslim development should catch up better in the future</b>					
% parliamentary seats held by women	-0,319	positive	0,458		-0,777
% women in government, ministerial level	-0,415	positive	0,345		-0,760
% women in government, all levels	-0,323	positive	0,211		-0,535
economic growth, 1975-98	-0,125	positive	0,305		-0,430
female economic activity rate as % of male economic activity rate	-0,438	positive	-0,052		-0,386
public health expenditure per GDP	0,240	positive	0,590		-0,350
% women in government, subministerial level	-0,184	positive	0,124		-0,308
contraceptive prevalence rate	0,301	positive	0,588		-0,287
maastricht budget criteria	0,026	positive	0,242		-0,216
daily supply of calories, 1998	0,523	positive	0,733		-0,210
female economic activity rate	-0,440	positive	-0,241		-0,199
male literacy	0,395	positive	0,533		-0,138
gross domestic savings rate	0,373	positive	0,461		-0,088
human development index	0,723	positive	0,795		-0,072
female literacy	0,503	positive	0,575		-0,071
gross domestic investment	-0,082	positive	-0,013		-0,069
doctors per 100. 000 people	0,397	positive	0,465		-0,067
women's GDP per	0,962	positive	0,977		-0,015

capita					
<b>what the rest of the world up to now could avoid better</b>					
injuries and deaths from road accidents per 100.000 inhabitants and year	0,900	negative	0,681		0,219
average cigarette consumption per adult and year	0,794	negative	0,592		0,203
teen-age mothers as % of all mothers	-0,454	negative	-0,607		0,153
TBC cases per 100.000 inhabitants	-0,262	negative	-0,334		0,071
% infants with low birth-weight	-0,398	negative	-0,458		0,061
female unpaid family workers as % of all unpaid family workers	0,252	negative	0,249		0,003

*September 11 2001: Diagnosis, Prognosis, Therapy*

**Johan Galtung**

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1. Diagnosis.

Politics, like communication is seen in terms of who does what to whom, how-when-where, and why. The what-how-when-where of the September 11 attack in New York and Washington is clear; the problems are who and why. But why is at least clear up to a certain point. Like the presidential palace in Santiago, Chile, also bombed on a September 11 (1973) somebody had something against what happened inside some buildings: the capitalism of the US world trade and the militarism of the US Pentagon for year 2001/1/; the politics of the Unidad Popular for year 1973.

The text was written in building language, and like for all texts what is not written may be equally important: no museum, no cathedral, no parliament. The 19-20 hijackers hit what they wanted, just like the Chilean Air Force and its masters.

But there could also be a military motivation for these acts of criminal political violence/2/: to incapacitate, to put somebody out of action, to "take them out". That happened to Salvador Allende and later on to more than 3,000 Chileans; and to 4,000 (or so) in New York and Washington . But democratic Chile recovered although it took some time. US-led capitalism, today called "globalization", was in decline for other reasons, but US-led militarism is as vigorous as ever. September 11 2001 and 1973 were communicative and political rather than military.

Any thought/speech/action on these attacks has to reflect which symbols of America were targeted lest it becomes dogmatic, a priori. Someone had something against what emanated from those buildings. That gives us a cue to **why**. But **who** did it? This is the dominant, mainstream, thriller question, not why.

2. The dominant, mainstream discourse: "terrorism".

Answer: terrorism, more precisely Al Qaeda, even more precisely Osama bin Laden. To explore this discourse "terrorism" has to be defined, and there seem to be two different meanings.

First, **tactical**: "Terrorism" is based on unpredictability in the who-whom-how-when-where, as opposed to a regular military campaign with predictable parties and most

methods of killing and destruction. The where is known as the front-line, the when may move with the predictability of a Japanese **sakura**. There is the additional terrorist element of whom: civilians/innocents.

There are two subtypes: non-state terrorism, and state terrorism; from below ("have bombs, but no air force"), from above ("have both bombs and air force"). The 09/11/01 kamikaze attack/3/-fascist like all massive political violence-will enter military history by using airline carriers with fuel, as bombs.

Terrorism from below is directed against governments or states as persons or institutions, and of course to bring about political change. Obviously, most governments, and the United Nations as a trade union of governments, are against terrorism from below because, like secession, it affects vital government interests, including to be causa sui, game masters.

State terrorism as a military tactic also uses surprise and focuses on killing civilians to force capitulation. This is a major theme in modern warfare, indeed used by the US/UK air forces in their terror bombing of Germany and Japan 1940-45./4/

In the campaign against Yugoslavia March-June 1999 remarkably few military targets were destroyed whereas the killing of civilians and destruction of Serbian infra-structure (factories, power, transportation/communication schools and hospitals) was extensive. That brought about capitulation to avoid genocide./5/

From the circumstance that terrorism is terrorism whether from below or from above, the conclusion is not that they are organized the same way. "Above" is almost by definition hierarchical with a vertical, well protected, chain of command. "Below" has to use guerilla tactics with a loosely connected horizontal organization of small cells with low vulnerability. The connecting cement, substituting for the vertical chain, would be a deeply internalized ideology. Theoretically it is possible that 19-20 persons organized the 09/11/01 attack, got the money for tickets and flying training in a simulator, not the more difficult take-off and landing, and some box-openers. In that case there is no causal chain of command pointing to the single prime mover so dear to the US mind. There is nobody to search and punish or destroy if the cell was a closed system programmed to self-destruct like some animals upon intercourse. All that is needed is perfect solidarity and single-mindedness.

The condition for this hypothesis to be valid is a context, an ocean of hatred with the capacity for spontaneous creation of such cells. Central to terrorism as a tactic is also the idea of provocation: a terrorist attack leads to a massive state terrorist counter-attack which then, in turn, enlarges the ocean of hatred that not only produces terrorists but also feeds them; body, mind and spirit. The "people" will rise, levée en masse. The German group Rote Armee Fraktion (RAF) had this theory, so did the Italian Brigate Rosse. But it did not work that way. Isolated people easily overestimate their social support.

However, to crush, pulverize etc. an ocean--rather than a concrete hierarchy with orderly chains of command--of hatred and willingness to sacrifice, even one's own life, will not be easy. The BBC claimed that the USA had 60 candidate target countries./6/

Second, **ideological**. "Terrorist" is seen as a state of mind, with fundamentalism as cognitive perspective and hatred as emotional resource, an evil-doer whose only purpose is

harm and hurt, violence for its own sake. The terrorist has no cause beyond this; and his tactic is chosen accordingly. He will hide in the dark, lurking, lurching, waiting for his time.

The metaphor for this within the abrahamic religions would be Satan himself, Lucifer, known as the leader of the angels who rebelled against God. That metaphor should be an important archetype in a country like the USA, no. 1 in the world in believing in the reality of the devil/7/ and with little difficulty seeing itself as the instrument of God's will (thus, Colin Powell himself once declared that "America had been established by divine providence to lead the world"/8/ George W. Bush that Jesus Christ is the political philosopher he most admires/9/). The metaphor fits bin Laden doubly as he once fought with USA the "evil empire" at the time, the Soviet Union, but like Pol Pot, Saddam Hussein, Mohammed Aaidid, Manuel Noriega and to some extent Slobodan Milosevic turned like Lucifer against the USA, defying "the enemy of my enemy is my friend" logic.

Fundamentalism as a cognitive outlook has three pillars:

- Dualism, the world is divided in two parts, no neutrals;
- Manicheism, who is not with the good, is with the evil;
- Armageddon, evil yields to nothing else than violence.

With George Bush's use of "you are either with us or with the terrorists", and bin Laden's distinction between believers and infidels/10/, both justifying violence, they can be classified as fundamentalists. The "war against terrorism" is between hard Christian (Baptist/Presbyterian?), and hard Islamic (Wahabbite?) fundamentalisms./11/ The reinforcing dialectic between the two is obvious, as is "my terrorism is good, theirs is bad".

### 3. The alternative discourse: "retaliation".

This discourse is found on the margin in the US, is frequent in the peoples of the West, and often even the dominant discourse in the Rest. The September 11 was a retaliation, probably above all motivated by a combination of hatred, despair and "violence is the only language they understand", in other words blocked communication. The second reason for major political violence, to incapacitate the enemy, presupposes a naivete unlikely with attackers at that level of sophistication. But the third reason, to provoke political change, may have been on their mind, and the fourth, to provoke a retaliation for their retaliation big enough to provoke BIG retaliation against the US possibly also.

This discourse constructs the "other side", OS, so called because we do not know exactly who they are (could mean "Osama Side") as at least partly rational, with causes, motives beyond just inflicting evil. Very important among these causes is OS retaliating for US violence. That would locate some of the cause for what happened to the US in the US itself, and more particularly in structural violence identified with the World Trade Center and the direct violence identified with Pentagon.

But does not that justify the attack? No. Nothing can justify crimes against peace and humanity, whether by OS or US. But we can try to understand, explain. Hitler could partly be understood in terms of the highly violent second, Versailles Treaty (similar to the first in 1871). But that does not justify his atrocities. However massive the causal mass,

there is always a residue of free will. Hitler, US and OS could have decided otherwise. Understanding is a necessary condition for removing causes, both in the causal and/or the motivational sense of that word, thereby making a repeat less likely.

The US track record of violence since the Second World War, to have a cut-off point relevant for the present generation, is overwhelming. But US violence was also caused, by something; there were motives beyond inflicting the evil, the hurt and harm that is the essence of violence. Tactically very much of it, maybe most, can be characterized as state terrorism, but like terrorism from below motives may be neutral or valid even if the consequences for the victims and the bereaved are purely evil.

Right after September 11 Zoltan Grossman made available a list of "A Century of US Military Interventions from Wounded Knee to Afghanistan", based on Congressional Records and the Library of Congress Congressional Research Service. His list of 134 small and big, global and domestic, interventions covers the 111 years 1890-2001, with an average of 1.15 interventions per year before the end of the Second World War, and an average of 1.29 after that; in other words a small increase. If we focus on the period after the end of the Cold War, however, 11 years, there are 22 interventions, in other words an average of 2.0 per year. This is compatible with the hypothesis that as empire or hegemony expands more interventions are needed for protection.

William Blum, in his Rogue State : A Guide to the World's Only Superpower/12/ has much detail in the 300 pages. Some of this can be debated. But our focus is on the victims, the bereaved, the displaced, the destruction to man-made and natural environment, the damage done to social institutions and to culture by such an enormous propensity to violence./13/ There is no denial of some valid motives. But there is a denial that violence was the only recourse. For each single case an alternative course of action could be argued, but that is not our focus here.

Blum has a list of 67 "Global Interventions from 1945" (Grossman has 56; Blum includes non-military interventions and much indirect, US-supported violence). In chronological order:

China 45-51, France 47, Marshall Islands 46-58, Italy 47-70s, Greece 47-49, Philippines 45-53, Korea 45-53, Albania 49-53, Eastern Europe 48-56, Germany 50s, Iran 53, Guatemala 53-90s, Costa Rica 50s, 70-71, Middle East 56-58, Indonesia 57-58, Haiti 59, Western Europe 50s-60s, British Guiana 53-64, Iraq 58-63, Soviet Union 40s-60s, Vietnam 45-73, Cambodia 55-73, Laos 57-73, Thailand 65-73, Ecuador 60-63, Congo-Zaire 77-78, France-Algeria 60s, Brazil 61-63, Peru 65, Dominican Republic 63-65, Cuba 59-, Indonesia 65, Ghana 66, Uruguay 69-72, Chile 64-73, Greece 67-74, South Africa 60s-80s, Bolivia 64-75, Australia 72-75, Iraq 72-75, Portugal 74-76, East Timor 75-99, Angola 75-80s, Jamaica 76, Honduras 80s, Nicaragua 78-90s, Philippines 70s, Seychelles 79-81, South Yemen 79-84, South Korea 80, Chad 81-82, Grenada 79-83, Suriname 82-84, Libya 81-89, Fiji 87, Panama 89, Afghanistan 79-92, El Salvador 80-92, Haiti 87-94, Bulgaria 90-91, Albania 91-92, Somalia 93, Iraq 90s, Peru 90s, Mexico 90s, Colombia 90s, Yugoslavia 95-99.

The interventions took the form of bombings in 25 cases:

China 45-46, Korea/China 50-53, Guatemala 54, Indonesia 58, Cuba 60-61, Guatemala 60, Vietnam 61-73, Congo 64, Peru 65, Laos 64-73, Cambodia 69-70, Guatemala 67-69, Grenada 83, Lebanon-Syria 83-84, Libya 86, El Salvador 80s, Nicaragua 80s, Iran 87, Panama 89, Iraq 91-, Kuwait 91, Somalia 93, Sudan 98, Afghanistan 98, Yugoslavia 99.

Assassinations, attempted or successful, of leaders including heads of state, were tried in 35 cases, and assistance in torture in 11 countries ( Greece , Iran , Germany , Vietnam , Bolivia , Uruguay , Brazil , Guatemala , El Salvador , Honduras , Panama ). Very vehement are the actions against leaders who once worked with the USA because they had an enemy in common: Pol Pot, Manuel Noriega, Saddam Hussein, Mohammed Aidid and Osama bin Laden. Blum also has a list of 23 countries where US was "Perverting Elections", interfering with a democratic process:

Italy 48-70s, Lebanon 50s, Indonesia 55, Vietnam 55, Guayana 53-64, Japan 58-70s, Nepal 59, Laos 60, Brazil 62, Dominican Republic 62, Guatemala 63, Bolivia 66, Chile 64-70, Portugal 74-5, Australia 74-5, Jamaica 76, Panama 84, 89, Nicaragua 84,90, Haiti 87-88, Bulgaria 91-92, Russia 96, Mongolia 96, Bosnia 98.

Critique details, read the book. But much naivete is needed to believe this can pass without hatred and thirst for revenge.

There is a spatial pattern in the sense that interventions have moved, with considerable overlaps, through four regions:

Spatial patterns of US interventions: Four post-WWII regions.

Region I	East Asia	Confucian-Buddhist
Region II	Eastern Europe	Orthodox Christian
Region III	Latin America	Catholic Christian
Region IV	West Asia	Islam

The first focus of US intervention was in East Asia ( Korea , Vietnam , Indonesia ; but also Iran ), and extremely violent.

The second was on Eastern Europe (including the Soviet Union), the Cold War that fortunately did not become hot, at least not in Europe even though the Cold War continued in East Asia. The presence of a counter-superpower had much to do with that, and when that superpower disappeared US violence has been exercised on Orthodox territory, in Serbia and Macedonia .

The third was in Latin America , starting with and prompted by Cuba , reaching all the countries, more or less. The violence was micro and meso, not the macro violence in East Asia , not to mention the mega violence feared for the European "theater".

The fourth is in West Asia , starting with Palestine and Iran , then Libya and Lebanon/Syria, and in the 1990s with Iraq , Saudi-Arabia (for military bases) and Afghanistan./14/

This change in focus over time may explain the delay in retaliation in the American homeland. The USA sees itself as above other countries, under but near God./15/ US violence is not retaliation, but punishment, from above; hence acceptable and accepted. But in Region I a war is a sign of bad karma to be improved by mutual efforts; hence neither capitulation, nor revenge. In Region II there was no violence. In Region III many Latin Americans share the US perspective. But Region IV? Never. Allah is in no way below God, no capitulation, revenge.

The USA has taken on something they never experienced before.

Then there is the structural violence brought about by the rapid expansion of the market system all over the world. A basic aspect of that system is monetization, meaning that what is required for basic needs satisfaction is available only against money, not labor, for instance. With less than one dollar per day the basic needs for food, clothes, shelter and health care cannot be met. As a result people die, probably now to the tune of 100,000 per day, of under/mal-nutrition, -clothing and housing and the lack of health services for the diseases that follow, because they are also monetized and unsubsidized. At the same time wealth accumulates at the top. Many people hate this.

As to the motives behind this enormity of direct violence: it is practically speaking all compatible with the hypothesis that US direct violence, overt or covert-CIA-is directed against whatever can be seen as hostile to US business abroad./16/ That would include progressive countries and progressive people in any country, meaning by "progressive" policies that privilege distribution of economic assets downward in society and the satisfaction of basic needs for the most needy. If this is compatible with a favorable "climate" for US business then OK. But in less developed countries the political economy will pit these goals against each other, and the standard US reaction has been violent. We can talk of a military-industrial complex and of an international class struggle between and within countries.

A generation ago retaliation would refer to colonialism and to 200 British punishment expeditions by Rule Britannia. Today hatred centers on the USA , overshadowing former colonial powers like France , Belgium and Portugal to mention some, and- indeed - Japan as some kind of "West". Today that military-industrial complex is clearly symbolized by Pentagon-World Trade Center .

Looking through the 35 (assassinations) + 11 (torture) + 25 (bombings) + 67 (global interventions) + 23 (perverting elections) = 161 cases of political violence the conclusion is inevitable: practically speaking all of them are compatible with the class conflict (between countries and within) hypothesis.

No case is compatible with the "clash of civilizations" hypothesis in the sense that civilizational symbols (like mosques, temples) or purely religious authorities were targeted. Nor is there any evidence for classical territorial expansion.

Of course, the justifying rhetoric has been different. For regions i and ii it has been "containment of Soviet expansion", rightly pitting freedom-democracy-human rights against bondage-dictatorship, but silent about the bondage-dictatorship inherent in foreign policy,



and the horrendous "mistakes" in the theory and practice, revealed, for instance, by the former Secretary of Defense Robert McNamara in his In Retrospect/17/, now a classic.

For region iii the rhetoric centered on marxism, with some containment of the Soviet Union ( Cuba , Nicaragua ), but more on students, peasants, workers and clerics (liberation theology). And for region iv the rhetoric has above all been "terrorism", possibly leading to "containment of Islamic fundamentalism", which could then slide into clash of civilizations.

As conflict formation today's enormity of global injustice succeeds slavery and colonialism and will probably end like them through change of consciousness and demoralization at the top. Today most Americans and many in the West are ignorant about this even if they feel something disagreeable deeper down; like Germans under Nazism. They prefer communism/terrorism rhetoric.

An anti-American analysis? Not at all. But anti Washington hegemonical, exploitative foreign policy, certainly.

#### 4. The course of action flows from the discourse.

The choice of discourse matters. Discourse and the course of action influence each other, the discourse serving as action directive, and as rationalization of the actions taken.

The terrorism discourse leads to two possible reactions:

A: search and punish, court-ordered police action; due process

B: search and destroy: uni- or multilateral **military action**.

The retaliation discourse also leads to two reactions:

C: retaliation: hate-violence to hit back, an eye for an eye.

D: exit from the retaliation cycle; US and OS change policies.

As the present author believes 10% in the terrorism discourse (there are some very hard, evil people in the world) and 90% in the retaliation discourse (sad, but, however unwise, retaliation is a human inclination fueled by fundamentalism) reactions, or rather policies, A and D are preferred. US reaction so far is a mix of B (preferring military courts to due process/18/) and C; incapacitation of the presumed enemy and pure revenge; with some elements of A (UN legitimacy) and D (new Palestine policy).

There can be, and are, of course also other US motives. No human being, no power, indeed no superpower is so single-minded as to act from only one motive. When the present author was mediator for Afghan groups, organized by the Afghan University in Peshawar , in February 2001/19/ there was much talk about a coming US base between Herat and the Iranian border to protect oil pipelines from Uzbekistan and Turkmenistan , and for control of Central Asia in general and Afghanistan in particular./20/

Then come such traditional factors as reasserting world leadership, giving content to NATO's new role, and - indeed - to maintain the world class structure led by the center of the Center of the CENTER: the elites in the United States .

What do people in general think on this issue? Fortunately there was a poll taken by Gallup International in 33 countries right after September 11, between 14 and 18 September. Differing from the US polls people were given a choice: "In your opinion, once the identity of the terrorists is known, should the American government launch a military attack on the

country or countries where the terrorists are based or should the American government seek to extradite the terrorists to stand trial?" (Let us only add: the latter is the Libya model).

Only three countries were in favor of "attack": Israel 77%, India 72% and the USA 54%. In Europe the highest in favor "attack" was France with 29%. The "stand trial" answer was in overwhelming majority, around 80% in the other 30 countries ( UK 75%, in France 67%; all over Latin America well above 80%).

In other words, there is a solid basis for Rule of Law rather than Rule of Force in the world population on this issue, and also for a peace movement North-South. Governments, as mentioned, will react strongly against terrorism, maybe less to protect their people than to protect themselves and their class interests, the hard nucleus of a country. They are also afraid of US retribution by being turncoats, and they were in a state of shock after September 11, probably also since their intelligentsia had not warned them sufficiently against the obvious. This author has been expecting, with sadness, something like that to happen--like busting the bridges and blocking the tunnels to Manhattan--since 1988-91, when the US shot down a civilian Iranair plane over the Gulf, and started the massive destruction of Iraq, taking on key Muslim countries, non-Arab and Arab. The surprising thing is that some were surprised.

In short, there is a major people-government split on this. Of the four courses of action--A, B, C and D--the two chosen, B and C, are very costly/21/ and can easily spill over from B to C when the collateral damage gets very high. But they are also fairly obvious; we have seen them before, for instance in the Gulf and Yugoslavia. The other two must be spelt out.

A police action differs from a military action by being court-ordered and legitimized, and by being precisely targeted on the suspects to apprehend them and arraign them into court for possible sentencing and punishment. The court in this case will have to be international since punishment is violence from above. The USA (and some allies) may see the USA as above all other countries, but most of the world stick to the equality of the UN Member States. The exception is the UN Security Council which takes on such roles but cannot do so in this case: of the five core, veto members, four are Christian (USA Protestant, UK Anglican, France Catholic-secular, Russia Orthodox), one is Confucian, China; and none represents the 56 countries of the world with a Muslim majority. The International Court of Justice would be better and so would the coming International Court of Justice (ICC), but it is not yet there and the USA will probably not ratify./22/ It belongs to the picture that the list of accusations against Henry Kissinger, a former Secretary of State/23/, is much longer than the list against bin Laden.

Nevertheless, there is the Libya model for the criminal violence against PanAmerican 103 over Lockerbee, Scotland; slow and easily criticized, but it worked in the end. Countries with the Rule of Law as a top value would support this and not a military action that burns down the forest and kills those who live there instead of a dragnet. The action in Afghanistan tries to combine these elements; but capture alive is unlikely.

But how is it possible to exit from the cycle of retaliation? The question has to be directed not only to the US but also to OS, whoever that is - and the answer is probably changing as US violence develops further. The point of departure would have to be reflections, not only reflexes, not so easy:

- for the US: what have we done since they hate us so much that they do what happened on September 11?

- for the OS: why do we so easily respond with violence?

The first question presupposes what the Swiss psychologist Jean Piaget calls "reciprocity", the ability to see the action of Other as something at least partly caused by Self, by one's own ability to elicit the good, or the evil, in Other. Obviously, the whole retaliation discourse is based on that perspective which comes earlier in girls than in boys but at the end of childhood should be fully developed. The first period of childhood is marked and marred by "absolutism", the idea that what comes from Other of good or evil is entirely caused by Other, that Other is causa sui. Obviously, the terrorism discourse fits well within that perspective, "it has nothing to do with us, they would have done so regardless"-- very prominent among boys, say, four years old.

Self-reflection requires courage, and yet there has hardly been any period with so much reflection both in the US/West and in the Rest, particularly in Muslim countries, but "only" at the people level, not among governments, for the reasons mentioned. In the Islamic countries this may ultimately lead to some changes/24/, both toward more nonviolent politics using democratic approaches and more gandhian approaches, and in the sense of isolating both terrorists and repressive regimes. They are often motivated by the same hard branches of Islam./25/

But how about the US/West? The formula, some "change of US foreign policy", should signal willingness to change the course so as to reduce direct and structural violence, and if at all possible, some reconciliation. Such signals would have to come now, and the problems are enormous. But the signals, if clear enough, could also have an immediate impact.

Here are seven signals indicative of exit from retaliation: Military-political, against direct violence:

[1] **Willingness to recognize Palestine as a state:** this has already happened and the US should be commended for that.

[2] **Remove all US military presence from Arabia**, recognizing that this is a sacred land for very many Muslims, with Mecca and Medina, opening the way towards democracy in that dictatorship.

[3] **Lifting the sanctions on Iraq, negotiating with the regime, and apologize for Albright's "it was worth the price" remark.** More difficult, this would require real statesmanship.

[4] **Accepting the invitation by President Khatami for an open, public, high level dialogue on the relation between Iran/US, and West/Christianity vs Islam in general.** The US fears a dialogue of this type will be used for propaganda, and some disagreeable things will probably be said about the USA-CIA supported coup against the elected prime minister, Mossadegh and in favor the non-elected shah. But after that critique, which any mature person is able to stand, comes the constructive phase where one could only hope Iran is well prepared: "OK, OK, where do go from here" is an excellent, standard American formulation.

[5] **Hands off Afghanistan** . This is partly because any US presence will strengthen the argument about ulterior motives and may stimulate an anti-US coalition, partly as a sign of respect. A UN presence up to trusteeship level is a viable alternative.

Economic-political, against structural violence:

[6] **Globalization-free zones**, in the regions where people die from globalization because of too little money to buy from the market for their basic needs. The Kyoto protocol already had the Third World as an exemption so there is nothing new in the idea of differential approaches. The alternative would be a Marshall plan for the poorest areas of the world in the Andes region, Black Africa and South Asia . strengthening the local, informal economy with a view to basic needs satisfaction for all.

[7] Reconciliation: **learn from the German approach to the 18 countries they conquered and the 2 nations they tried to exterminate, the Jews and the Sinta/Roma**. Today Germany has reasonable relations to all, and a key element went beyond apologies and compensation to including rewriting of textbooks.

All together this could turn a page in history, and it would cost very little relative to the enormous expenses of courses B and C. The political gains would probably also be enormous. But the psychological costs are daunting.

To overcome them such processes would have to be initiated and strongly demanded by civil society. But will yielding to their demand/26/ not stimulate terrorism?

It might stimulate some. But it would isolate most of them by no longer giving them the ocean of hatred in which they can swim and be stimulated whereas a policy of military attack will only deepen and widen that ocean. At the same time it would generate positive processes, virtuous cycles that would very soon overshadow the vicious cycles of retaliation, capture people's attention all over and, like the European Community did for Europe in the 1950s, constitute a quantum jump in world politics. This is indeed overdue. Now is the chance.

## 5. Prognosis.

How is this going to end? Depends on the choice of "this". Do we mean the small picture embraced by Discourse A, the "terrorism" of September 11 and the punitive action = military action + retaliation? Or the larger picture covered by Discourse B, a retaliation cycle embedded in a globalized class conflict?

For the former the answer may be US "victory" with bin Laden dead, Al Qaeda in Afghanistan "crushed", and US oil and military interests in Central Asia secured./27/ But bin Laden may become a martyr, Al Qaeda may change name and regroup - both processes as global as US corporations and air force - with a multiplier stimulated by higher levels of hatred. Punitive force incapacitates but does not remove the causes that produced terrorism. Terrorism has no central command that can capitulate. Afghans may also unite against the USA as proposed by some./28/

A major problem is whether to declare victory. The punitive approach may produce more capacity for violence, making victory declarations self-defeating, inviting attacks next day, as the Algerian government knows from bitter experience. But a non- declaration of victory means a drawn-out, never-ending alert very taxing for the USA and the "allies",

government and people. The question, what is wrong about us since we have so many enemies? emerges. Alerts relax unless adequately stimulated.

In a meeting with some State Department people in 1990 the end of terrorism was declared based on curves turning downward. This was seen as due to the bombing of Libya 1986. My warning was that terrorists may have longer time perspectives, and hail from more space than Libya. The US image tends to be a single-shot phenomenon that peaks and peters out; a better image is a wave-like phenomenon with ups and downs; depending on US policy.

We often hear "the world will never be the same again". For President Bush America lost her innocence (three buildings being raped by jets being rammed into their wombs?). Clearly, US, and by implication West/Japan vulnerability became public knowledge. That the destructive power of the US is bigger than any other side is a truism;  $D(US) > D(OS)$ . But the vulnerability is also bigger;  $V(US) > V(OS)$ . If  $\text{Power} = \text{Destructive power} - \text{Vulnerability}$ , then what sign do we put between  $D(US) - V(US)$  and  $D(OS) - V(OS)$ ?

But this all depends on how we conceive of vulnerability. Destruction is intended for incapacitation, and vulnerability serves as a multiplier of destructive power. September 11 witnessed three flying bombs, nothing relative to the number of US "sorties". But they had impact on an economy already on the way down, and on the polity, peeling off one democratic layer after the other, even if that polity was also on its way down with the elections November 2000 and the judicial coup d'etat.

Vulnerability, social and human, has many dimensions. One formula for the social and global vulnerability is degree of connectedness. The more vertical/centralized the society, the more trade-dependent, the more vulnerable./29/ This was probably a key factor in 9-11 target selection, and is replicable. Horizontal connectedness is less vulnerable, and no connectedness spells no vulnerability. If self-sufficient villages in Việt Nam are "taken out", exterminated, then the spill-over effect on the rest of society is negligible. There is no doubt where nuclear arms would have more impact.

A part of the human vulnerability is short time perspective combined with a single-peaked time cosmology, easily leading to exaggerated optimism and exaggerated pessimism. A long time perspective and wave-like time philosophy, inspire perseverance.

For the larger picture, embedded in the retaliation discourse and in the class conflict/American Empire perspective, the prognosis also becomes larger, drawn out in time. What could be a historical process that could serve as a metaphor? Very useful, also because the US was so deeply involved, is slavery.

The system was despicable, the suffering undescrivable, the level of self-righteousness unbearable. There was retaliation from below, terrorism we would have said today, like Nat Turner (a native American bondsman) and his slave revolt in 1831, with 70+ rebels killing 59 whites. The whole dogma of white superiority was at stake, and the repression was swift, enormous and effective. Assembly of slaves was forbidden, so were education and movement. But something important had nonetheless happened: the Blacks had proven themselves capable of a revolt, at the same time as their violence from below served, in the minds of many slave-owners, to justify their own violence from above. The similarity, point for point, to the post-September 11 situation is painfully clear. We can

almost hear slave-owners explaining how the slaves were destroying for themselves; like terrorists harming the poor by undermining economic growth.

The colonialism metaphor works the same way. There were revolts and punitive expeditions galore; partly obscured by self-serving historiography. By and large they were unsuccessful. But the abolition of colonialism struggle opens for the role of Gandhi, and makes us ask an important question: What would have been the gandhian alternative on September 11?

Anyhow, we know how slavery and colonialism ended: with abolition, even shortly after Turner, shortly after Gandhi. What therapy would give the same prognosis for massive exploitation, the essence of the global class conflict?

## 6. Therapy.

We have already described seven policies as exits from the retaliation cycle. Had they been practiced some months before, were they practiced even some months after--. But they were not, and the killing continues. What would be the concrete circumstances under which an other course of action by one side could have produced basic change in the other?

Let us this time start with OS, the other side, the Osama side. The gandhian action September 11 would have been to organize, with the same precision and synchronization, and on a global scale, massive demonstrations around all US-Western-Japanese embassies in the world, surrounding them by the thousands, totally nonviolently, presenting the facts of global injustice, inviting dialogue. And not only the economic exploitation but all dimensions of class: the political monopolies and manipulation in Palestine and Afghanistan, the military violence in Iraq and elsewhere, the cultural domination through the media and other means, the sacrilege in Arabia./30/

And there would have been a massive world boycott of the goods and products from the most objectionable, least socially and ecologically conscious, global corporations that same day, combined with promotion of concrete action for an economy privileging basic needs for the most needy; all of this far beyond Seattle, Gothenburg, Genova. The demand would be for dialogue between people and government, assuming that they, democrats all, will never be scared of meeting people.

Would this have an impact on the hard, corporate US/West backed by police and military power? In the longer run yes, and it would have saved thousands of lives in New York, Washington DC and all over Afghanistan so far. Soon maybe many, many more.

What would be the steps on the road for that "longer run"? We know them already because of two excellent and recent models: the end of the Viêt Nam war, and the end of the Cold War.

In both cases two factors were operating. There was heavy resistance to US, ferocious fighting in Viêt Nam and nuclear arms race in the Cold War, both processes going on unabatedly. And there was a strong, tenacious, ever growing, world wide movement against the war and against both the (nuclear) arms race and the repression in the post-stalinist countries. Violent governmental action and non-violent civilian counter-action, in other words; with the latter gaining the upper hand, stopping the war and at least temporarily the arms race.

Will it be possible to mount a giant North-South peace movement, addressing both sides, like it was for the giant West-East peace movement? Building on the old and new peace movement in the North, the anti-globalization movement, and the movements critical both of terrorist and repressive tendencies in Muslim societies? Probably yes. And the second condition is already there: just like in the other two cases the USA has picked a struggle with no clear ending, very unlike the wars against Baghdad and Beograd where the capitulation metaphor made sense.

And yet it is worth noting that there was a very important intermediate step in both cases: US "allies" oscillating between the USA and the peoples' movements, increasingly voicing, even publicly, some of the same concerns, decreasingly giving the USA a blank check to do whatever the US leadership deems right.

That leads to an important point. Washington is sensitive to its own people but works with and through governments abroad. But Washington is also sensitive to allied governments and always wants support and closed ranks. A major vulnerability.

When the chips are all down, like for the cases of slavery and colonialism, massive global injustice is not a problem of force, counterforce, and cycles of retaliation. Basically it is a moral problem, just like the other two. And here the underdog has the upper hand, low in status, but high on moral standing; and more so the more nonviolently he conducts the struggle. The topdog may win the game of force. But not the moral issue - and when that dawns upon him and his allies, change of consciousness sets in, and demoralization starts thawing the frozen heart. The game is over. And deep in the guts the better among those at the top know this already - brutally woken up by three planes raping three buildings. By the September 11 wake-up call.

But we also need some kind of mediation. At some points terrorists and state terrorists will have to meet and discuss what they have in common, not only oil, but also terrorism. A meeting on Larry King Live--a master of making people open up, the good, the bad and the ugly--between George W. Bush and bin Laden, or their second in command, is not very likely - today. But wise people could meet with both sides first, probe their goals, both those at the surface and the deeper goals, their world views, their long term philosophies, searching for overlaps, for ways of getting out of their vendetta like two Albanian families predestined to kill each other suddenly recognizing that the vendetta is the enemy, not the other family. Who could be better than three wise men like Jimmy Carter, Fredrik de Klerk and Nelson Mandela? Or the Pope?

They are profoundly decent. And decent people would reject all forms of political violence and feel compassion for all victims, not the tribal compassion only for their own. The world needs all the decent, good, men and women - right now.

## Notes

1. Was the fourth plane heading for CIA in Langley , Virginia ? We do not know, but a "CIA station was lost in attack on Twin Towers " (headline, IHT 6 November 2001 ). "The station was a base of operations to spy on and recruit foreign diplomats who were stationed at the United Nations"- a statement that should cause an outcry of demands for getting the UN out of the USA as soon as possible.

2. The September 11 2001 attack was massive political violence against people and might be referred to as fascist in content. The September 11 1973 attack was also political, and also criminal, being directed against a democratically elected regime, and might be referred to as fascist ideologically (Kissinger as Secretary of State felt that the USA cannot stand by and watch a people voting itself into communism").

3. This suicide form of attack is usually seen as a way of delivering a bomb right on target, which certainly is a valid view. But it could also, in addition, be seen as a way of committing suicide for people deeply steeped in despair, like those who have suffered or been close to Palestinian refugee camps for three generations. This makes the "kamikaze" less apt as a metaphor, a comment that also applies to the toga, toga, toga attack on Pearl Harbor 7 December 1941, extremely precise ("surgical", "smart") with almost no civilian losses ("collateral damage").

4. Sven Lindqvist, of Exterminate All the Brutes fame, traces the theme back to the Italian bombing of Arab civilians in the desert of Tripoli in 1911 - in his A History of Bombing, New Press, 2001. The Italian air command commented that the bombs had a "wonderful effect on the morale of the Arabs".

The British bombed Arab towns and villages in Egypt , Iraq , Jordan , Iran and Afghanistan 1915-20 (gas against civilians, in Iraq , in 1922). Bombing in the colonies was used to kill African, Arab and Asian children, women and men in towns, villages and camps rather than achieving military objectives.

This carried over into the Second World War. Churchill gave RAF orders to bomb military targets in Germany in May 1940; by June neighborhoods where industrial workers lived were included. Hitler retaliated in September; by November RAF was ordered to firebomb 20 German cities (100,000 dead in Hamburg and Dresden ). The (in)famous commander, Arthur "Bomber" Harris, had honed his skills as squadron chief in Iraq in the 1920s (also dropping a twenty-pound bomb on the palace of the Afghan king).

The Americans preferred precision bombing until the US commander, Curtis LeMay picked up the British techniques and launched the massive firestorm attack on Tokyo , killing 100,000 civilians. In the 1950s LeMay was the commander of an atomic strike force. The civilian "morale" was the target, neglecting that the bombing, like September 11, could also engender hatred.

Right now there is the doctrine of "smart bombs", targeted more on infrastructure - in other words killing more civilians, but indirectly through hunger and disease, and more slowly.

5. According to the Yugoslav foreign minister reported by Tim Judah in his book about the war.

6. We shall see, and are told that the methods may not be the same, and may also change when the immediate anger cools off. Iraq , Sudan and Somalia are frequently mentioned, with the Philippines . Ulterior oil motives would point to Iraq .

7. In a comparative 17 nation public opinion survey reported in Free Inquiry Summer 1999 "the United States turns out to be the most religious nation (average ranking = 1.71), followed by Northern Ireland (2.43), the Philippines, Ireland, Poland, Italy, New Zealand, Israel, Austria, Norway, Great Britain, The Netherlands, West Germany, Russia, Slovenia, Hungary, and East Germany". - in other words on the top the USA and Northern Ireland with Protestant majorities (seeing themselves as



Chosen Peoples) and Catholic countries, on the bottom former Soviet bloc countries. The United States, however, is N. 1 in believing in "Life after Death", "The Devil", and "Hell".

8. International Herald Tribune (IHT), 31 August 1995. What theocratic position does that entail to the person leading the foreign affairs of a country mandated by God to lead the world?

9. Quoted by Joan Didion in "God's Country", The New York Review of Books, November 2 2000, p. 70.

10. "These events have divided the world into two sides-the side of believers and the side of infidels", from his first text on al-Jazeera television, reproduced as "Hypocrisy Rears Its Ugly Head", Washington Post, 8 October 2001, p. A12.

11. Another articulation of this DMA syndrome would be hard marxism, dividing the world into the evil bourgeoisie and the good proletariat, with a violent war called revolution being inevitable.

12. Monroe MA : Common Courage Press, 2000.

13. Compared with this what bin Laden is accused of is rather paltry: the 1993 bombs in the World Trade Center, the 1998 bombs at the US embassies in Nairobi and Dar es Salaam, the 2000 bomb attack on the US destroyer Cole in a Yemen harbor, and 2001 9/11.

14. For bin Laden there is nothing new in this. One of the most important points in his first text is "Our nation [the Islamic world] has been tasting this humiliation for more than 80 years". That brings us back to 1920 and before that, almost definitely to the Sykes/Picot treason colonizing, not giving the Arab nation independence in return for their participation in defeating the muslim Ottoman Empire, bringing them under the rule of infidels. In the Washington Post commentary "this is a reference to the suspension of the Muslim caliphate in 1924", raising some doubts about WP arithmetical aptitude (reproduced in The Yomiuri Shimbun October 31 2001, p. 16).

15. And so does bin Laden, for the killers in the September 11 attack: "I pray to God to elevate their status and bless them"

16. And the magnitude of the three types of violence? A guess:

direct, overt: six million, with Korea, Viet Nam and Indonesia weighing very heavily - all Region I. An element of racism?

direct covert: former CIA agents estimated that "at least six million people have died as consequence of U.S. covert operations since World War II", The Guardian Weekly, December 30, 1987, report from a meeting of CIA dissidents in New York.

structural: as usual much more. The 100,000 per day estimator gives us in one year three times the total direct violence in 40-50 years.

The point here is not quarrels about details. We are dealing with mega-violence in all three categories. And it is interesting to compare with the contribution to official development assistance, in principle meeting people's basic needs rather than denying them: the USA is at the bottom of a list of 22 countries with 0.10% of the GNP as opposed to what the UN has proposed, 0.70%, and the world leader, Denmark, with 1.01%.

17. New York : Vintage, 1996. On pp. 321-3 McNamara summarizes the errors in 11 points. Many, perhaps most of them, apply to the US punishment attack, like point 4: "Our misjudgment of friend and foe alike reflected our profound ignorance of the history, culture and politics of the people in the area, and the personalities and habits of their leaders".

18. This is a sad token of the instability of US democracy and civil liberties when only three bombs can have that enormous impact on the whole legal structure so laboriously erected over generations.

19. And an excellent Canadian team from MacMaster university, Hamilton Ont. under the leadership of Dr Seddiq Veera, as TRANSCEND mission.

20. This would be similar to the huge US base, Camp Bondsteel, 20 kms south of Pristina, in Urosevac which the Americans started constructing right after the withdrawal of the Serbian troops; in commentaries related to pipeline corridor VIII.

21. The Japan Times reported that "Cost of War on Afghanistan may run to \$1 billion a month, quoting the costs of the various types of bombs. Of 40 countries in the coalition (not counting the USA ) only six contribute military equipment: Canada , Australia , Japan , England , France and Germany .
22. The USA prefers courts with clear space and time limitations; the ICC has no such limitation which means that US personnel may be indicted.
23. Much of that has been skillfully collected by Christopher Hitchens and published in his articles in Harper's Magazine, February and March 2001 and his book The Trial of Henry Kissinger. In an update in The Nation, November 5 2001 , p.9. He mentions that some people say, "all this was a long time ago". Hitchens' answer: "I think that opportunistic, ahistorical objection may now dissolve. The question of international viciousness and the use of criminal violence against civilians is now, so to speak, back on the agenda. It's important that we make our opposition to such conduct both steady and consistent".
24. A very good example of Muslim critique is Chandra Muzaffar, President of the International Movement for a Just World, based in Malaysia, publishing Commentary regularly (see [www.jaling.my/just](http://www.jaling.my/just)). He writes that "Decent people reject Terrorism and U.S. Bombing" (article in IHT 5 November 2001 ). According to the public opinion data quoted, there must be many decent people in the world.
25. The Saudi royal family, bin Laden and the Talibans are all Wahabbite.
26. At the end of his first text bin Laden said that people in America will not "dream of security before we live it in Palestine , and not before all the infidel armies leave the land of Muhammed , peace be upon him". If bin Laden says  $2+2=4$ , do we support terrorism by agreeing?
27. According to Jean-Charles Brisard and Guillaume Dasquie in their Bin Laden, la vérité interdite, Paris 2001, the key issue in September 11 is oil, a point also discussed by Michael Klare in "The Geopolitics of war?", The Nation, November 5, 2001 , pp. 11-15. The US oil politics in the region flows from an accord between Roosevelt and Ibn Saud on a US warship in the Suez Canal right after the Yalta meeting in February 1945. "It is widely believed that Roosevelt gave the King a promise of US protection in return for privileged American access to Saudi oil - an arrangement that remains in full effect today and constitutes the essential core of the US-Saudi relationship". For Klare the conflict is between bin Laden and the oil interests of the US leadership, Bush-Cheney-Rice-Evans (Secretary of Commerce)-Abraham (Secretary of Energy) over the be or not to be of the Saudi government and with it "the US military presence in Saudi Arabia /that/ has steadily increased over the years" (p. 12). The famous \$10 million check from Prince Walid ibn Talal to the Twin Towers Fund, "with subsequent statements on US foreign policy" (from ibn Talal's article "We Want Anti-Terrorism and Peace in the Middle East ", IHT November 1 2001 ) was an effort to play on both horses. "I am glad to see -- /that/ President George W. Bush has stated his desire to see the establishment of a Palestinian state. Secretary of State Colin Powell has reiterated this view". But Mayor Giuliani wants money with no strings attached and returned the check and bin Laden wants the end of the Saudis.
28. Among them a former prime minister of Afghanistan and a former prime minister of Pakistan , both refugees in Iran . But a drawn-out mountain-based guerrilla war by Talibans could also be problematic.
29. Thus, the obvious defense against economic sanctions, a weapon directed against the weak in society--the children and the old, the weak and the ill--is more self-reliance at the country level and more self-reliance at the county level. That, of course, does not mean self-sufficiency in normal times, but the capacity for self-sufficiency for basic needs satisfaction in emergencies. Neither Iraq , nor Yugoslavia had planned for this; for Afghanistan the sanctions may have added little to their plight because of low connectedness, except, of course, for the traders.

30. Even if the Pope had agreed to stationing of a NATO command in the Vatican (against adequate compensation, of course), it would still have been an act

*The Triumph of Fear - The U. S. War Against Iraq*

**Rabbi Michael Lerner**<sup>133</sup>

I. The Decline of Hope

How could it have come to this? The fundamentally decent people of the United States destroying the homes and lives of innocent Iraqis, just twenty-eight years after most Americans were so sickened by war-making that they chose to abandon the ill-conceived war in Vietnam! From my analysis of the psychodynamics that make this war possible comes a new strategy for the anti-war movement outlined in the second part of this editorial.

The purported reasons for the war are too transparently vacuous to be given much credibility. Stop the development of weapons of mass destruction? Then why not focus the attention on North Korea, which has admitted trying to develop these weapons, rather than Iraq, which doesn't have much. Sure, we are convinced that Saddam Hussein is a militarist who would love to join the club of nations like the United States, England, France, Israel, Pakistan, India, Russia, and Ukraine that have nuclear, biological, and chemical weapons.

As Congressman Dennis Kucinich points out in a conversation with Tikkun, there are over seventeen nations that have or are in the process of developing nuclear capacities and—in part through the help of Western countries like the United States—already have or are developing long-range delivery weapons. Twenty nations have or are in the process of developing chemical and biological weapons. Yes, this makes the world unsafe—but we have ourselves to blame for it in large part, including for the role we played in training and arming al Qaeda operatives when they were terrorists fighting against the Soviets in Afghanistan.

We are deeply opposed to Saddam Hussein. We are convinced that he has violated the basic human rights of his own citizens (including regularizing the use of torture), that he is responsible for the deaths of tens of thousands of innocents, and that he should be

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<sup>133</sup> Rabbi Michael Lerner has based his article on contributions to “*Tikkun*”

brought to trial for crimes against humanity. We would love to see Saddam Hussein's regime replaced by a democratic and human rights-respecting regime in Iraq. But war is not the way to achieve that.

The record of regimes the United States has supported around the world in the past forty years, and the ultra-right wing and human rights-insensitive proclivities of the Bush administration give us little reason to believe that a democratic regime will result from Bush's war.

Despite Secretary of State Powell's presentation to the UN about contacts between Iraq and al Qaeda (reminiscent, perhaps, of the long history of United States contact and support for bin Laden in the 1980s), there is no serious evidence that Saddam Hussein has had any interest in supporting Islamic extremists or terrorists—much less giving them weapons of mass destruction—at least, not until this war. In fact, Saddam ran a secular Islamic state which fought a bloody war against Iranian fundamentalists, and Saddam's chemical and biological weapons were supplied in part by the United States to encourage Saddam in that struggle.

If giving weapons to irresponsible terrorist forces were sufficient reason to overthrow a regime, the U. S. role in spreading these kinds of weapons in the past—for example to the terrorist Contras in Nicaragua, or to the Taliban in its struggle against the Soviet Union, or to terrorist groups seeking to overthrow Castro in Cuba, or to regimes with proven human rights violations—and our failure to participate in serious programs to stop proliferation of nuclear, biological, and chemical weapons to those we consider our allies, would by this logic provide grounds for the people of the world to call for "regime change" in the United States, "by force, if necessary" as Bush says.

Of course, we at Tikkun reject this kind of reasoning—not because what the United States is doing is legitimate, but because in principle we reject the use of force and violence as an appropriate mechanism to stop behavior of states or individuals that we find might possibly endanger the world (except in the case of genocide, ethnic cleansing, or aggression against other states in the current moment without any possible way to save lives or protect the attacked country outside of intervention—an argument that might have been relevant when Iraq was gassing its Kurds, but is not today).

Many of America's most principled religious leaders have joined in the public appeal against this war. Some have argued that there is no proximate threat beyond that posed by the war the United States is bringing to Iraq. Former U. S. President Jimmy Carter made this case very effectively on January 29, 2003:

"With overwhelming military strength now deployed against him and with intense monitoring from space surveillance and the UN inspection team on the ground, any belligerent move by Saddam against a neighbor would be suicidal. An effort to produce or deploy chemical or biological weapons or to make the slightest move toward a nuclear

explosive would be inconceivable. If Iraq does possess such concealed weapons, as is quite likely, Saddam would use them only in the most extreme circumstances, in the face of an invasion of Iraq, when all hope of avoiding the destruction of his regime is lost. "

Carter might have added that there are no similar constraints on U. S. power, no monitoring of our weapons of mass destruction, no supervision of our chemical and biological weapons of mass destruction, no restrictions on the delivery systems we've been developing.

If the predictions of U. S. strategy are correct, you may well be reading this after the United States has let loose the most massive bombing of a civilian city (Baghdad) since we nuked Hiroshima and Nagasaki. Tens of thousands of people will be killed, most of them having played no role whatsoever in the selection or maintenance of Saddam Hussein's dictatorship.

Even if the war doesn't occur, or if it occurs without high levels of civilian casualties (though don't expect Americans to know much about that since the media's obsequious subservience to government censorship is likely to continue—we will, no doubt, be flooded with glorifications of how "clean" and "efficient" and "smart" our technologies of war have become rather than stories of the human suffering of ordinary Iraqi people) the question remains: "How could decent Americans have allowed this to get to the place where it could happen?"

The surface answers are relevant but not finally satisfying:

1. Oil. True enough, George Bush represents that section of capital most tied to the oil and gas interests of the Southwest, some of whom could care less about the collapse of Wall Street or the pressures on finance capital that this war engenders. If the American oil industry could exercise direct control over the oil wells of this most productive oil-producing state in the world, their own level of profits would be assured for quite some time and they would not have to yield to the interests of environmentalists who are urging a crash program to develop non-fossil fuels. Still, this seems like a risky path when Saddam Hussein would be happy to raise the level of oil production, flood the market, and push down dramatically the cost of oil for these same oil companies.

2. Bush's re-election. The economy has been in huge trouble since Bush took office, and it got worse after some of the largest firms revealed criminal behavior and started to collapse. Aided by Bush's massive tax giveaways to the rich, economic prosperity for all seems increasingly unlikely. Distracting attention from this by a focus on war seemed to work effectively to allow Bush to reverse the historic trend by which the party of the president in power tends to lose seats in the midterm election. Perhaps if the war drags on, and is associated in a clear way with the war on terror, Bush could use this war effectively in his re-election campaign.

3. Global hegemony and protection of the globalization of capital. Many of the old Cold Warriors in the administration believe that in a unipolar world, American political domination is in the best interests of everyone, assuring global order and allowing for the safe development of global capitalism, which, they sincerely believe, will benefit everyone. Thomas Friedman, in his impassioned pleas in the New York Times for war against Iraq, adds to this the belief that democracy would eventually flourish in regimes supported by American power and the globalization of capital.

Yet why would Americans allow this kind of thinking, with the evident consequence of being led back into war again, just twenty-eight years after the end of Vietnam? The human race has already recognized that any line of reasoning which leads to the conclusion that "I must kill some Other who stands in my way or does not act the way I wish" is a fallacious way of thinking.

Tikkun's answer is that Americans are in a state of fear, and that fear has been manipulated by militarists and political opportunists to lead ordinarily decent people to the conclusion that we can be safe only by wiping out others.

"Ah, the September 11 syndrome again?" you might wonder.

Well, yes, partly. But that fear goes much deeper than September 11. To understand it, we need to consider how it functions in the daily life experience of people. Let's start by considering the central fallacy that underlies all this fear: the belief that we are separate from each other, and that our individual well-being can be achieved without the well-being of everyone else on the planet.

"Isn't this just our ontological condition—the basic reality of life that we are thrown into this world on our own, and must face it on our own (to paraphrase the fascist philosopher Heidegger)?" you might ask.

No!

In fact we come into this world and survive through an attachment to a mothering being whose love, constancy, and nurturance are critical to our ability to survive and function. Our first experience of the world is one of love, caring, and selfless giving. It takes a lot of conditioning—living in a social reality that teaches us to see ourselves as counterposed to everyone else, that constructs an economic world in which our interests are set up against the interests of others—to unlearn our basic loving experience.

Yet as society grinds its way into our consciousness, it eventually succeeds in undermining our capacity to recognize the deepest truth of the world's spiritual and religious traditions (as well as the fundamental teaching of ecological theory): that we are all interconnected and mutually interdependent. In religious language, we are all created in the Image of God and equally deserving of well-being and care.

Once we remember or begin to allow ourselves to truly appreciate the Unity of All Being, we realize that the damage being done to the Iraqi people is being done to everyone on the planet including ourselves. They are us. They are not "Other. "

Their pain and suffering will be ours.

And this is true not only because the devastation we are delivering to Iraq will create new generations of terrorists who may in fact strike at us, or our children, in decades to come.

The energies unleashed by this war will further destroy the social/psychological/spiritual environment and weaken the bonds of trust among all peoples alive at this moment in history, and will make it more likely for people to come to believe that:

- a. The world is a scary place.
- b. Our own interests are in conflict with everyone else's.
- c. If we don't act to protect ourselves from them and to win at their expense, they will hurt us to win at our expense.
- d. Getting power over others is the only realistic thing we can do to protect ourselves.
- e. If we want to be successful, we need to become good at manipulating others (subtly if possible, overtly if necessary).
- f. Even the people closest to us are likely to be motivated by their own self-interest (it's just "common sense" to believe that that is everyone's bottom line) so we'd best be sure to watch out for ourselves, because no one else will do that for us, no matter how much they claim to love us.

Taken together, this litany of beliefs is already powerfully present in our society, and the war will only make them appear more self-evident and legitimate. Once you appreciate the logic of this dominant worldview, it is not so far a step to think that under some circumstances we can be societally sanctioned to kill others to get our way.

These same beliefs, increasingly internalized in daily life, have contributed to the widespread breakdown of loving relationships, the dissolution of solidarity in communities, and the instability in family life. Our loneliness and alienation increases as we experience a deeper and deeper "realization" that "this is how life really is. " No wonder then that more and more people turn to drugs and alcohol, or to a life defined around their individual computers, protected from unregulated contact with others, or to communities with high walls, both figuratively and literally, built around them.



You may think that when I talk about the breakdown of love that I've gone far afield from talking about war. But no—it's all directly and immediately connected. How we live our lives is a manifestation of an underlying flow of energy in the world—either the energy of love and caring for others, and trust that there is enough, that you are enough, and that there will be enough for all of us; or the energy of fear that manifests in a certainty that the "Other" will be hurtful, that there is not enough love or recognition or food or material well-being to go around, and that if we don't take care of ourselves first and foremost—and without regard to what hurt we may have to inflict on others in order to achieve that—then others will hurt us or even kill us, and laugh at our naiveté and stupidity.

Every act that we take in our lives, every perception of what is possible with others and for ourselves, is shaped by our larger assessment of the flow of this energy in the world and how it defines what is reality and what is fantasy. These perceptions in turn tell us what to think about how much we can trust others, whether we can pick up a hitchhiker or not, whether we can trust a stranger walking in our neighborhood or not, whether we can as a society "afford" to pay for health care for the uninsured or supply child care or quality education for our children.

The war is an expression in its most acute form of the alienation and "othering" of people that is intensifying in daily life, a manifestation of our isolation and inability to see the Unity of All Being, to recognize our mutual interdependence, and our fear of affirming love and hope.

Every ounce of Being mirrors the totality, and is shaped by the totality, so that our own personal alienation grows deeper through living in a world based on war, and our likelihood of choosing war increases through our own individual and societal alienation, loneliness, fear of love and hope, and cynical realism.

Much of what we've done in Tikkun in the past seventeen years has been to chart the movement of social hope and the ways it gets undermined by fear, leading to the dissolution of the bonds of trust between people.

The triumph of the competitive marketplace and its ethos of narcissistic, self-indulgent materialism has been central to this, generating a worldview that everyone is out for themselves and that no one can really count on others. Yet there have been counter-tendencies, because human beings normally gravitate toward caring and concern for each other, and that has at times found expression in large-scale social movements (e.g., in the 1930s and again in the 1960s and 1970s) that articulated a vision of hope. Those visions were systematically challenged in the name of cynical realism, and the challengers often won the day because they could always refer back to our "common sense" about how people "really are" based on our daily experience in the competitive marketplace.

It may be most illuminating to think of history through the frame of seeing the ways that people become encouraged to move from moments of hope to what the society teaches is a "more mature" and "realistic" view of a world in which we are alone and at risk.

There have been many political markers along the way: the undermining of the hopes of universal solidarity expressed in the original formation of the United Nations and the Universal Declaration of Human Rights, undermined in part by a new American nationalism fueled by anti-Communist hysteria in the late 1940s and 1950s; the assassinations of President Kennedy and Senator Kennedy and Martin Luther King, Jr. ; the infiltration and systematic disruption of the anti-war movement in the 1960s by the FBI and CIA; the false promises and raised hopes of the Clinton years which were then dashed against the reality of Clintonian opportunism and slavish desire to serve the interests of global capital (though of course some good things were also accomplished); the failure of Al Gore to provide a vision that could inspire or transcend his wimpiness, to demand real power for the views that actually won majority support in 2000 (rather than abandoning those forces and burying himself in wounded pride); the failure of the Democratic leadership to provide a principled challenge to Bush's Iraq policy. You could probably add a lot more to this list of ways that hope has been undermined and people have given in to cynicism and despair.

But just as every moment that we choose despair we deepen the likelihood of a world of war, so every moment where we choose to affirm love and generosity and our mutual interconnectedness we increase the likelihood of a world of peace and justice.

## II. The Anti-War Movement

Instead of letting the cynical realists define reality for us, let us define it for them.

Rational arguments against the war-apologists have their place, and we should continue to refine them and do our best to communicate them. And if the bombs are falling, and Iraqis are being massacred, Americans with a moral conscience should also be willing to act in powerful and non-violently disruptive ways to challenge this war. Civil disobedience is on the agenda.

Yet if you have followed our argument up till here, you will understand that the most important task for the anti-war movement is to project a new vision of how to create safety. We must talk directly and clearly about fear and about safety. The most effective thing we can do is to get every American to grapple with the following question: will we be safer through more war and domination or more love and generosity?

Let our message be clear. There is only one way for America to be safe: let it be perceived as the leading force in the world for ending poverty and hunger and disease and the vast global inequalities of wealth; as the world's leading force for ecological sanity and repairing the damage done to our biosphere by the past 150 years of industrialization; and as the force that embodies a new bottom line of generosity and caring for others. If

that is our message, we actually have a chance to turn this disastrous situation to something of long-term benefit to humanity.

We could start by talking about rejuvenating the United Nations, and re-imagining how it could be restructured to once again become the repository of the world's hopes. It would, of course, have to transcend the narrow individual rights focus of each particular nation protecting its own turf. It would need Nelson Mandela-type energy, Gorbachev energy, prophetic and utopian energy that it would proudly proclaim as central to its mission. Why not insist that the UN become the place to dream not merely of a world at peace, but a world of love, generosity, and caring for each other?

And while we are at it, why not also propose a way to lovingly embrace the trouble spots of the world instead of surrounding them with guns and threats and starving the populations of countries like Iraq with the fantasy that it will dislodge their powerful leaders? What if we were to surround them with love, generosity, and reassurances that the world really cares about them?

We've tried to coerce people into being good, being peaceful, and going along with our agendas. It hasn't worked. The realists brought us the war in Vietnam, and now they are bringing us the war in Iraq. So forget that realism. It doesn't work.

Instead, let us proclaim that this is the time when the world needs utopian realism—a strategy of insisting that this is now the moment to rebuild the world upon a new bottom line of love and caring, ethical, spiritual, and ecological sensitivity, and awe and wonder at the grandeur of creation. From this perspective, let us build a foreign policy aimed at showing how we can redistribute love, how the richest country in the history of the world can share its wealth and end global hunger and poverty, and can model a spirit of generosity and open-heartedness and genuine recognition of the Unity of All Being. For starters, let every citizen of the United States spend two years of their life in service to humanity, in a massive effort to rebuild the educational, informational, and economic infrastructure of the world—and let this service to humanity become the necessary requirement for entrance into any job or profession. And let the United States take the \$1.5 trillion in taxes President Bush is attempting to give back to the rich and use it instead to help develop the economic infrastructure of the third world.

The key to ending these kinds of wars (there will be more, even if Iraq is already fully demolished by the time you read this) is to build a vision of hope, such as I've described in the last few paragraphs. And that is already happening on the streets, though not yet in the ideologies and the conscious self-understanding of those who are publicly saying "no" to war.

We are so glad to have seen the positive energies of the hundreds of thousands of people who have assembled in the streets of this country to challenge the war-makers. Their

energy often embodies an infectious hopefulness that could change the dynamics and stop this and future wars.

If you haven't yet participated in one of these demonstrations, you owe it to yourself to become part of one. Many of them have been so life-affirming and hope-regenerating to the participants that they could play a serious role in helping us remember that "reality" as portrayed by the media and by the government is only "their reality," and that there are millions of people determined to shape another reality.

Unfortunately, the creative and lovingly anarchic energies brought by the demonstrators has not been matched by those who have rushed to position themselves as our leaders and spokespeople. They are often liberal or left-wing ideologues whose categories of understanding do not include love and generosity, or the flow of social energies from fear to hope. Too often, their language is only the flip side of the economic-reductionism and power orientation of those in the administration that they seek to challenge. No wonder, then, that they rarely are able to articulate a positive vision that can elevate and inspire those who are not already part of the anti-war movement (and that means most of the American people).

The demonstrations themselves should mirror the kind of world we hope to build. The organizers should encourage longer and more serious discussions that present a variety of different analyses and strategies (with conflicting perspectives, because we learn from that kind of open discussion). Rallies and demonstrations could be a real opportunity for all of us to discuss strategy together. It is possible—in the 1960s there were actually open mikes at some of our most effective demonstrations, where ordinary participants could get up and share their thinking with others. Of course, that sometimes opened the stage up to crackpots and police infiltrators who tried to incite us to violence, and to leftist "radicals" who would try to make us feel bad for being white or male or middle-class or otherwise privileged and therefore not suffering the way we ought to have been (in "real" solidarity with the wretched of the earth). We could also create small group discussions both at these events and at follow-up teach-ins in the churches, synagogues, mosques, and community centers nearby.

One of the most distressing elements of these demonstrations has been the presence of Israel-bashing and the suggestion that the war itself is being fought to protect Israeli interests. The coalition called A. N. S. W. E. R. , though filled with decent and morally sensitive people, has been largely guided by a virulently anti-Israel group which uses its control over the selection of speakers to ensure that these sentiments are woven into the fabric of their events in subtle and sometimes not-so-subtle ways. When I pointed out the difference between this and the kind of balanced critique that we at Tikkun have been articulating, a critique that condemns Palestinian acts of terror against Israeli civilians, I was barred by A. N. S. W. E. R. from speaking at any of the large anti-war rallies in which they are part of the organizing coalition. I've been around long enough to not be surprised to find lefties mirroring the rigidity and fearfulness of the right-wingers—many

of them have the same authoritarian personalities that can be found as well among the liberal centrists who fight wars of aggression in the name of tolerance and democracy. In a world filled with distortions, we can be sure to find some of those distortions in ourselves as well! So I've encouraged the Tikkun Community and my own synagogue, Beyt Tikkun, to participate actively in these demonstrations—because stopping the war is the number one moral priority—but at the same time to speak out against the Israel-bashing and the suppression of dissent within the movement itself.

How ironic, though, that this should happen to the very Tikkun voices who are attacked by many sectors of the organized Jewish community because we are supposedly anti-Israel!

Tikkun Magazine is doing what we can to keep alive the voice of Jewish liberalism at a time when it is almost impossible to get any other major Jewish organization to publicly challenge the war-makers. Too many Jews have mistakenly bought the view that this war is good for Israel. But it is never good for the Jews, or anyone else, to be identified with repressive and immoral policies, no matter how much short term benefits might accrue.

*Thinking Ahead: Israel's Future Relations with the European Union 134*

**Alfred Tovias**

**1. Introduction**

Israel participates in the so-called Barcelona Process as a southern Mediterranean country, but it is no secret that it notably differs from its southern neighbours in terms of its socio-economic features, which are more similar to those of EU countries. The perspective of the EU accepting the future membership of up to thirteen countries (including Turkey) in Eastern Europe and the Mediterranean Basin, all of which with GDPs per capita (in \$) below the Israeli level will transform the EU into an economic and political entity of 28 countries which will be even much closer than now to Israel, not only geographically, but politically, culturally and economically as well. The nature of the Euro-Mediterranean Partnership (EMP) will change as well with such an Enlargement since all Mediterranean non-Arab countries will be EU members but Israel. Pressures to transform the EMP into a Euro-Arab Partnership will be strong. The EU and Israel will be obliged to revise in such an event the type of link they wish to establish. The chapter explores some possible policy options open to Israel.

**2. Three policy options**

**Option 1 : Betting on the EMP and the Barcelona Process**

Israel signed in November 1995 an association agreement with the EU, which was subsumed later on under the umbrella of the Euro-Mediterranean Partnership which opened the way to the so-called Barcelona Process, a holistic and multi-faceted approach to institutionalized economic, political and cultural cooperation between the EU and Mediterranean Non Member Countries (at the time including some candidates to accession, such as Turkey, Malta and Cyprus, the last two scheduled for entry by May 2004). According to many Israeli officials, the political benefits of the Barcelona process for Israel have been, at least in the short run, rather unsubstantial. In economic terms, the importance of the Partnership is marginal as well. Israel does not benefit from bilateral

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MEDA funds, and cumulation of origin rules is a long way off, given the EU's traditional position that south-south free trade agreements must be signed and rules of origin in bilateral trade agreements must be unified beforehand. In 2001 the EU decided to offer Pan-European cumulation to Mediterranean Non Member Countries (MNMCS). This is a positive step in the eyes of Israel, but for the fact that it comes too late to make a real impact, since most Eastern European countries will be members of the EU before Pan-European cumulation is put in place for MNMCS.

In spite of these deficiencies, those favouring this first policy option underline that Israel should still be clearly interested in the continuation of the Barcelona Process. It is important for Israel to preserve this process as the only forum for multilateral co-operation with its neighbours, no matter the difficulties thus far – and in the foreseeable future. Although the present does not offer a comforting picture, “Barcelona” may be able to boost Euro-Mediterranean co-operation for the benefit of all the parties concerned once and if the peace process is re-launched (a big “if” indeed). In this event, the already existing networks of Mediterranean co-operation and the role of civil society may be crucial for the consolidation of peace. Thus, no one should expect miracles from the Barcelona Process for the time being, according to the supporters of this policy option, but it is important to bear in mind the potential benefits of the Partnership in the long run. Of course the mainstay of EU-Israel relations from this policy perspective would remain the bilateral association agreement signed in 1995 with all its limitations (basically an FTA plus agreement).<sup>135</sup> This policy option is discarded by the author for the reasons mentioned below.

#### Option 2: Factor in the next EU Enlargement and apply for EEA membership

The second policy option emphasizes that the 1995 association agreement between Israel and the EU does barely take care of “second generation” issues related to the development of the EU's Single Market (phasing out of technical, administrative and fiscal barriers to trade). An ancillary agreement on government procurement signed between the EU and Israel in 1997 remains very unsatisfactory. The same applies to separate negotiations for the improvement of the agreement in the domain of services and of agricultural goods, important items in Israel's balance of trade with the EU, with which Israel has a tremendous deficit since many years<sup>136</sup>. Apart from the fairly nice success of Israel's incorporation in the 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> R and Framework Programmes, the “special status” that Israel was supposed to be given according to the 1994 Essen Council has not materialized.

With the coming EU Enlargement in 2004, Russia, the Ukraine and South Eastern Europe will become more than now the focus of the enlarged EU's external relations and more attention will be given to the European continent, in comparison to the current situation,

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<sup>135</sup> For an analysis of the agreement see Ahirom and Tovias (1995) and Hirsch (1996).

where some attention is being given to relations with Mediterranean Non Member Countries.

This general outlook must be qualified in the case of Israel-EU relations after the Enlargement, which look promising. Poland, Hungary, the Czech Republic, Cyprus, Malta and some Baltic countries feel certain cultural and historical affinities with Israel. The latter is also regarded by all the applicants as a powerhouse in R and D with which it makes sense to cooperate. It is therefore likely that the Enlargement will favour a strengthening of institutional relations between the EU and Israel. More generally, the new members will be among those siding with those EU countries that are more receptive to Israel's contention that it should be treated by the EU as an EFTA-like country.

In view of the above, the second school of thought says that Israel should apply for entry into the European Economic Area, which provides for inclusion in the EU's Single Market for EFTA countries which do not want to be full members of the EU, such as Norway or Iceland. It implies, in short, full economic integration without political integration in the EU. This model of relations could suit both sides. As explained in Emerson et al. (2002), p. 34, it has worked well for eight years now and according to its original intentions. Because the Arab-Israeli conflict is still not solved and might remain unsolved for a long time, it stands to reason that many EU member states would reject an Israeli application for membership in the EU (see Option 3 below). In contrast, access to the Single Market is practically devoid of political significance. For Israel, economic anchorage into the EU seems of primordial importance. In the short and medium run, Israel would not be willing to rely on EU membership for its own security, something sharply in contrast with the position adopted by Cyprus or Malta. In fact many Israelis would oppose at this stage of national development entry in a supra-national club. Even the EEA formula might be considered too much for some, since it would imply freedom of movement of manpower between Israel and other members of the EEA. On the other hand, Israeli law-makers could be sympathetic to the idea of both participating in the EU's *decision-shaping* process (the formula adopted in the EEA) and adjusting to the *acquis communautaire* in the domain of trade in goods, services and capital, because in fact the effort to be done would be in many instances minimal. Current legislation is quite close to the EU's one in many sectors and domains. Israel adopts generally European standards, which are easier to understand than those of the US and in any case the latter do converge many times to European ones.

Of course, this author is aware that (Israel's) participation in "*decision-shaping*" would not amount to much, particularly in an Enlarged EU (Emerson et al. , 2002, pp. 29-31), but certainly this "much" would be a quantum change in relation to the present status of no influence whatsoever. And according to Emerson et al. 2002, "*decision-shaping*" on

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136 Total trade between the EU and Israel reached 26 billion Euro in 2000. Israel's trade deficit increased from 3. 5 billion euros in 1990 to 7 billion euros in 2000.



Single Market issues has been working fairly smoothly . To give a sense of what is at stake here, Israel has been associated fully to the EU's 5<sup>th</sup> R and D Framework Programme, to which it has contributed with funds and human resources. From discussions held with the relevant actors this author can say it is a well respected associate with above average input in *decision-shaping*. And as Emerson et al. explain (p. 31) much indirect influence is obtained by full participation of civil society actors of EEA states in European-wide networks. Israel is already participating in some of them but would gain much in expanding to new domains where it is not yet represented and so prepare better the ground for EEA membership.

One of the main advantages of the EEA formula for Israel in relation to membership (see next option) is the possibility to maintain all the Free Trade Agreements it has been signing for more than a decade and in particular the 1985 FTA agreement with the US. This author is certainly aware of some of the limitations in the margin of maneuver that non –EU members of the EEA have in their trade policy. Curzon(1997), p. 199, states, for instance, quite emphatically that the latter would not be free to negotiate on services or capital movements with third countries. Concerning the negotiation of mutual recognition agreements with third countries of certification and tests the EEA Treaty states clearly that EFTA countries must conform to the format used by the EU in previous negotiations with third countries. In a trade war between the EC and the US, Norway would almost certainly align itself on the EC but it would put Norway in a terrible position. And the EC cannot count on the backing of Norway automatically in WTO negotiations or when its DSM (Dispute-Settlement Mechanism) is invoked or activated by a non EEA-member country, such as the US. For instance, in the banana dispute, Norway could remain aloof and of course was not included among the countries regarding which the US retaliated.

Another advantage of the EEA formula, as seen from Israel, is the ever-existing possibility, if need be, of withdrawing from the EEA after one's year notice. This is important for a country submitted to a very idiosyncratic geopolitical environment. On the other hand EU membership is "Catholic marriage", a no-divorce contract. Finally, when comparing the Swiss model of relations with the EU (i. e. multiplying sector-specific agreements) to EEA membership, the former procures, quite paradoxically, a less strong sovereign position to Switzerland than the EEA states, "since it has no equivalent to the EFTA Surveillance Authority and Court" ( Emerson et al. , 2002, p. 110).

This leads us to what might be perceived by many in Israel as the main hidden advantage of the EEA formula over the third option below (EU membership): not having to pose the question of Israel's identity. This is important not only for the usual suspects, but quite paradoxically for some in the Peace camp and the secular Left in Israel that believe that in spite of past failures, the idea of a New Middle East and the development of a Mediterranean identity could still make a comeback. Thus for them Israel should leave the door open.

Another key advantage for many in Israel of the EEA formula over the more daring one of membership is that it does not imply solving first the Israeli-Arab conflict in all its aspects, nor procuring full equality to Arab Israeli citizens (or the suppression of Israel's Law of Return for the matter), all quite controversial measures.

On the other hand, and this must be seen also as an advantage, EEA membership can be taken, after all, as a transitory or preparatory stage towards full EU membership, helping to develop trust between the EU and Israel. In this sense the EEA option would be compatible with and actually part of the "visionary perspective of future membership" so critical in being able to change things on the ground in the Middle East (see below next option). And because EEA membership would be less controversial for EU member states, objections of the latter to the option discussed here would be comparatively smaller. For instance, the "Preliminary Draft Constitutional Treaty" of 28 October 2002 presented by former French President and chairman of the group drafting a Constitution for Europe, Giscard D'Estaing, includes an article containing "provisions defining a privileged relationship between the Union and its neighbouring states", while the Centre Right political group PPP of the European Parliament in their draft constitution (of about the same date), says as follows in his Article 116 (2): ". With its neighbouring states, the Union may enter into special association agreements ("European Partnerships") which, in addition to an extension of part or all rules related to the common market, may also provide for the establishment of joint institutions or allow for associate participation or representatives of these states in the work of the Union institutions". In a recent CEPS publication, Emerson (2002) concurs with this author that should Israel request accession to the EEA "it could easily qualify...". There do not seem then to exist unsurmountable difficulties from the European side.

A hidden disadvantage of this policy option is the future of the EEA itself. Betting on EEA membership at a time it risks to be marginalized might be risky, in particular if some of its present members opt out either to revert to a "Swiss-type" of association or, on the contrary, to accede as full member to the EU.

### *Option 3: A complete revision of EU-Israel relations*

All of the above might not be considered sufficient by a third policy school. They would stress that the strategic changes which have been taking place since 1989 both in Europe and in the Middle East call for the political integration of Israel in the European Union, i. e. full EU membership. They would stress that for Israel the geopolitical environment has basically changed in the last 15 years. On the one hand there have been quantum geo-strategic changes taking place in the European continent. The Soviet Union has disappeared from the political map. As a result, Germany was re-unified and most neutral European countries decided to join the EU. A total of 13 countries, including most of Eastern Europe, three Baltic and three Mediterranean countries (Turkey, Cyprus and Malta) are candidates for membership in the EU, with 10 of them expected to join as soon as 2004. While all the candidates speak of "returning to Europe", many of them are

fiercely nationalistic, actually not less than Israel. Observe also that soon the EU's center of gravity will move South and East, coming closer to Israel, increasing both its dependence on the EU's as well as the latter's relevance. Several new EU members will be among those favouring closer relations with Israel. They are also countries to which Israelis can relate easily. The EU will be much closer to Israel, not only geographically but, even more so, mentally.

On the other hand, the political and economic scenarios for the Near East contemplated in the different diplomatic initiatives of the early 1990s have been or are being questioned one after the other. To begin with, the Peace Process started in Madrid in 1991 and betting on the emergence of a New Middle East has collapsed. More than that, the Oslo formula of 1993 based on developing mutual trust and on integration and not separation appears to have ignored deep-seated animosities and cultural disparities. The Palestinians are interested in independence, not in integration. Israel was interested in integration only to keep control over the territories a little longer. Even assuming that peace between the Israeli and Palestinian people is achieved, the idea of a New Middle East is not welcomed by Egypt, which fears rightly or wrongly, that Israel would become in such a setting the leading economy. Moreover, scientific and other empirical evidence shows that an economically-integrated Middle East cannot replace economic ties of Israel, Turkey or Cyprus with the EU. For Israel it is better to be "tail of lion rather than head of fox". While Southern European intellectuals frequently advise Israelis to integrate economically with its Mediterranean neighbours (and act as "head of fox"), when it comes to their own countries, they preferred to be "tail of lion". As is well known, it was Southern European members of the EU which were also the ones behind the EMP launched in 1995, at the height of the Oslo Process and the Algerian crisis. It was conceived by the EU with the economic needs of Arab countries in North Africa in mind and on the assumption of a New Middle East emerging with the help of Europe, when in fact Spain and France were actually suggesting back in 1992 "only" a Euro-Maghreb Partnership, not an EMP. Not surprisingly, neither Turkey nor Cyprus saw in the Partnership an alternative to membership. In their view the latter is the real thing, the former a side-show. On top of it, the Partnership was badly conceived and, in the view of this author, sooner or later it will derail, be suspended or transformed into something coming close to the Euro-Arab Dialogue of the 1970s (which included Gulf countries and Iraq). Its main aim would be to promote an harmony of civilizations, a more modest project than the EMP (which tried to impose trade liberalization via the creation of FTAs to transform economic and political structures of the Arab world in the image of the European model). But obviously in such a futuristic scenario, Israel would have no role or place apart from the fact that some of its main actors might find Israel's participation unsuitable.

On the basis of what was just said, the solution seen from Israel, seems to be to apply for membership in the EU. Let the latter state if this is at all conceivable and under what conditions. This chapter is not the place to find out what these conditions might be, since it deals with Israeli options and perspectives. In any case the EU and Israel share the

same basic political values. In fact European values precede the creation of the EC and they have been feeding on many Jewish values, so the argument goes. Mr. Marco Panella, of the Italian Radical Party, has put it in graphic terms: Israel's incorporation in the EU could infect with democratic values all the Middle East. The geographic argument, whereby Israel is not in the European continent, seems shallow in such a perspective. It shall not stand in the way because other countries which do not belong to the European continent (such as Cyprus) are being considered for membership. And the EU will have to deal in the future with other border cases, geographically-speaking (e. g. Armenia, Georgia).

Adjusting to the economic and political *acquis* should certainly not be more difficult for an economically-advanced democratic country such as Israel than for Turkey or Poland, not to speak of Bulgaria. Israel is a functioning market economy and fulfills most of the Copenhagen criteria (but would have to do undoubtedly more in this respect, something which a resolution of the Israeli-Palestinian conflict would facilitate). All experts concur that Israel could have been an OECD member for years had it not been for political reasons. According to some unofficial sources, Israel is close to obtain membership in the OECD. Israel would be a net donor in budgetary terms in a EU including the current 13 candidates. Its GDP per capita is larger than the one of any of the latter. In a EU of 27 or 28 member states, Israel would represent the median level of income. Israel's GDP is larger than the one of 11 of the 13 candidate countries. Contrasting with their case, integrating Israel in the EU would not require from the latter pre-accession aid.

Politically, Israel's membership in the EU would address Israel's sense of solitude and isolation, and also improve its security. More generally one can argue easily that the perspective of EU membership would give Israel enough security to offer generous territorial and political concessions to the Palestinians. In fact an offer of membership by the EU to Israel would change for many the terms of reference. A perspective of membership would certainly support the camp of the peace-makers in Israel's polity. And the US, a key strategic ally of Israel, would support membership, in the opinion of this author, as it has supported entry into the EU of other close allies such as Britain or Turkey.

For those worried about the future of Israel's democracy, EU membership is seen as an antidote. For those who fear encroachment of religious issues in Israel politics, Israel's membership would be a big *deus ex machina*, since the country would have to operate some legal reforms before accession to guarantee some separation of state and religion. The Law of Return would probably have to be revised, the Jewish Agency revamped, and Zionism revisited.

As Professor Raymond Cohen from the Hebrew University has underlined, the main advantage of this option is that it brings a "new vision" for Israel, once peace with its neighbours is in the offing. Only a 'vision' can galvanize reform efforts and a change for

the better in the way Israeli Jews perceive “the other”, including Israeli Arabs ( an application of Monnet and Schuman ideas to Israel).

A “vision” such as this could change things on the ground. For Professor Oz Salzberger, of Haifa University, a membership perspective could have an ice-breaking effect in the difficult atmosphere of relations between Europe and Israel. And a “return to Europe” could be an up-lifting project, culturally-elevating, particularly because for Israel’s Jewish population it would be the return to a new Europe, not the one many of them had to abandon in haste in the middle of last century. As Professor Dan Diner, of the Hebrew University, says “Israel is from Europe”, rather than in Europe.

Whereas the disadvantages of EU membership over EEA membership have been mentioned above in option 2, to the political advantages just mentioned one must mention others as follows :

- 1) Participation in all EU decision-making institutions.
- 2) Participation in the CAP.
- 3) Participation in all European Community Programmes (e. g. in the domain of education, culture, environment, public health, statistics)
- 4) Participation in all European agencies (e. g. in the domain of food safety, standardization, and so on)
- 5) Participation in the EU’s competition policies and prevention of the possibility of the EU applying anti-dumping duties on Israeli exports
- 6) Upgrading of Israel’s debt ratings ( as is happening with the new candidates), allowing for lower interest rates charged on bonds issued by the State of Israel or private firms in that country.
- 7) Import of economic stability by joining the euro currency block, allowing again for lower interest rates on Israeli-issued debt<sup>137</sup>.

One of the unknowns is what the Arab world would say about Israel’s integration in the EU. *A priori* one would be tempted to say that the reaction would be negative and even nightmarish for some (“again a European re-occupation of the Middle East”), but this is not a foregone conclusion. For instance those countries that have come to terms with the existence of Israel and at the same time admit that it should not be part of the Arab world or the Middle East even in economic terms (e. g. because development levels are way too different as well as labour and environmental standards) should see as an advantage that Israel be tied to the European block and have to conform to some restraining supra-national rules. Not only that. Some may see in such a step a relaxation of the overwhelming ties that bind Israel to the US, something perceived as an advantage from an Arab viewpoint. On top of it, the probable constitutional changes which Israel would

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<sup>137</sup> Jerusalem Post, The return of the dollarization idea, November 23 3002.

have to do to be a full EU member would be of a nature to seduce many Arabs, not only those who are citizens of the State of Israel.

Contrary to what others may believe, this author does not think that the fear of anti-Semitism in Europe would play a significant negative role in any Israeli referendum on the issue. For once young and middle-age people including students, professionals or simply tourists know what the reality looks like in Europe. Holocaust survivors who are traditionally very dismissive about links with Europe have year after year less of a weight in the Israeli electorate. A key issue in this respect as well as in others mentioned in this paper would be the positions adopted by Diaspora Jews. It can safely be assumed that European Jews as well as a large share of American Jews would be enthusiastic.

### 3. Some general conclusions

A continuation of Israel's present status in the Euro-Mediterranean Partnership is a possibility but seems clearly unsatisfactory to most Israeli policy-makers nowadays. The EMP was conceived in Europe, not in Israel. It was launched in a totally different context than the present one which explains why at the time Israel went along at a time of high expectations of change in the Near East. In the coming future the present Israeli policy of on-going, if passive, support of the EMP will probably be discarded, not only because it does not add anything substantial to the bilateral association agreement signed in 1995, but because it subsumes Israel in a Process with a lot of "vision", but not big future, for reasons that have nothing to do with Israel, but with the lack of sufficient appeal to Arab countries of a project limited to industrial free trade between the latter and the EU, no panacea for oil-producing or agriculturally- based economies. And with the coming Enlargement of the EU to 25 countries, the EMP and the Barcelona Process will lose steam anyway and with it, no perspective of seeing the amounts of MEDA funds allocated currently to reforms of Mediterranean Arab countries being greatly increased.

A second policy option gauges advantages and disadvantages for Israel of obtaining membership in the European Economic Area, i. e. full economic integration without political integration in the EU. Among the advantages, are the un-impeded access to the Single Market, full participation of civil society actors of Israel in European-wide networks and taking part in the shaping of decisions regarding the Single Market (including in the domains of high tech and services, so important in Israel's economy nowadays). The EEA solution is also compatible with maintaining Israel's FTA with the US and with the vision of "The New Middle East", for the moment set aside and rather utopian, but which might make a comeback at some future stage. And EEA membership can also open the door to an even more daring "vision", namely EU membership. In sum, EEA membership can be taken as an interim measure, not requiring even for the concomitant resolution of the Arab-Israeli conflict in all its aspects.

But why wait? Following the examples of Central and Eastern European countries, as well as Cyprus and Malta, which have considered EEA membership as not suitable, not practical, not inspiring enough and undemocratic on top of it, Israel could ask for EU membership, so as not to be left behind, even more so after Turkey seems also on the way to membership. This is a third policy option which takes therefore into consideration not only quantum political changes which have taken place in and around the EU, but also in the Middle East, as well. It would bring a “new vision” for Israel, once peace with its neighbours is in the offing, allowing for a complete change of the present terms of reference. Not only this. Israel’s membership in the EU would improve and strengthen the democratic features of Israel as well as its perceived security, something likely to facilitate painful territorial concessions to its neighbours and its geographical accommodation in the Eastern Mediterranean. Moreover Israel’s participation in the Common Agricultural Policy and in the EU’s competition policies would add to the economic benefits of simple EEA membership. Of course, Israel would have to conform to the *acquis communautaire*, the so-called *acquis politique* and the quite tough Copenhagen criteria and might have some difficulties in complying with them. But if Turkey, for instance, is prepared to rise to the challenge, why would Israel not be able to do so as well?

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## *East and West*

### **Andre Gunder Frank**

Philleas Phogg miscalculated the eighty-day count for his trip around the world, because he crossed the international dateline. So we may be excused if we also fudge our eighty-year counts a bit in our round the world review of its shifting image. This year marks the 150th anniversary of the publication of *The Communist Manifesto* by Marx and Engels in the West on 1848, to be followed a dozen years later by Capital. That was some eighty years or only about three generations after Adam Smith published his *Wealth of Nations* in 1776, when he still repeatedly acknowledged the superiority over the West of the East, and particularly of China. But eighty years was enough to generate and permit a 180-degree turnaround in western and some eastern [not to mention southern] perceptions and 'theories' about the world and the absolute and relative places and roles of East and West within it. Soon Rudyard Kipling would coin his famous phrase that 'The East is East and the West is West, and never the twain shall meet', which is still echoed today by the author of *The Clash of Civilizations* Samuel Huntington (1993,1996) again writing in *Foreign Affairs* [1997].

Yet only a hundred years since the 1848 Western Manifesto sufficed to begin a significant Eastern resurrection by the decolonization in South Asia with independence in India in 1948, and by liberation in China in 1949 and then in Indonesia and elsewhere in Southeast Asia. And only a half century later the 1997 return of Hong Kong to China heralded the completion of another 360 degree round the world global shift after the two eighty year periods since its Opium War transfer to Britain. The widely mis-interpreted 1998 'meltdown' of East Asia was a financial symptom of the renewed reality: In fact, it was the first round the world recession again to begin in East Asia and spread from there to the West, instead of vice versa. That marked the beginnings of the return back 360 degrees around the world of the world economic center to Asia where it had always been before those two eighty-year periods of temporary Western ascendance. The stock market crash in Hong Kong and the devaluation of the Thai bhat and the Indonesian rupia took only 80 seconds to make themselves felt in the London City and on New York's Wall Street. How much of a cultural lag do we still need for popular perception and social theory to catch up with global reality?

This essay deals with this question as follows: I begin in Part I with the briefest review of what has been aptly termed as *The Chinese Chameleon*. An Analysis of European Conceptions of Chinese Civilization (Dawson 1967) from pro to con and of the Western invention and denigration of Orientalism (Said 1978) in general. I then note some of the

tips of the major icebergs of social theory invented in the West since the mid-nineteenth century and refer to some of their twentieth century legacies, which continue to dominate much of popular thought and social theory as well as historiography to this day.

Part II examines some critiques of received historiography and social theory, which begin to pave the way to new and better alternative perspectives and analyses. These are grouped into:

- A. The 'Orient' was not really like it was made out to be: recent critiques and alternative renditions of Third World [Under]development in the East and South;
- B. The 'West' did not really do it on its own the way it claimed: A re-examination of the Western 'exceptionalism' to which 'Rise of the West' has been falsely attributed and of the alleged Northwest European and American 'way' and methods of development that others are supposed to follow; and
- C. East/West comparisons can reveal and reflect what really happened: A review of some more systematic comparisons and their theoretical pretensions.
- D. The West did invent 'capitalism' but its colonial imperialism was used to develop the west and underdevelop the rest: These are proposed alternatives that, while denying the crassest allegations of European exceptionalism, still identify Europe and America as the birthplace and 'center' of a world-economy and world-system and its 'capitalist mode of production' that only subsequently spread out to 'incorporate' the rest of the world.

I will argue how each of these steps has made a perhaps necessary contribution without however affording us a sufficient alternative perspective and analysis. Some authors and works, including my own, have contributed to more than one of the above categories. However, I will focus on their initial or most influential works and mostly categorize them accordingly. Moreover, the better known and/or accessible these works already are, the less attention need I devote to them below.

Part III then presents some elements of an alternative holistic global analysis that recognizes how the whole is not only more than the sum of its parts but also helps to shape its parts and their relations to each other, which cannot be analyzed or understood apart from the structure and transformation of that whole itself.

## I. HOW WESTERN PERCEPTIONS OF THE EAST CHANGED

Until about 1800, the predominant Western perception of the East was favorable. Europeans were attracted to and sought to learn from many parts of the Orient that were seen as civilizational, culturally, politically, socially, economically, and technologically more advanced than any or all of Europe. Indeed, "Orient", as still recorded in *The Concise Oxford Dictionary of Current English* whose first edition dates from 1911, meant the following:

ORIENT: The East; lustrous, sparkling, precious; radiant, rising, nascent; place or exactly determine position, settle or find bearings; bring into clearly understood relations; direct towards; determine how one stands in relation to one's surroundings. Turn eastward.

What happened to make all those nice meanings disappear and have the American Oxford Dictionary [1980] now say instead:

ORIENT: The East, Countries East of the Mediterranean, Especially East Asia.

What happened in the meantime was industrialization and colonialism in 'The Rise of the West. '

Before that, Europeans and Arabs at least had a much more global/ist perspective that was then suppressed and replaced by the rise of Eurocentric historiography and social theory in the nineteenth century. For instance, the Tunisian statesman and historian, Ibn Kaldhoun [1332-1406] evaluated and compared the "wealth of nations" before and at his time:

*This may be exemplified by the eastern regions, such as Egypt, Syria, India, China, and the whole northern regions, beyond the Mediterranean. When their civilization increased, the property of the inhabitants increased, and their dynasties became great. Their towns and settlements became numerous, and their commerce and conditions improved. At this time, we can observe the condition of the merchants of the Christian nations who come to the Muslims in the Maghreb. Their prosperity and affluence cannot be fully described because it is so great. The same applies to the merchants from the East and what we hear about their conditions, and even more so to the far Eastern merchants from the countries of the non-Arab Iraq, India, and China. We hear remarkable stories reported by travellers about their wealth and prosperity. These stories are usually received with skepticism (Ibn Khaldun 1967:279).*

Even in the eighteenth century Father Du Halde, the most learned French publicist of matters Chinese [who never left Paris and used Jesuit and other travelers and translators as sources] still wrote that in China

*the particular riches of every province, and the ability of transporting merchandise by means of rivers and canals, have rendered the empire always very flourishing . . . The trade carried on within China is so great, that of all of Europe is not to be compared therewith (quoted by Chaudhuri 1991:430 [for a longer version also see Ho 1959:199]).*

In a discussion of Du Halde's work, Foss (1986:91) insists that not only philosophical but also technological and other practical texts from China were translated and studied in the West with utilitarian interest. Indeed, Lach (1965--) has written volumes [7 so far with

others promised] about Asia in the Making of Europe. It would be difficult and time/space consuming to make a summary [but see the review article of the series by Pearson (1996)] even of the "Composite Picture" at the end of Lach and van Kley (1993, Vol. III, Book IV). They observe for instance that "sixteenth-century Europeans had considered Japan and China to be the great hopes of the future" (ibid: 1890). By the end of the seventeenth century "few literate Europeans could have been completely untouched [by the image of Asia], and it would have been surprising indeed if its effects could not be seen in contemporary European literature, art, learning, and culture" (ibid:1890)]. For in the meantime, hundreds of books about Asia had been written, reprinted and translated in all major European languages by European missionaries, merchants, sea captains, physicians, sailors, soldiers, and other travelers. These included at least 25 major works about South Asia, 15 about Southeast Asia, 20 on the archipelagoes, and 60 about East Asia, not to mention countless shorter works (ibid:1890). The Indian empire was considered to be among the world's richest and most powerful, but China remained its most impressive and the Europeans' ultimate goal (ibid: 1897,1904). Asian philosophy, but arts and sciences less so; medicine, crafts and industry, and their respective practitioners were highly respected and oft imitated (ibid: 1914 and 1593 ff). As another manifestation of this earlier European perspective, we might note that between 1480 and 1700 France printed twice as many book about the Ottomans than about the Americas (Cipolla 1976:228-229).

A revealing historical sidelight about some Europeans' practical regard, not only for China but also for much of Asia and North Africa, emerges from the collected works of Leibnitz. He was retained by a West German ruler who was rightly suspicious of the ambitions of his neighbor Louis XIV. So Leibnitz wrote Louis to offer a piece of advice: Rather than pursuing any possible ambitions across the Rhine, it would be much more political economic for France to turn southeastward to challenge the Ottomans, because

*In fact, everything exquisite and admirable comes from the East Indies: gossampin, silk, aromatics, porcelain, precious stones, ivory and a multitude of other sources of delight. Learned people have remarked that in the whole world there is no commerce comparable to that of China (Leibnitz 1969, Vol. 5:206 the quotation of which was kindly supplied by Gregory Blue).*

The French did not pursue this advice until the time of Napoleon, who probably not by accident also took the trouble to recover a copy of Leibnitz's letter when he invaded Germany. As observers like Lach and Said have noted, this European high regard for Asia did not really change until the nineteenth century, after the inception of European industrialization and colonialism, which then profoundly altered European perceptions and pronouncements, including their historiography and social science.

Adam Smith also recognized Asia as being economically far more advanced and richer than Europe in still in 1776. "The improvements in agriculture and manufactures seem likewise to have been of very great antiquity in the provinces of Bengal in the East

Indies, and in some of the eastern provinces of China. . . . Even those three countries [China, Egypt and Indostan], the wealthiest, according to all accounts, that ever were in the world, are chiefly renowned for their superiority in agriculture and manufactures. . . . China is a much richer country than any part of Europe" (Smith 1937: 20,348,169).

Already by the mid-nineteenth century, European views of Asia and China in particular had drastically changed. Dawson (1967) documents and analyzes this change under the revealing title *The Chinese Chameleon: An Analysis of European Conceptions of Chinese Civilization*. Europeans changed from regarding China as "an example and model" to calling the Chinese "a people of eternal standstill. " Why this rather abrupt change? The coming of the industrial revolution and the beginnings of European colonialism in Asia had intervened to re-shape European minds, if not to "invent" all history, then at least to invent a false universalism under European initiation and guidance. Then in the second half of the nineteenth century, not only was world history re-written wholesale, but also "universal" social "science" was [new] born, not only as a European, but as a Eurocentric invention.

In so doing, "classical" historians and social theorists of the nineteenth and twentieth centuries took a huge step backward even from European, not to mention Islamic, perspectives that had been much more realistically world embracing up through the eighteenth century. Among those who saw things from this narrower [European] new perspective were Marx and Weber. According to them and all of their many disciples to this day, the essentials of the "capitalist mode of production" that allegedly developed in and out of Europe were missing in "The Rest" of the world and could be and were supplied only through European help and diffusion. That is where the "Orientalist" assumptions by Marx, and many more studies by Weber, and the [fallacious] assertions of both about the rest of the world come in.

Marx seems to have been selective in the sources he drew on to characterize "Asia" not to mention Africa. Among the classical political economists that also influenced Marx so much as we have already observed, Smith (1937: 348) had given "credit to the wonderful accounts of the wealth and cultivation of China, of those of ancient Egypt and of the ancient state of Indostan. " In this regard however, Marx preferred to follow Montesquieu and the Philosophers like Rousseau and also James Mill, who had instead "discovered" "despotism" as the "natural" condition and "model of government" in Asia and of "The Orient. " Marx also remarked on "the cruelest form of state, Oriental despotism, from India to Russia. " He also attributed to them and to the Ottomans, Persia and China, indeed to the whole "Orient. " In all of these, Marx alleged the existence of an age-old "Asiatic Mode of Production. " He alleged that in all of Asia the forces of production remained stagnant and stationary until the incursion of "The West" and "capitalism" woke it of its otherwise eternal slumber.

Although Marx noted that the Indian and Chinese purchasing power gave impulse to European markets, England was allegedly showing India the mirror of its future and the

United States was bringing progress to Mexico thanks to its 1846 war against that country. Furthermore, Marx alleged that the "transition from feudalism to capitalism" and the "rising bourgeoisie" in Europe had transformed the world, supposedly since the genesis of capital [if not capitalism] in the sixteenth century - also in Europe!

For Marx, Asia still remained even more backward than Europe, where "feudalism" at least had the seeds of a "transition to capitalism" within itself. In alleged contrast, "The Asiatic Mode of Production" would required the progressive benefits of this "transition" in Europe to jolt and pull it out of its built in stagnation -- even though he said that it was the Asian markets that gave impetus to those of Europe! The supposed reason for this alleged stagnation was the imagined lack of "capitalist relations of production," which kept all of Asia "divided into villages, each of which possessed a completely separate organization and formed a little world to itself. "

Alas, this division of Asia into separate little worlds was already contradicted by the simultaneous claims of Marx and other European writers that Asia was also characterized by "Oriental Despotism. " That was regarded to be a form of socio-political organization that was necessary to manage these societies' large-scale irrigation projects, which were of course themselves incompatible with the allegedly isolated villages. Wittfogel (1957) would later popularize this "theory," but then ironically as a cold-war ideological weapon against "communism" and Marxism! But never mind all these internal contradictions! For as we will see below throughout this book, all of this Marxian characterization was no more than a figment of his and other Eurocentric imagination anyway, which had no foundation in historical reality whatsoever.

Indeed, in his excellent critique of Marxists like Perry Anderson and others, Teshale Tibebu (1990: 83-85 emphasis in original) argues persuasively that much of their analysis of "Feudalism, Absolutism and the Bourgeois Revolution" and "their obsession with the specificity . . . [and] supposed superiority of Europe" is Western "civilizational arrogance," "ideology dressed up as history" and "Orientalism painted red," that is the "continuation of Orientalism by other means. "

The other means provided by theoretical Marxism was not only the nefarious Eurocentric concept and terminology of "The Asiatic Mode of Production," on which we have already commented. That only bequeathed Marxism with a systematic bias against "traditional, backward and stagnant" Asia and its alleged inability to develop without Europe. We will note below how seriously erroneous, counter-factual and anti-historic this whole notion is. Alas however, so is its obverse "capitalist mode of production," which was allegedly invented by Europeans and has ever since been held to be responsible for European, Western, and then global development. For as this book intends to show, all these were much more a function of world economic, including especially Asian development, than of any alleged European or "capitalist" exceptionalism, which have been the central themes of all social theory about "the Rise of the West" ever since.

Other social "scientists" may have risen to dispute Marx [and supposedly to agree with Smith], but they all agreed with each other and with Marx that 1492 and 1498 were the two greatest events in the history of mankind, because that is when Europe discovered the world. Never mind that the world had been there all along and that at least the Afro-Asiatic part of it had long since shaped Europe itself. Indeed, the eminent historian of medieval Europe, Henri Pirenne (1992) stressed Europe's external dependence when pointed out long ago that there could have been "No Charlemagne without Mohammed. " Nevertheless, history and social theory have been marked ever since not only by the alleged uniqueness of [West] Europeans, which supposedly generated "The Rise of the West. " What is worse, they allegedly also had to assume the civilizing mission of the white man's burden which bestowed "the development and spread of capitalism" on the world as Europe's and the West's gift to mankind. [Lately, some feminists have at least denied that this process has been a gift also to womankind].

For Max Weber of course agreed with Marx about all these European origins and characteristics of "capitalism," and with Sombart too. Weber only wanted to go them one better. Sombart had already singled out European rationality, and its alleged roots in Judaism, as the sine qua non of "capitalism" and its "birth" in Europe. Weber accepted that too. He further embellished the argument about the irrigation based "Oriental despotism" to allege that Asia had an inherent inability to generate economic, not to mention "capitalist" development on its own. However, Weber actually went to a lot of trouble to study "the city," "religion" and other aspects of different civilizations in Asia.

That additional acquaintance of Weber with Asian realities also complicated his argument and made it more sophisticated than the crude Marxian version. For instance, Weber recognized that Asia had big cities. So they had to be somehow "fundamentally different" from European ones, both in structure and in function. Weber's mistake in this regard emerges clearly from the Rowe's (1984, 1989) careful examination of this argument in his study of the Chinese city Hankow. The great student of bureaucracies that Weber was also had to recognize that the Chinese also had and knew how to manage cities and the country at large. Moreover, he had more time than Marx to observe that and how Western money made its way to and around various parts of Asia.

So what was the essential difference, the missing ingredient that "The West" allegedly has and "The Rest" does not have if Weber himself did not find all these factors missing in the Oriental societies he studied? For Marx it was "the capitalist mode of production;" and Weber added also the proper religion and how it interfaces with the other factors to generate that "capitalist mode. " Weber went to the trouble to study various major world religions and concluded that all of them had an essential mythical, mystic, magical, in a word anti-rational component, which "necessarily" handicapped all their true believers in coming to grips with reality rationally, unlike the Europeans. Only the latter were beneficiaries of "The Protestant Ethic and the Spirit of Capitalism. " No more than Marx did Weber argue that this ethic and spirit was the be all and end all of "capitalism," and the Weberian argument has been even harder to understand than the Marxian one.

This rational spirit is supposedly the missing secret ingredient that, when combined with all the others, distinguishes "The West" from "The Rest. " Without it, the Asians could not possibly develop capitalism and therefore really "develop" at all, or even use their cities, production and commerce. Never mind that Catholics in Venice and other Italian cities had already managed quite well, thank you, without this special gift before Calvin and others gave it to the northern Europeans. Also never mind that not all those gifted with the Protestant ethic manage so well either, neither in Eastern Europe, nor in the European colonies early on in the South of the United States and still in the Caribbean, and elsewhere [as I already argued in Frank (1978b)]. Nonetheless, Landes explicitly claims empirical support for the Weberian thesis in his *The Unbound Prometheus* still in 1969 and categorically denies that Muslim "culture" can permit any technological initiative.

This Eurocentric idea consists of several strands, some of which are privileged more by political economists like Marx and Sombart, and others by sociologists like Durkheim, Simmel, and Weber. The last named did the most deliberately to assemble, combine and embellish these features of Eurocentrism. All of them allegedly serve to explain The European Miracle, which is the telling title of the book by Eric L. Jones (1981). However, this book is only a particularly visible tip of the iceberg of almost all western social science and history from Marx and Weber, through Spengler and Toynbee, to the spate of defenses of supposed Western "exceptionalism" since World War II, particularly in the United States. But as Jack Goody (1996:226) rightly points out "this distinctiveness has been puffed up at the expense of the other, distorting not only the understanding of the Orient but of the Occident too; [for] it is impossible to explain this temporary advance by allocating permanent advantages to one team or another" (*italics in the original*).

Among historians, Arnold Toynbee (1946) studied twenty other civilizations, but he heralded the uniqueness of the "Western" one; and Oswald Spengler warned of its "Decline. " The modern "father" of history, Leopold von Ranke may have written that "there is no history but universal history," but for him that was clearly Western history. Marc Bloch wrote *"Il n'y a pas d'histoire de l'Europe, il y a une histoire du monde;"* but what he did was European history as though there were no other. The world historian Fernand Braudel entitled a book *The Perspective of the World* but wrote in it that "Europe invented historians and then put them to good use" to serve its interests. Even the 'father' of world history, William Mc Neill, wrote *The Rise of the West* as though after 1500 it had pulled itself up by its own bootstraps.

This Eurocentrism also had nineteenth century sociological great-grandfathers in the "father of sociology" Auguste Comte and in Sir Henry Maine who distinguished between supposedly new forms of thinking and of social organization based on "science" and "contract," which allegedly replaced age old "traditional" ones. One grandfather was Emile Durkheim who idealized "organic" vs. "mechanical" forms of social organization and another was Ferdinand Toennis, who alleged a transition from traditional "Gemeinschaft" to modern "Gesellschaft. " In a later generation, Talcott Parsons



idealized "universalist" vs. "particularist" social forms, and Robert Redfield claimed to have found a contrast and transition or at least a continuum" between traditional "folk" and modern "urban" society and a certain symbiosis between "low" and "high civilization. " The Marxist and contemporary neo-Marxist version is the alleged fundamental difference between "Asiatic," "feudal" or other forms of "tributary" modes of production on the one hand and the Western "capitalist" one on the other (Wolf 1982, Amin 1991, 1993, 1996).

So even those who were critical of Western capitalist development and wanted to reform or replace it nonetheless also subscribed to the same fundamental thesis: Polanyi (1944) alleged that there were no market relations, to say nothing of trade and a division of labor over long distances, anywhere in the world before The Great Transformation, as he called it, took place in Europe during the nineteenth century. Archaeological findings have the same time and again disconfirmed Polanyi's denial of Trade and Markets in the Early Empires, and I have already added my own theoretical and empirical critiques elsewhere (Gills and Frank 1991, Frank and Gills 1992, 1993, Frank 1993). At issue here is that the spread and dominance of the market allegedly started only recently in [Western] Europe and spread out over the world from there. Robert McIver opens his own foreword to the first Polanyi book with the claim that it makes most other books in its field obsolete or outworn. If so, alas that book does so only inasmuch as it renders "obsolete" the many previous acknowledgments of the real importance of the market, including the world market, relations and influences. Polanyi replaces this age-old reality by myths about the alleged primacy of non-economic social relations of "reciprocity" and "redistribution. " On the evidence, there was no such "great transformation" since the eighteenth century and that it certainly was not initiated in or by Europe.

Another critic, Lenin, also alleged that "imperialism as the highest stage of capitalism" was an outgrowth of a development that was initiated in and spread by Europe.

Now we are all - knowingly or not - disciples of this completely Eurocentric social science and history,

For even the world historian Fernand Braudel (1993) still claims that

*China's economic achievements were modest and, to be frank, backward compared with those of the West. . . . Her inferiority lay in her economic structure [which was] less developed than that of Islam or the West. . . . Nor were their entrepreneurs eager to make profits. . . . They only half-heartedly shared the capitalist mentality of the West. . . . The Chinese economy was not yet mature. . . . Nor was there any credit system until the eighteenth (and in some places) until the nineteenth century [p. 194-5]. . . . The Tokugawa revolution isolated Japan from the rest of the world, and tightened the grip of feudal habits and institutions (Braudel 1993: 285).*

Talcott Parsons enshrined Weberianism and this Eurocentric historiography in sociology and political science when the United States became economically and culturally dominant in the world after World War II. His mistitled Structure of Social Action and

The Social System as well as the derived "modernization theory," and the economist W. W. Rostow's (1959) *Stages of Economic Growth* were all cut from the same Eurocentric cloth and followed the same theoretical pattern. Alas we may ask, what was the point? Rostow's "stages" were little more than a "bourgeois" version of Marx's stage-by-stage development from feudalism to capitalism to socialism -- all starting in Europe! Like Marx, Rostow claimed that now the United States, following England, would show the rest of the world the mirror of its future. Rostow (1975) also explains how it all began: Origins of the Modern Economy through the scientific revolution that allegedly distinguished modern Europe. David Landes (1969) finds the cultural conditions for *The Unbound Prometheus: Technological Change and Industrial Development in Western Europe only in Europe itself*. Cipolla (1976:276) summarizes: "that the Industrial Revolution was essentially and primarily a socio-cultural phenomenon and not a purely technical one, becomes patently obvious when one notices that the first countries to industrialize were those which had the greatest cultural and social similarities to England."

Other authors also offer only "internal" explanations to account for the alleged superiority and ascendancy of the West over the rest of the world. For these writers, the rise of Europe was also a "miracle," which was due to allegedly unique qualities that Europeans had and all others lacked. Thus, White Jr. (1962), Hall (1985) or Baechler, Hall and Mann (1988) find the rest of the world deficient or defective in some crucial historical, economic, social, political, ideological, or cultural respect in comparison to the West. The claim is that presence in "The West" of what was allegedly lacking in "The Rest" gave "us" an initial internal developmental advantage, which "we" then diffused outward over the rest of the world as the "civilizing mission" of "the white man's burden."

Among the worst offenders of all Eurocentrists are economic historians, Marxists, and a fortiori Marxist economic historians. The vast majority of self-styled "economic historians" totally neglect the history of most the world, and the remaining minority distort it altogether. For most economic historians seem to have no perspective - not even a European one - of the world at all. Instead, their "economic history" is almost altogether confined to the West. *The Study of Economic History: Collected Inaugural Lectures 1893-1970* (Edited by N. B Harte 1971) collects 21 such lectures by the most eminent English speaking economic historians. They in turn review and comment on the 'economic history' written by their colleagues in the profession over most of the preceding century: Almost every word is about Europe and the United States and their "Atlantic economy," which hardly even includes Africa. The rest of the world does not exist for them.

Also in more recent decades, the International Congress of Economic History has met periodically and then published its conference proceedings. Going through their tables of contents reveals that some ninety percent of the "international" contributions are about the West. Lately, a couple of the congresses and/or volumes of proceedings have had

titles like *The Emergence of the World Economy 1500-1914* (Fisher, McInnis & Schneider, Eds. 1986). Yet the preponderance of the contributions is still about the West.

The author of one of the most noteworthy examples of this kind of Eurocentric economic history recently won the Nobel Prize for economics. *The Rise of the Western World: A New Economic History* was written by the 1993 Nobel laureate in economics Douglass C. North with Robert Paul Thomas (1973). It merits special note not only for the recognition given to one of its authors, but also because of the explicitness of its title, its emphasis on "new," and the revision of received theory. Yet under their subtitles "Theory and Overview: 1. The Issue" and on the very first page, they clearly state "the development of an efficient economic organization in Western Europe accounts for the rise of the West" (North and Thomas 1973:1, my emphasis). They then trace this institutional change, and especially the development of property rights, to increased economic scarcity, which was generated in turn by a demographic upturn in Western Europe. The rest of the world was not there for them. Moreover, as North and Thomas (1973:vii) emphasize in their preface, their economic history is also "consistent with and complementary to standard neo-classical economic theory," which we may suppose influenced the award of the Nobel Prize.

Their book illustrates at least three related problems and sources of possible objection: First, Eurocentrists refuse to make and are reluctant even to accept comparison with other parts of the world, which reveal similarities not only in institutions and technological but also in the structural/ demographic forces that generated them. Secondly, these comparisons show that the alleged European exceptionalism was not exceptional at all. Thirdly, there will be resistance to my contention that the real issue is not so much what happened here or there, but what the global structure and forces were that occasioned these happenings anywhere.

A special Eurocentric charge is that the evidence does not support any contention that Europeans did anything other than by their own good efforts. Years ago, Bairoch (1969,1976), O'Brien (1982) and others already explicitly countered the earlier theses of Frank (1967, 1978) and/or Wallerstein (1974) that colonial and neo-colonial trade contributed to European investment and development. Bairoch (1969) denied that commercial capital made any significant contribution thereto. Patrick O'Brien (1982,1990) has on several occasions dismissed overseas trade and colonial exploitation as contributors to capital accumulation and industrialization in Europe, since by his calculations this trade, not to mention profits therefrom, amounted to no more than 2 percent of European GNP in the late eighteenth century. O'Brien (1982:18) contends that "for the economic growth of the core, the periphery was peripheral. " Now O'Brien goes even further and categorically contends under the sub-title "The Formation of a Global Economy, 1846-1914" that economic

*interconnections across continents and countries down to the middle of the nineteenth century seem limited. . . . Producers and traders the world over remained not merely*

*insulated from foreign rivals but also protected . . . from competition even within national boundaries. . . . Integration occurred first on a local and regional, then on a national, basis, and increasingly as the [nineteenth] century went on, it took place on a global scale (O'Brien 1997:76-77).*

Yet O'Brien also argues "neither quantification nor more historical scholarship will settle debates about the significance of oceanic trade for the Industrial Revolution" (O'Brien 1990:177). We must actually agree with O'Brien that the evidence will never settle this issue! Not that evidence is of any importance, but it does not bear so much on the real dispute between us, which is paradigmatic. For O'Brien (ibid.) rejects even Wallerstein's only very partly world-systemic perspective. Instead O'Brien contends that for the history of European (and even British) industrialization "the 'perspective of the world' [the reference is to Braudel's title] for Europe emerges as less significant than the 'perspective of Europe' for the world. " To people with so ingrained and recalcitrant a Eurocentric perspective of course, no amount of evidence, such as that presented below, can make any difference. They will simply persist in their Eurocentric claim that Europe's relations with the world made no difference to Europe but all the difference to the world.

Perhaps even more serious for being even more misleading is that the small minority of economic historians who do refer to "The Rest" very seriously distort both "The East" and its economic relations with "The West. " Their perspective on the "world economy" is that it emerged out of Europe and that Europe built a world economy around itself, as Braudel said that historians "knew. " Take for instance a recent review article on "Maritime Asia, 1500-1800" written by Willis (1993) for the American Historical Review. Willis revealingly subtitles it "The Interactive Emergence of European Domination. " He reviews over a dozen books and cites perhaps one hundred others that deal with some "interaction" between East and West. However, most of the action reviewed remains directed from Europe toward Asia, and almost none the other way around. Moreover, the claim in the reviewer's title that European "domination emerged" already from 1500 onwards to 1800 is not at all substantiated. Indeed, it is disconfirmed even by the evidence supplied by the authors that Willis himself reviews and cites. So the very title of his article still reflects Eurocentric prejudice far more than it describes reality.

Another current example of the same is the innovative publisher Variorum. It is collecting and reprinting many of the best otherwise much less accessible articles on economic history, especially about and from outside the West. Nonetheless, its newest series of books is published under the umbrella title "An Expanding World: The European Impact on World History, 1450-1800. " To promote their series, the publisher cites endorsements by the "dean" of world historians, William McNeill, and by the former professor of Economic History at Oxford University, Peter Mathias, who promises that "this series will widen and deepen our understanding of the world stage. " Alas, it deepens our Misunderstanding of the world stage. For even this series still carries no hint of what really happened on the world stage from 1450 to 1800: The world

economy expanded alright, but primarily in Asia; and the world economic expansion impacted on Europe much more than any "impact" that Europe had on "world history" before 1800. The title of one of the edited volumes in this series is *The European Opportunity*. Yet the books in that series also concentrate on what Europe did, rather than on the opportunities in the world economy and especially in Asia, of which Europe only took advantage.

Marxist economic history, against whom Rostow, Bairoch, O'Brien and others also rail, may seem different; but it is equally, indeed even more, Eurocentric. Thus, Marxist economic historians also look for the sources of "The Rise of the West" and "the development of capitalism" within Europe. Examples are the famous debate in the 1950s on "the transition from feudalism to capitalism" among Maurice Dobb, Paul Sweezy, Kohachiro Takahashi, Rodney Hilton and others (reprinted in Hilton 1976) and the Brenner Debate on "European feudalism" (Aston and Philpin, Eds. 1985). De Ste. Croix (1981) on the class struggles in the ancient "Greco-Roman" civilization and Anderson (1974) on "Japanese feudalism" also considered each of these as a particular "society." Marxists may claim to devote more attention to how the economic "infrastructure" shapes society; but they show no awareness of how one "society" is shaped by its relations with another "society" and still less of how all societies were shaped by their common participation in a single world economy. The very existence of a world economic system was explicitly denied by Marx and only belatedly acknowledged by Lenin. However, his "imperialism" also was of recent European origin. In Rosa Luxemburg's version, the "world" capitalist economy had to rely on "external non-capitalist" space and markets outside of the capitalist system into which to expand. As Teshale Tibebu (1990: 83-85) aptly put it, all this Marxist economic history and theory is no more than 'Orientalism painted red.'

All of these "ideal type" West Yes/ East No dyads are idealizations of the West that have several things in common. The most important ones are that first they posit essentialist socio-cultural features and differences that are far more imaginary than real, and then they allege that the differences distinguish "us" from "them," or in the latter day terminology of Samuel Huntington (1993,1996) separate "The West" from "The Rest." Indeed, allegedly these features also distinguish modern [Western] society from its own past as well as from other societies' often still lingering present. Moreover, these "ideal" types attribute some kind of pristine self-development to some peoples - mostly to "us" - but not to others, and their subsequent diffusion [when positive] or imposition [if negative] from here to there. "The quintessential culmination of this "tradition" was Lerner's (1958) *The Passing of Traditional Society*. In the real world, the only practical holistic choice has been "none of the above." This "underdevelopment of sociology" was already challenged by me thirty years ago (Frank 1967). However successful, this challenge was nonetheless insufficiently holistic.

## II. SOME NECESSARY BUT STILL INSUFFICIENT CRITICAL BEGINNINGS

We may group our review of the new - and necessary but not sufficient - historiographic and theoretical departures as those that really do examine the East, those that re-examine the West, those that compare East and West, and those that propose a step toward more holism by looking at both from the perspective of a 'world-economy' and 'world-system,' which nonetheless remain European and western centered.

#### A. The East Never Was as the West Made It Out To Be

Historians and social scientists from Asia, Africa, and Latin America, and some Western ones, began [or better continued!] to re-examine these areas and their peoples. In and on each of these areas and their parts, the literature is so large as to make any summary or even listing difficult if not impossible. Many 'indigenous' and some other historical, monographic, documentary, ethnographic, and some analytical works showed that the reality or realities of the South and East were quite other than what the received wisdom had assumed, supposed, selectively described, distorted, and made them out to be and have been. Some more analytical and generalizing examples have revealing titles and range from Indonesian Trade and Society: Essays in Asian Social and Economic History BY J. C. Van Leur (1955) and Islam et Capitalisme by Maxime Rodinson (1972) to Before European Hegemony by Janet Abu-Lughod (1989) and Asia Before Europe by K. N. Chaudhuri (1990), as well as his and others' earlier more documentary works. Special mention is merited by Joseph Needham's (1954-) multi-volume Science and Civilization in China and the analogous if less ambitious twelve-volume History of Science and Technology in India by Kuppuram and Kumusamani (1990). Their historical reality of 'how it really was' [to use Ranke's famous phrase] is quite different from the recently traditional picture of 'traditional' society.

Indeed conceptually, if not always chronologically, the first critique of the received wisdom is to recognize that Kipling's famous rendition that "the East is East, and the West is West" is no more than Western mythology to begin with. The very idea of and distinction between 'East' and 'West' is no more than a Western invention to 'distinguish' itself. An important opening gun was the scathing critique of the very idea of Orientalism itself by Edward Said (1978). Coming from another direction, another critique was my own "The Sociology of Development and the Underdevelopment of Sociology" (Frank 1967a, 1969) and Susanne Jonas Bodenheimer's (1971) "Dependency and Imperialism: The Roots of Latin American Underdevelopment. " We denied that the Third World South, then including the "Oriental" East, ever was 'traditional' as received theory had painted it to be. We and the theory of 'dependence' sought to distinguish between 'undevelopment' and 'the underdevelopment of development' (Frank 1967b, 1969).

Another, more recent, variant are 'post-colonialism' and other variants of 'post-modernism,' which also deny the colonially imposed 'reality,' but often at the cost of denying that there is any reality at all to speak of, except that which is mostly man-made

by the speaker or writer himself. However these different perceptions may differ among each other, what they have in common for present the purposes of knocking the legs of the western theoretical throne out from under it is that the eastern and southern past reality never was as it was made out to be.

Indeed, as the Islamicist and world historian Marshall Hodgson wrote already long ago

*All attempts that I have yet seen to invoke pre-Modern seminal traits in the Occident can be shown to fail under close historical analysis, once other societies begin to be known as intimately as the Occident. This also applies to the great master, Max Weber, who tried to show that the Occident inherited a unique combination of rationality and activism (Hodgson 1993:86).*

B. But the West Itself Never Was or Did What its Advocates Claimed Either.

Hodgson of course also refers to the West itself, and the second conceptual leg to collapse has been "The Myth of Western Exceptionalism." That is the telling sub-title of James Blaut (1993) in what he calls The Colonizer's Model of the World: Geographical Diffusionism and Eurocentric History. Blaut microscopically examines, exposes and demolishes the myth of "The European Miracle" in its myriad forms of biology [racial superiority and demographic continence]; environment [nasty-tropical Africa; arid, despotic Asia; temperate Europe]; exceptional rationality and freedom [as against "Oriental despotism", the centerpiece of the Weberian doctrine, and part of the Marxian one]; alleged European historical superiority in technology, despite its borrowings from and dependence on earlier Chinese, Indian and Islamic advances; and society [development of the state, significance of the Church and "the Protestant ethic," the role of the bourgeoisie in class formation, the nuclear family, etc].

Blaut (1997) goes over these arguments in even greater detail in his line by line dissection of the writings of "eight Eurocentric historians," among them the usual suspects Weber (1958), White Jr. (1962), Jones (1981), Brenner (1985), Mann (1986), Hall (1985) and Baechler (1988), who therefore require much less examination here. Blaut effectively establishes the theoretical, intellectual and ideological Eurocentric family relations among all of these writers; and his examination of their arguments against the canons of scientific evidence and elementary logic literally demolishes each and every one of them.

Thus, Blaut effectively demonstrates that each of these alleged European "exceptionalisms" and the whole "European miracle" is no more than a myth that is firmly based only in Eurocentric ideology. Therefore, its derived social "science" is empirically and theoretically untenable as well. Blaut also compares feudalism and proto-capitalism in Europe, Asia and Africa before 1492 to argue that still in the late middle ages and early modern times Europe had no advantage over Asia and Africa on any of

these fronts. Therefore, Blaut correctly argues, that it is wrong to attribute the subsequent development of Europe and the West to any of these supposedly internal European exceptionalisms. Jack Goody (1996) goes over some of the same ground again for the West, and comparatively finds similar or functionally analogous attributes also in studies like those mentioned in section A above about West, South, and East Asia. Goody again effectively refutes especially the Weberian allegations of the alleged "uniqueness [of] specific and peculiar achievements of Western rationalism. " Yet, "the framework of such ideas has been the bread and butter of sociologists, historians, demographers, economists and, from a somewhat different angle, anthropologists" (Goody 1996:5)

In a more recent book, the same above cited Jones (1988) himself expresses doubts about his former book: He quotes another author to the effect that 'possibly the most exiting thing to do next would be to prove the theory wrong,' and goes on himself to say that "as a title *The European Miracle* was just a little too seductive":

*Growth Recurring is a doubling back too, but more from the implications of the title of The European Miracle than from its account of Europe's performance. . . . On the other hand, I no longer see it as miraculous in the sense of 'the natural law of a unique event'. . . . I began to ponder whether I had been right to hunt for special positive features that may have enabled Europe to become the first continent to achieve sustained growth. The trap seemed to lie in assuming that because Europe is different, the difference must tell us about the inception of growth. . . . (Jones 1988: 5,6).*

Jones makes two further revealing confessions: One is that he read and was influenced by the same Marshall Hodgson as I, but alas too late for Jones' previous book. The other is that nonetheless even still in his later book his main "disadvantage . . . relates to ingrained point of view, and not to political or religious attitudes, but something deeper. I was born and brought up an Englishman. . . ." (ibid:183-4). So his new attempt to be "non-racist, non-sexist, and so forth . . . ought to be heartwarming" (ibid:186). That it is. Yet Jones still labors under so many self-confessed disadvantages that after again reviewing China and now also Japan he is still hard put to "prove the theory wrong," and his "summary and conclusion" is that "formulated this way, Japanese and European history seem to be matters of accidentally contrived balances of forces. Indeed, why not?" (ibid: 190). We must do more to prove his theory wrong and do better than to appeal only to accident as an alternative explanation!

For Molefi Kete Asante's stinging critique is all too apt:

*They are, in essence, captives of a peculiar arrogance of not knowing that they do not know what it is that they do not know, yet they speak as if they know what all of us need to know. . . . [So] my work has increasingly constituted a radical critique of Eurocentric ideology that masquerades as a universal view (Asante 1987: xx).*

Another recent lonely critic, Frank Perlin, observes and then asks:



*The creation of the 'scientific fact' frequently, and even systematically, turns out to have been its opposite, the establishment of myth, marking 'our' general complicity in the very facts beyond science that 'we' 'scientists' 'intellectuals' alike (justly) abhor. . . . How can it be that the sciences of society have permitted so little of contrary substance to be said to the peddlers of myth that, instead, so much that we purvey has simply reinforced, even fed their industry, mostly in spite of ourselves? (Perlin 1994:xi,15).*

### C. Comparing East and West Illuminates Both

Another attempt to break down this Eurocentrism is to compare 'East' and 'West' to show that they were never so different after all, or at least to find what differences there really were. Indeed, this approach already has a long history and venerable tradition.

Weber deliberately adopted it in his comparative study of world religions, even if it was to end up with the European exceptionalism of "the Protestant Ethic and the Spirit of Capitalism." Later Weberians, like Jones (1981) and John Hall (1985), or Michael Mann (1986) and Randall Collins did likewise and found more grist for the Weberian exceptionalist Eurocentric mill. Others however, who were less social 'scientifically' and more historically inclined to 'wie es eigentlich gewesen ist' [how it really was], made more and more comparisons that pulled the historical rug out from under Weberian, Marxist, Polanyian and other Eurocentrism. Notable among these have been the American Marshall Hodgson (1974, 1993), the European Fernand Braudel (1992) and especially the Asian N. K. Chaudhuri (1990). Of course, the same has been an element also in the arguments of Blaut (1993) and Goody (1996) already cited in section B above. My own *ReOrient: Global Economy in the Asian Age* (1998) also makes numerous East-West comparisons of patterns and changes in population, production, trade, science, technology, institutions, etc.

Yet what merits consideration apart in this Section is the endeavor to be much more systematic in such comparisons and the insistence by their authors that they can throw an entirely new comparative light also on the Western experience, which also shows that it was NO Miracle. Herein, three colleagues stand out, Jack Goldstone (1991), Ken Pomeranz (1997) and Bin Wong (1998). Since the first two combine their East-West comparisons also with global or at least Eurasian connections, I postpone most of my discussion of their work to Part III below, which deals with connections within the global whole. Here I focus especially on the book *China Transformed: Historical Change and the Limits of European Experience* by Bin Wong (1998), because it not only pushes such comparisons much further but also offers them as a theoretically sufficient alternative to the received wisdom, which Wong rightly rejects as fully as the other two and myself.

Wong begins by observing that since the nineteenth century most studies on China have been guided by the search for what China did not have or do by European standards. Instead, he proposes to examine Chinese reality itself and then proceed to ask how it can

shed new light not only on China but comparatively also on the European experience. Wong writes:

One can find with little effort any number of differences between China and Europe, but assessing which of these differences mattered is difficult. . . . A foundation of commonalities would locate more sharply the arena within which important initial differences could be located. . . . Without first identifying a set of commonalities, however, all differences compete for primary attention. The economic similarities to be considered here begin with Adam Smith.

That is, the "Smithian dynamic" of the relation between the division of labor and the extent of the market was operative in China just as much as in Europe. So were the Ricardian ones of comparative advantage and the Malthusian demographic ones. Wong, like Pomeranz (1997) and alas only much more superficially Frank (1998), also shows that per capita incomes, standards of living and death rates were quite comparable. Moreover, Wong observes as we also did in Sections A and B above, that most of the alleged cultural, social, and political differences either did not exist in reality or that their supposed differential effects on the observed differences in European and Chinese developments after 1800 are very dubious. Therefore he suggests that "other differences can then be introduced to explore further the distinctive paths followed by different parts of Eurasia" (Wong 1998).

So far, so good. This kind of more careful discrimination between real commonalities and alleged and real differences in 'causes' may indeed be necessary to account for differences in 'effects.' But is or indeed can that scientific procedure be theoretically and empirically sufficient to account for the differential effects that we observe. My answer is that NO, it can NOT. For even more important however, what emerges from our review of early modern world economic history is that many of the specific "differences" are themselves generated by structured interaction in a common world economy/system. Far from being appropriate or necessary to understand this or that specificity here or there, differentiation then becomes an obstacle to accounting for and comprehending it. Only a holistic perspective on and from the global whole that is more than the sum of its parts can offer any adequate comprehension of any part and how and why it differs from any other!

We have seen that even related "civilizational" or "cultural" variables are not so much determinant or independent, as they are themselves derivative from and dependent on the worldwide economic structure and process. All attempts to account for or explain local, national or regional ripple "development/s" primarily in terms of their respective supposedly cultural or class "determinants" are too limited in their purview. They neglect the fundamental world economic sea change of which the local ones often are only superficial expressions and manifestations. In short, all attempts to account for features and factors of "development" on the basis only or even primarily of local antecedents and in the absence of their world economic "function" can result only in the neglect of factors that are essential to any satisfactory explanation.

Therefore, even the best comparative studies violate the canon of holism, for they do not study the global whole and the world economy/system from which the factors to be compared are or may be derivative. That is, we also need to construct a holistic theory and analysis of this global economy and world system, as well as of its own operation and transformation. For these also generate and shape the institutional forms themselves.

Therefore, all studies that compare "Western" and "Oriental" societies are already vitiated by their choice of the features or factors to be compared, unless that choice is itself derived from the study of the whole world economy/system to begin with. And of course it is not. Indeed, the choice of the very features and factors to be compared is derived from focusing on a part, be that Britain, Europe, the West or wherever. That is, the very design of the study, from Marx and Weber to Braudel and Wallerstein, et al suffers from the misplaced concreteness of looking for the explanandum with a magnifying glass or even a microscope, but only under the European streetlight.

Even Wong writes that "assessing which of these differences mattered is difficult without some analytical standards of significance. Such standards might be found by locating a baseline of similarities to be explained by a common logic," most of which is still derived from European experience! The real task is first to take up a telescope to gain a holistic view of the global whole and its world economy/system. Only that can reveal what passive features, or more likely active factors, we then need to regard with greater care with a magnifying glass. To that task as well, we turn in the discussion of implications below.

Alas, the far reaching impact of real world global circumstance on local ones very much limits the scientific - as distinct from ideological - usefulness of all local or national histories, especially for elucidating the local manifestation of a global process or problem. This global reach of local or comparative observations also poses serious limitations to time-series and cross-sectional comparative analyses, which are restricted to an arbitrarily selected, that is differentiated, process. All of these multivariate "factor" analyses, and even more so the identification of supposed specific "features" of this or that factor violate the scientific canons of holism and therefore miss the global real world boat. No doubt however, combining historiographic particularism and/or scientific "control" of variables with truly holistic analysis is easier said than done. Alas, hardly anyone even tries or is conscious that s/he should! Not even Bin Wong, despite being a colleague of Ken Pomeranz who does.

D. "Europeans Built a World Around Europe, as Historians Know. "

That is what Fernand Braudel wrote on the dust jacket of Wallerstein's (1974) *The Modern World-System*. Both sought to extend the critiques summarized in Section B above by looking for other sources to account for "The Rise of the West. ' That is, instead

of holding a comparative eastern mirror to the West as Wong does, they show how the western image is distorted there as in a funny house mirror. They analyze the spread of the West to the South and East and their 'incorporation' into the 'European world-economy' [Braudel] by the capitalist 'Modern World-System' [Wallerstein]. Of course, they also try to analyze the structure and transformational dynamic of this 'economy/system,' but their quest is still limited to and by its alleged European origin and expansion.

The Rise of the West was the title of the major work by William McNeill (1963) with which he can be said to have fathered contemporary world history as a field of study. He criticized Toynbee for treating world history in terms of twenty-one different civilizations, when McNeill suggested that there were only three major contributory "civilizational" streams to world history and to the rise of the West. So far so good. However looking back twenty-five years after the publication of his book, McNeill (1990:9) recognized that "the central methodological weakness of my book is that while it emphasizes interactions across civilizational boundaries, it pays inadequate attention to the emergence of the ecumenical world system within which we live today. " He now sees (ibid.) that his "three regions and their people remained in close and uninterrupted contact throughout the classical era" since 1500 BC, and therefore a fortiori since 1500 AD!

In this modern period, however, McNeill still sees the driving motor force of world history in the West and its development. Despite his important contributions to world history McNeill still testifies to the difficulties in overcoming a Eurocentric perspective and adopting a truly global world perspective of or on the world.

These same difficulties were also insuperable for Braudel and still are so for Wallerstein and their many disciples. Braudel's "Perspective of the World" since 1500 is broader than most. He divided the world into a "European world-economy" and several other and separate external "world-economies" outside the same. Braudel did, of course, also study and describe at least parts of these "other" world economies, especially in Volume III of his trilogy on Civilization & Capitalism. Indeed, so did Marx in his own Volume III of Capital! Yet both neglected to incorporate the findings of their third volumes into the model and theory of their first volumes. Moreover, their neglect was quite conscious, intentional and deliberate: Their Eurocentrism convinced both that any and all historical model and social theory, be it universal or not, must be based on the experience of Europe alone. Their only concession was that Europe and its model did have consequences for the rest of the world.

It was Immanuel Wallerstein's (1974) The Modern World-System [and if I may say so also my own simultaneously written World Accumulation and the companion Dependent Accumulation (Frank 1978a,b)] that sought to systematize these consequences of European expansion and "capitalist" development for both Europe and the rest of the world. Both of us emphasized the negative "underdeveloping" impact of European expansion in many other parts of the world and their contribution in turn to capital

accumulation and development in Europe and then also in North America. Wallerstein focused more on the core-periphery structure of the system, which of course I also recognized under the terms center-satellite; and I focused more than he on the structurally related cyclical dynamic in the system.

Both of us, Wallerstein (1974, 1980, 1989) and Frank (1978 a,b), however limited our modeling and theoretical analysis to the structure and process in the modern "world" economy/system. We saw and Wallerstein still sees this system as centered in Europe and expanding from there to incorporate more and more of the rest of the world in its own European based "world" economy.

Wallerstein (1974) did even more to incorporate the mutual relations of the European core and its periphery elsewhere in the world, in that he addresses the structure and transformation of a single political economic division of labor and its impact on core and periphery alike. However until 1750, most of the world still remains outside of his "modern world-system" and the Braudel/ Wallersteinian "European world-economy" on which it rests. In his perspective, Europe's expansion did incorporate parts of Africa, the Caribbean and the Americas into the world-economy/ system. However as Wallerstein explicitly explains, this economy was only world-like, and not at all world-encompassing. For in his view, West-, South-, and East- Asia, and indeed Russia, were only incorporated into this European world-economy/ system after 1750. So Wallerstein's "world-system" perspective, theory and analysis not only do not encompass most of the world before that. He even claims explicitly that most of the world, including all of Eurasia east of the Mediterranean and Eastern Europe played no significant part in his "world-economic/system" history.

Eric Wolf (1982) is rightly critical of others' neglect of the impact of Europe [on] the People Without History. He shows that people outside Europe did have histories of their own and how the expansion of Europe impacted on them. However, he still underestimates their mutual impact on each other; and he does not ask how the one world in which all participate together impacts on each of them. Moreover he retains, indeed even resurrects, the primacy of "modes of production," from kinship, to tributary, to capitalist based ones.

Little is gained in my view, and much better opportunities at reformulation are needlessly squandered, by inventing new latter day variations on this old theme, which append prefixes like pre-, proto-, semi-, post-, quasi-, ersatz to 'feudal' or 'capitalist' [or for that matter socialist] categories and/or those that are little more than euphemistic substitutes. Thus Eric Wolf (1982) and Samir Amin (1991) refer to a so-called "tributary mode of production," which supposedly characterized the whole world before 1500 according to the former and much of it still until 1800 according to the latter. Yet regardless of the variety of their domestic relations - never mind mode/s - of production, far more important is participation in a single world economy, which is only obscured by this, undue or even misplaced

emphasis on "modes of production. " The same is still the case for Gates (1996), who builds her analysis of a thousand years of China's Motor on "the tributary and petty-capitalist modes of production" and is hard put to show, as she tries, how and why it is these that support and promote patriarchy in China.

Moreover, despite Alan Smith's (1991) attempt to encompass creating a World Economy, from the birth and spread of "capitalism" in and from Europe,

*many of the areas of the world still remained external to the new system. Eastern Africa, India, Ceylon, Indonesia, Southeast Asia, China, Japan and the Middle East are all included in this category. . . [because] participation in commercial relations was discretionary and . . . seems to have had little lasting impact on the structures of the respective social formations. . . . One should not overestimate the role of international trade in forging linkages of substance between distant lands. . . . Only in Europe were . . . [social process of integration] carried to fruition (Smith 1991:7,11).*

That remains the view also in the new 'classics' like Braudel's (1992) *The Perspective of the World*, Wallerstein's (1974) *Modern World-System*, and Wolf's (1982) *Europe and the Peoples without History*. The same still continues right up to 1997 in more recent conscious efforts to transcend Eurocentrism as in Abu-Lughod's (1989) *Before European Hegemony* [which ends in 1350 and previews a new beginning in Europe] and Chaudhuri's (1990) *Asia Before Europe* [whose subtitle established Indian Ocean limits, and does not attempt an economic history even of that], to Blaut's (1993) *The Colonizers Model of the World* [who criticizes Eurocentrism but offers no replacement and attempts no world economic history], Arrighi's (1994) *The Long Twentieth Century*, Snooks' (1994) *Was the Industrial Revolution Necessary?* and *The Dynamic Society* (1996), Sanderson's (1995) *Social Transformation*, Modelski & Thompson's (1996) *Leading Sectors and World Powers*, Adams' (1996) *Paths of Fire*, and Chase-Dunn & Hall's (1997) *Rise and Demise*.

All of them still insists that a sharp "break" in world history occurred around 1500, not only because Europeans found the Americas and new way to the Orient in 1492 and 1498; but because that initiated the development of capitalism in Europe, and its dissemination from there.

That is, most received economic and other history not only neglect and/or distort especially the Asian parts of real world [economic] history. Nor does it only fail in its total disregard of the whole world economy, which is more than the sum of its Asian, African, American, and European parts. Perhaps even more significant is that thereby Eurocentric history and social theory cannot even account for or explain the fundamentals of European and Western [economic] history itself. For it neglects even to inquire into how the structure, dynamic, and transformation of the world economy also shaped the

[economic] history of Europe and the West itself - and quite fundamentally so, as it appears if we only trouble to look.

Thus it seems to be this gospel about the European development of the modern world capitalist economy and system since 1500 or whenever that forms the Maginot line of defense behind which one and all put of their greatest resistance to seeing the real world. As noted above, Wallerstein (1995) rejects all initiatives to erase this sacrosanct 1500 dividing line. Alas, according to Wolf (1982) it is in 1800, to Marx and so many others sometime between 1600 and 1800, and according to Braudel (1992) all the time between 1100 and 1600. Chase-Dunn and Hall (1997) also insist that the rise of Europe and the West must be understood as part and parcel of more than two thousand years of Eurasian development. Nonetheless, they too still regard the modern period as a new departure since 1500 into capitalism, which was initiated in and by Europe. The Gulbenkian Commission Report on Open the Social Sciences, written mostly by Wallerstein (1996) denounces the Eurocentric false "universalism" of nineteenth and twentieth century Western social science, as exemplified in the opening epigraph of this chapter. Yet even this urgent call to reconsider the bases of the social sciences for the twenty-first century also does not rattle at its apparently sacrosanct cage of the European origin and center of capitalism and all that allegedly follows.

Yet, as Marshall Hodgson (1993) already wrote before his untimely death in 1968

*a Westernist image of world history, if not disciplined by a more adequate perspective, can do untold harm; in fact it is now doing untold harm. . . . We must force ourselves to realize what it means to say that the West is not the modern world, gradually assimilating backward areas to itself; but rather a catalyst, creating new conditions for other forces to work under . . . . At least as important was the very existence of the vast world market, constituted by the Afro-Eurasian commercial network, which had cumulatively come into being, largely under Muslim auspices, by the middle of the second millennium. . . . Without the cumulative history of the whole Afro-Eurasian Oikoumene, of which the Occident had been an integral part, the Western Transmutation would be almost unthinkable . . . [for only therein] European fortunes could be made and European imaginations exercised (Hodgson 1993:290, 68, 47).*

### III. A HOLISTIC GLOBAL ALTERNATIVE

How then did the West "rise," if there was nothing exceptional about it or its mode of production and it did not even entertain any hopes of hegemony before 1800? The inescapable conclusion is that there must have been some other "factors" at work or that some as yet unspecified circumstances let or made these factors work within them. We have seen that most efforts to address this question have heretofore suffered from misplaced concreteness, because they looked for these factors only under the European streetlight. Yet since the West was part and parcel of the global world economy the West could not "rise" on its own or by itself. Instead, any such western rise must have been

within the world economy itself. Therefore, it is useless to look for the "causes" of this rise only or even primarily within the West or in any part of it -- unless the "use" for doing so is only ideological, that is to pat oneself on the back and put all others down as incompetent.

Notwithstanding all their avowals of and appeals to holistically studying the totality, Eurocentrists from Hegel and Marx to Rostow and Redfield all failed to do so with their focus on the West and their exclusion of most of the world in the East. That may be evidence that it is easier said than done. But at a minimum, a holistic, never mind universalist, study of the world and its transformation could and should at least begin with the whole world.

In particular, the entire question of "The Rise of the West" must be re-conceptualized and re-phrased. The evidence suggests that the question must be addressed to the whole world economy/system itself and not just to any British, European, Western, and/or now East Asian part/s of the same. The only solution is to cut the Eurocentric Gordian knot and approach the whole question from a different paradigmatic perspective. That is a fortiori the case if we consider the further controversy about whether there even was an industrial "revolution" or only and "evolution" and expansion -- which was world economic. [The thesis of Rostow and others that there was a sudden jump in the British rate of capital accumulation has long since been disconfirmed].

The "Rise of the West" in Europe, therefore was not a case of pulling itself up neither by its own bootstraps nor even with the exploitation of its colonies. More properly, the "Rise of the West" must be seen as occurring at that time in the world economy/system by engaging in NIE import substitution and export promotion strategies to climb up on the shoulders of the Asian economies. The [cyclical?] decline of Asian economies and regional hegemonies facilitated this European climb up.

The same point is made by Jack Goody, who writes

A neglect of this common history over the long term lies behind a large body of research in sociology, in history, in economics and in anthropology that has dominated Europe over the last two hundred years and takes as its problematic the Rise and Uniqueness of the West. . . . I am arguing for the reverse, for the necessity of looking at developments in Europe from a wider perspective, of taking a global point of departure. . . . [Then] we find a swing of the pendulum with one advancing on one front at one time, another at a different stage. . . . And it is a pendular movement that continues today (Goody 1996:240,230,231).

Alas although Goody may take a global point of departure beginning in the Bronze Age in his final chapter entitled "Revaluations," he does not pursue it to offer even the barest outlines of a global process since then and certainly not for the early modern period, for



which he reverts partly to comparisons as in our Section C above and mostly to the type A telling it as it really was in this and that part of the East.

Also P. W. Preston (1996) invokes globalism as the remedy to shortcomings he surveys in *Development Theory. An Introduction*, yet he does only in his final chapters where it appears as no more than a principle that he never tries to implement.

So, how to analyze this global whole holistically, which no one has yet even attempted for world developments either before or after 1500? In previous writings (Gills and Frank 1991, Frank and Gills 1993), I have suggested the analogy of a three-legged stool. It rests equally on ecological/ economic/ technological; political/ military power; and social/ cultural/ ideological legs. The most neglected of these, also in my own work, has been the ecological component. After that all "economic history" notwithstanding, the most neglected basis has been the economic one. My *ReOrient* and this and other articles derived from it offer at least some preliminary step towards a partial remedy of this particular neglect. However, it hardly addresses the question of how holistically to combine the analyses of the three-legged stool.

The political economic structure of the world economy/system requires far more study than it has received. As already observed, economic historians have neglected it altogether. Economists have mistaken it for "international" economic relations among non-existent "national" economies. Students of international [political] relations have done what they say, that is study relations among "nation" states as their basic building blocks. World-system analysts have confined themselves to only a small part of the real world economy/system before 1750 that was centered on Europe. That was something but not much more than what historians and political economists were already doing. Students of East-, Southeast-, South-, West-, not to mention Central- Asia and Africa have rarely sought to fit their regions into a wider economy. Even when they have done so, their endeavors have also been mostly European centered. As already noted, the recent exceptions are Abu-Lughod (1989) and Chaudhuri (1991), whose limitations we have observed above. Therefore lacking sufficient pioneers to follow and build on, this book has also been able to take no more than a few preliminary steps to look at the world economy as a whole. Far more work is needed, but from a really globally holistic world systemic perspective, and not only from this or that regional, including the European regional, limitation. Moreover, the discussion here has itself been very limited to only the economic part of the ecological/ economic/ technological leg, and makes scarce mention even of the other two legs of the three-legged stool.

A most particular contention about historical "particularity" is the widespread notion that the present and/or the recent past mark a dis-continuous new departure. As already noted, the latest such fad is the alleged novelty of "globalization." The argument here has been that historical continuity has been far more important than any and all dis-continuities. The perception of a major new departure, which allegedly spells a dis-continuous break in world history, is substantially [mis] informed by a Eurocentric vantage point. Once we abandon this Eurocentrism and adopt a more globally holistic world or even pan

EurAsian perspective, dis-continuity is replaced by far more continuity. Or the other way around? Once we look upon the whole world more holistically, historical continuity looms much larger, especially in Asia. Indeed as suggested in the preceding chapters, the very "Rise of the West" itself then appears derived from this global historical continuity.

East Asia's rise to world economic prominence makes it all the more urgent to focus on the long historical continuity of which this process is a part. The now supposed dis-continuous but really renewed rise of the "East" must also be seen as part and parcel of the fundamental structure and continuity in world development. Recognizing and analyzing this continuity will reveal much more than myopically focusing on the alleged "dis-continuities. " Perhaps it would be better to refer to two major early modern "inflections" in an essentially continuous historical process and dynamic within the same world economy and system: One was the "Columbian exchange" after the incorporation of the "New World" into the Old one after 1500. The other was the "exchange" of demographic and economic productivity growth rates and perhaps of ecological pressures on resources between Asia and Europe, which generated the "industrial revolution" around 1800. Both, however, were [only] inflections in and generated by a process of world economic development. In both cases, Europeans were acting more as instruments than as initiators of global development.

## THE EARLY MODERN WORLD ECONOMY 1400-1800

### A WORLD ECONOMIC SUMMARY

Despite all the allegations to the contrary, on the evidence there can be no reasonable doubt that there was a globe encircling worldwide trading system and division of labor long before "Europeans built a world around themselves, as historians know. " Janet Abu-Lughod (1989) outlined a "thirteenth century world system" with some "regional" patterns, which persist in the world economy through the eighteenth century. She identified three major - and within each of these some minor - regions, in eight mutually overlapping regional ellipses that covered Afro-Eurasia in her account of the world economy. These included regions centered - going from west to east - on Europe, the Mediterranean, the Red Sea, the Persian Gulf, the Arabian Sea, the Bay of Bengal, the South China Sea, as well as Inner Asia. All of these regions continued to play more or less major, but not equal, roles in the world economic division of labor and system of "international" trade, despite the addition of an Atlantic ellipse in the sixteenth century.

This global economy bound agricultural "hinterlands" and peripheries to their respective provincial and regional metropolitan centers and maritime port and/or inland emporia cities. These in turn developed and maintained dense and far-reaching inter-provincial, inter-regional, and world systemic inter-"national" economic relations. These were most visible through traders and trade, and in their resultant imbalances of trade. However, the former also reflected widespread and deep going inter-regional and inter-sectoral

complementarities and competition in the global division of labor. All of these in turn also reflect the relative - and indeed absolute - weight and dominance of the Asian economies, and of China in particular. This global multilateral trade, also in Asia, was expanded through the infusion of American money by the Europeans. Indeed, that is what permitted Europeans to increase their participation in the global economy, which until and even through the eighteenth century remained dominated by Asian production, competitiveness, and trade.

However among these regions, some were certainly more equal than others; and their relative positions also underwent some cyclical or other temporal changes. Although the Atlantic Ocean displaced the Baltic and Mediterranean Seas as the preponderant locus of European trade in the eighteenth century, it still did not begin to match the importance of the Indian Ocean and the China Sea regions in the world economy and its trade. A number of works by mostly Asian historians are helping to put the Indian Ocean economy on the map, as its important place and role in history well merits. China was the focus of a Sino-centric sub-system in East Asia, whose economic weight in the world has been grossly underestimated, even when it has been recognized at all, which itself has been all too rare. The work of Hamashita (1988,1994) and the proposed research by him and Arrighi and Selden (1996) are designed to help remedy this serious deficiency. There were also longstanding bilateral relations of China with Central Asia and the trilateral ones with Korea and Japan, and the significant roles of the coastal regions of China, of emporia and other ports on the South China Sea and in Southeast Asia and the Ryukus, and of the trading diasporas especially of "Overseas Chinese," which not incidentally continue to play their vital roles today. None of this global pattern of inter-regional division of labor and trade corresponds to the received image of a "modern capitalist world-economy" that began in Europe and only then expanded to "incorporate" one region after another elsewhere in the world until the West dominated them all.

Instead, the international division of labor and relative sectoral productivity and regional competitiveness in the world economy were reflected the pattern of trade balances and money flows on a global scale. In the structure of the world economy, four major regions maintained built-in deficits of commodity trade: The Americas, Japan, Africa and Europe. The first two balanced their deficit by producing silver money for export. Africa exported gold money and slaves. Southeast Asia and West Asia also produced some silver and gold money, which contributed to balance their trade. Unlike Europe however, they were able also to produce some other commodities for which there also was an export demand. Both Southeast and West Asia also realized "export" earnings from their respective locations at the southeastern and southwestern trade turntables of the central Asian economies. To some extent, so did Central Asia.

That is in economic terms, all of these deficit regions nonetheless also produced some "commodities" for which there was a demand elsewhere in the world economy. The fourth deficit region, Europe, was hardly able to produce anything of its own for export with which to balance its perpetual trade deficit. Europe managed to do so primarily by

"managing" the exports of the three other deficit regions, from Africa to the Americas, from the Americas to Asia, and from Asia to Africa and the Americas. The Europeans also participated to some extent in trade within Asia, especially between Japan and elsewhere. This intra-Asian "country" trade was marginal for Asia but nonetheless vital for Europe, which earned more from it than from its own trade with Asia. However, none of this European participation in world trade and the global division of labor would have been possible without European colonial access to American silver, of which more below.

The two major regions that generated an export surplus and were most "central" to the world economy were India and China. That centrality rested primarily on their outstanding absolute and relative productivity in manufactures. In India, these were primarily its cotton textiles that dominated the world market, and to a lesser extent its silk textiles, especially in India's most productive Bengali region. Of course, this competitiveness in manufacturing also rested on productivity on the land and in transport and commerce. They supplied the inputs necessary to supply raw materials to industry, food to workers, and transport and trade for both, as well as for export and import.

The other, and even more "central" economy was China. Its even greater centrality was based on its even greater absolute and relative productivity in industry, agriculture, [water] transport, and trade. China's even greater, indeed the world economy's greatest, productivity, competitiveness and centrality was reflected in its most favorable balance of trade. That was based primarily on its world economic export leadership in silks and ceramics and its exports also of gold and copper coin and later of tea. These exports in turn made China the "ultimate sink" of the world's silver, which flowed there to balance China's almost perpetual export surplus. Of course, China was only able to satisfy its insatiable "demand" for silver; because it also had an inexhaustible supply of exports, which were in perpetual demand elsewhere in the world economy.

Of course, the emphasis here is on the global economy and within it of China's and Asia's preponderant place and role in the world economy. Thus another "regionalization" of the world economy may emerge, which could be visualized in the form of concentric circles. Among these, China [and within that the Yangtze Valley and/or South China] would form the innermost circle. The "East Asian Tribute Trade System" studied by Hamashita (1988,1994) would form the next circle, which beyond China included at the very least parts of Central Asia, Korea, Japan, and Southeast Asia. However, the boundaries of this circle were porous and uncertain, and Hamashita himself recognizes its extension to South Asia. That in turn of course had millenarian old close relations with West Asia and East Africa, as well as with Central Asia, which in turn became increasingly enmeshed with Russia and that with China. These regions could be said to form a next outer band, which we can then perhaps identify as an Asian, or Afro-Asian, regional circle. To what extent this [Afro]Asian economy had an identifiable economic structure and dynamic of its own has not really been investigated yet, also not in the present account.

Within this global circle, we can then successively view the smaller concentric Asian, East [and South?] Asian, and Chinese economic circles. Europe and across the Atlantic the Americas would then occupy their rightful places in the outer band of the concentric circles, since Asia also had economic relations with Europe and through its mediation with the Americas. These included the trade from Asia directly across the Pacific via the Manila Galleon trade between Acapulco in Mexico [or El Callao near Lima] and Manila in the Philippines. Apart from focusing on China, East Asia, and Asia respectively as major world economic regions, such a concentric circle mapping of the global economy also puts Europe and even the Atlantic economy in their marginal place.

This Asian economic predominance also means that European the supposed technological 'advance' and especially its 'seventeenth century scientific revolution' and the latter's alleged contribution to technological innovation are pure Eurocentric myths (Adams 1996, Shapin 1996, Frank 1997). At least four different but related kinds of evidence and argument must lead us to reject the received wisdom's mythology about the alleged technological and institutional superiority of Europe over Asia before 1800. They are the evidence of technological advance and institutional sophistication in various parts of Asia and their comparison with European ones, the fact that in response to world economic relations and competition these technologies and institutions were widely diffused in all directions whenever it was profitable to do so, and the myth of the alleged contribution of the 'seventeenth century scientific revolution' in Europe to the development of technology itself.

Increased Asian output, export and competitiveness also required and fomented technological development in Asia. Thus, the fifteenth and early sixteenth centuries witnessed not only growing production and export in China, but to support the same also significant increases in productivity and technological progress. This occurred especially in the ceramics, silk, cotton, printing and publishing [copper/lead alloys for casting movable characters] industries, sugar manufacturing, and new techniques and machinery for irrigated and dry agriculture and the processing of agricultural products, as well of course as the introduction of new crops from the Americas. There can be no doubt that India also developed improved technology and increased productivity in the sixteenth and seventeenth centuries, especially in the textile and arms industries, in which competition required and stimulated the same. Similarly, many parts of Asia also had and adapted the political economic and financial institutions that were necessary to manage this technology, production and trade.

The third and still more important reason that casts even more than doubt on the thesis of European technological superiority is derivative from the above observations: There was no European technology! In the worldwide division of labor in a competitive world economy, long-standing national, regional, or sectoral technological superiority could not be maintained as long as at least some other real or potential competitors had sufficient interest and capacity to acquire such technology as well. That is, the development of technology, like all economic development, was a world economic process, which took

place in and because of the structure of the world economy/system itself. It is true that this world economy/system was and still is structurally unequal and temporally uneven. However, it is not true that technological or any other "development" was essentially locally, regionally, nationally, or culturally determined; nor that any one place or people had any essential "monopoly" or even "superiority" within this world economy/system. Still less was or is it the case that any such alleged "superiority" was based on anybody's "exceptional" institutions, culture, "civilization" or "race!"

A fourth reason to reject the received Eurocentric wisdom about science and technology is that the 'seventeenth century scientific revolution' and its alleged contribution to technological development in Europe is itself no more than a myth. The contemporary Francis Bacon already observed "the overmuch credit that hath been given unto authors in sciences [for alleged contributions to] arts mechanical [and their] first deviser" [cited in Adams 1996:56]. Three centuries later, Kuhn looked back over The Structure of Scientific Revolution and observed [in a later publication] that "I think nothing but mythology prevents our realizing quite how little the development of the intellect need have had to do with that of technology during all but the most recent stage of human history" (cited in Adams 1996:56-57). All serious inquiries into the matter show that this "stage" did not begin until the second half of the nineteenth century and really not until after 1870, that is a full two centuries after the beginnings of the industrial revolution itself. More recently, Shapin (1996:140) concludes that "it now appears unlikely that the 'high theory' of the Scientific Revolution had any substantial direct effect on economically useful technology in either the seventeenth century or the eighteenth. " Also Robert Adams (1996) reviews any and all relations between technology and science, including the "seventeenth century scientific revolution" and finds on at least a dozen occasions (ibid: 56, 60, 62, 65, 67, 72, 98, 101, 103, 131, 137, 256) that scientists and their science made NO significant visible contribution to new technology before the late nineteenth century.

#### A SHORT HISTORY OF GLOBAL 'EAST'- 'WEST' RELATIONS

Having sketched this global economy out in spacial and sectoral terms, we are now in a better position to inquire into its cyclical ups and downs and its transformation over the long term. Early modern and modern [and therefore presumably also future] history themselves have a millenarian long history. Moreover as Herodotus already pointed out, it has been a continuously common and cyclical or at least pulsating history throughout all of AfroEurasia (Frank & Gills 1993). The present millennium began with a period of AfroEurasian-wide political economic expansion. It was apparently centered at its far "eastern" end in Song China, but it also accelerated an accentuated re-insertion of its "western" end in Europe, which responded by going on several Crusades to plug its marginal economy more effectively into the new Afro-Eurasian dynamic. A period of pan-AfroEurasian political economic decline and even crisis followed in the late thirteenth and especially in the fourteenth century.

Another long period of expansion began in the early fifteenth century, again in East and Southeast Asia. It soon included Central, South and West Asia, and after the mid fifteenth century also Africa and Europe. The "discovery" and then conquest of the Americas and the subsequent "Columbian exchange" and then European "Ecological Imperialism" were a direct result, and part and parcel, of this world economy/system wide expansion (Crosby 1972, 1986). So if there was a "new departure," it was the incorporation of the Americas and then also of Australasia into this already ongoing world historical process and then global system. However, not only the initiative but also the very causes and then forms of execution of this incorporation had been generated by the structure and dynamic of the AfroEurasian historical process itself. It was the renewed economic expansion that started in East, Southeast and South Asia in 1400 and reached Europe by 1450, which attracted Columbus and Vasco da Gama in 1492 and 1498.

Indeed, another expression of historical [hysterical?] Eurocentrism is the by now 'traditional' claim that these dates mark an alleged world historical 'break' and new departure around 1500 AD -- to end 'volume 1' and begin 'volume 2' of so many standard and textbooks on 'world' history. Of course, the choice of the 1500 date is a crass manifestation of European perspective, even though the Americas experienced an arguably more important break and new departure when nine tenth of its population began to be wiped out by European germs and exploitation. Nonetheless, 1500 was not a significant date for most of the world's population and for the dynamic of the world economy based in Asia. Its new 'departure' if any was around 1000 AD in Song China, and again in 1400 when another world economic expansion began in East, Southeast, South, West and Central Asia. So it is disconcerting and alarming indeed to find the editor of the Journal of World History, Jerry Bentley still telling the readers of American Historical Review in 1996 that allegedly not only Atlantic history, but "Periodization in World History" also calls for a break in 1500.

For the "long sixteenth century" expansion in fact began in Asia in the early fifteenth century; and it continued in Asia through the seventeenth and into much of the eighteenth centuries. Indeed, this economic expansion was primarily Asian based, although it was also fuelled by the new supplies of silver and golden money now brought by the Europeans from the Americas. In Asia, this expansion took the form of rapid growth of population, production, trade including imports and exports, and presumably income and consumption in China, Japan, Southeast Asia, Central Asia, India, Persia, and the Ottoman lands. Politically, the expansion was manifested and/or managed by the flourishing Chinese Ming/Qing, Japanese Tokugawa, Indian Mughal, Persian Safavid, and Turkish Ottoman regimes. The European populations and economies grew more slowly than all but the last of the above, and they did so rather differentially among each other. So did some "national" and other quite multi-ethnic European states, all of which were however much smaller than the large ones in Asia.

Thus, population grew much more and faster in Asia than in Europe before inflecting after 1750. Indeed in the centuries before that, European population grew at only 0.3 to 0.4 per cent per year and maintained a stable 20 percent of the world population total. At the same time, Asian population grew at 0.6 per cent a year, and even faster in China and India, so that the Asian share of the world total rose from 60 to 66 percent. However, the Asian population was not only much larger and faster growing. To support its faster growing population, Asia also was able to produce more and more productively. Indeed, in 1750 Asia's 66 percent share of the world's population produced 80 percent of the world's GNP, while Europe's 20 percent of population produced less than the remaining 20 percent of world output, since Africa and the Americas also contributed to the same -- and to European GNP itself. Per capita income in Asia and especially in China was also higher than in Europe (Bairoch 1981, Frank 1998).

Thus, the already long existent global economy and "world system" as well as its "international" division of labor and trade widened and deepened during this long period of primarily Asian based economic expansion. However as usual, different productive sectors and regions were differentially situated in this "system" of accumulation, production, exchange, and consumption, which were de facto on a "silver standard." The differentiation in productivity and competitiveness that underlay the division of labor and exchange were manifest in im-balances of trade and "compensated" by flows over long distances of mostly silver specie money.

Most of this silver was produced in the Americas and some also in Japan and elsewhere. Reflecting the macroeconomic imbalances and also responding to corresponding microeconomic opportunities to make and take profit, the silver moved around the world in a predominantly eastward direction across the Atlantic and - via Europe - across the Indian Ocean, and westward across the Pacific from the Americas and Japan. Ultimately, the largest silver "sink" was in China, whose relatively greatest productivity and competitiveness acted like a magnet for the largest quantity of silver. However there as elsewhere, the incoming money generated increased effective demand and stimulated increased production and consumption and thereby supported population growth. The new supply of money failed to do so where the political economy was insufficiently flexible and expandable to permit growth of production to keep pace with the increase in the supply of money. In that case rising effective demand drove up prices in inflation, which is what happened in Europe.

Europe's disadvantaged position in the world economy was partly compensated by its privileged access to American money. On the demand side, the use of their American money - and only that - permitted the Europeans to enter into and then increase their market share in the world market, all of whose dynamic centers were in Asia. On the supply side, access to and use of cheap - to the Europeans virtually free - money in the Americas afforded the wherewithal to acquire the supplies of real consumption and investment goods world-wide: servile labor and materials in the Americas to dig up the silver in the first place; slave labor from Africa; and from a European perspective virgin



soil and climate also in the Americas. These resources were used to produce sugar, tobacco, timber for ships and other export crops later including especially cotton at low cost for European consumption. West European imports via the Baltic Sea of grain, timber, and iron from eastern and northern Europe was also paid for with American money and some textiles. And of course their American supplied money was the only means of payment that permitted Europeans to import all those famed Asian spices, silks, cotton textiles and other real goods for their own consumption and also for re-export to the Americas and Africa. Asians produced these goods and sold them to Europeans only for their American supplied silver. That is, all these real goods that were produced by non-Europeans became cheaply, indeed nearly freely, available to Europeans; because they had and were able to pay for them with their American supplied money. Indeed, this silver - also produced by non-Europeans - was the only export good that the Europeans were able to bring to the world market.

Additionally moreover, this supply of goods produced by labor and raw materials outside of Europe also replaced and freed alternative resources for other uses within Europe: American sugar and Atlantic cod fish supplied calories for consumption for which Europe did not have to use their own farmland; Asian cotton textiles supplied clothes for which to European consumers and producers did not have to use wool from European sheep that would have eaten European grass. Otherwise, that grass would in turn have had to be produced on still more enclosures of land for even more 'sheep to eat [some] men' so as to produce still more wool to clothe others. Thus, the import of Asian textiles with American money indirectly also permitted Europeans to produce more food and timber in Western Europe itself. Thus, Europeans were able to use their position in the world economy both to supplement its own supplies and resources by drawing directly on those from the Americas to the west and Eastern Europe and Asia to the east. The supply of these additional resources to Europe from the outside also freed European resources for use in its own development.

So the turn of the eighteenth century was not marked by Europe's alleged absolute or relative development or by any Asian 'traditional' backwardness or stagnation. On the contrary and perhaps paradoxically, it was Asia's economic development and Europe's backwardness that set the stage for the simultaneous cyclical "Decline of the East" and "Rise of the West. " Europe's still productive backwardness may have offered some of the "advantages" to catch up, discussed by Gerschenkron (1962). Europe's backwardness incentivated and its supply of American money permitted Europeans to pursue micro- and macro-economic advantages, which were to be had from increased European participation in the expanding Asian economies from 1500 to 1800. Of course, Europeans also took advantage of their increasing political economic relations with Africa and the Americas, including especially the "triangular" trade/s among all three. All of these, including of course also investing profits derived from all of these overseas political economic relations at home, contributed to capital accumulation in Europe, or more precisely to Europe's participation in World Accumulation 1482-1789, to use my earlier title (Frank 1978).

Finally, Europe arrived somewhere [in the world economy!] after three centuries of trying to do business in Asia since 1500 and the above mentioned earlier European attempts through the crusades, etc. to benefit from Asian wealth. The roots of the post 1800 "Rise of the West" and "Decline of the East" can and must be accounted for in WORLD-wide economic and demographic terms, in which the economies of Asia played a major role.

#### A WORLD DEMOGRAPHIC/ ECONOMIC/ ECOLOGICAL EXPLANATION OF THE DECLINE OF THE EAST AND THE RISE OF THE WEST

My explanation has three related parts. A combination of demographic and micro-/macro-economic analysis identifies an inflection of population and economic productivity growth rates that led to an "exchange" of places between Asia and Europe in the world economy/system between 1750 and 1850. Microeconomic analysis of worldwide supply-and-demand relations and relative economic and ecological factor prices can show how they generated incentives for labor and capital saving and energy producing invention, investment and innovation, which took place in Europe. On the other hand, macroeconomic analysis of cyclical distribution of income and derivative effective demand and supply in Asia illuminate the opportunity to do so profitably in world economic terms.

Another important aspect of this structure and conjuncture is examined by Pomeranz (1997), who also constructs his argument in at least partly global terms. He argues that the previous long period of economic and population growth that he also finds predominant in China exerted differential ecological demands and opportunities on the resource base among various regions in the world. By the end of the eighteenth century, according to his analysis, these ecological pressures in turn stimulated and favored the conversion to new sources of power, in Britain and Western Europe, especially from coal instead of wood and through steam instead of mechanical and animal traction. This ecological/economic and the demographic/ economic structure and conjuncture were of course related and require further analysis in relation to each other. The more detailed analysis is offered in Chapter 6 "How Did the West Win [Temporarily]?" of my book *ReOrient* (Frank 1998). In what follows here, I reproduce only the conclusion to which that analysis leads.

At the turn of the eighteenth-nineteenth centuries the above-mentioned factors in world economic competitive and comparative circumstances, changes, and transformation generated the following results:

- India continued but was threatened in its competitive dominance on the world textile market on the basis of cheap and also bonded skilled labor. Domestic supplies of cotton, food and other wage goods continued to be ample and cheap; and productive, trade and financial organization and transport remained relatively efficient despite suffering from

increasing economic and political difficulties. However, supplies of alternative power and materials, e.g. from coal and iron/steel, were relatively scarce and expensive. Therefore, Indians had little economically rational incentive to invest in innovations at this time. They were further impeded from doing so first by economic decline beginning already in the second quarter of the eighteenth century or earlier; then by the [resulting?] decline in population growth and British colonialism from the third quarter onwards; and finally from a combination of both decline and colonialism as well as "Drain" of capital from India to Britain. India switched from being a net exporter to being a net importer of cotton textiles in 1816. However India did continue to struggle on the textile market and began again to increase textile production - by then also in factories - and exports in the last third of the nineteenth century.

- China still retained its world market dominance in ceramics, partially in silk and increasingly in tea, and remained substantially self-sufficient in textiles. China's balance of trade and payments surplus continued into the early nineteenth century. Therefore China had availability and concentration of capital from both domestic and foreign sources. However, China's natural deposits of coal were distant from its possible utilization for the generation and industrial use of power, so that progressive deforestation still did not make it economical to switch from wood to coal for fuel. Moreover, transport via inland canals and coastal shipping, as well as by road, remained efficient and cheap [but not from outlying coal deposits].

This economic efficiency and competitiveness of the Chinese on both domestic and world markets also rested on absolutely and comparatively cheap labor costs. Even if per-capita income was higher than elsewhere, as Bairoch notes, and its distribution was no more unequal than elsewhere [as Pomeranz and Goldstone claim], the wage good cost of production was low, both absolutely and relatively. Labor was abundant for agriculture and industry, and agricultural products were cheaply available also for industrial workers and therefore to their employers, who could pay their workers low subsistence wages. Goldstone (1996) emphasizes one reason: Women were tied to the villages and therefore remained available for [cheap] agricultural production. Pomeranz (1997) emphasizes a related reason: Urban industrial workers were still able to draw for part of their subsistence on "their" villages [as in Yugoslavia during industrialization after World War II], which was produced cheaply in part by the women to whom Goldstone refers. In other words from an entrepreneurial industrial employer and market perspective, wage goods were absolutely and relative cheap; because agriculture produced them efficiently and cheaply also with female labor. The "institutional" distribution of cheap food to urban and other workers in industry, transport, trade and other services was functionally equivalent to what it would also have been if the functional distribution of income had been MORE unequal than it was. The availability of labor was high, its supply price low, its demand for consumer goods attenuated; and there was little incentive to invest in labor saving or alternative energy using production or transport. Elvin (1973) sought to summarize such circumstances in his "equilibrium trap. " Even so, China still remained competitive on the world market and maintained its export surplus. Emperor Ch'ien Lung

said in his 1793 message to King George III of England "I set no value on objects strange and ingenious and have no use for your country's manufactures" (Schurman and Schell 1967, I:108-109).

- Western Europe and particularly Britain were hard put to compete especially with India and China. Europe was still dependent on India for cotton textiles and on China for ceramics and silks that Europe re-exported and from which it profited in its [economic and/or political] colonies in Africa and the Americas. Moreover, Europe remained dependent on its colonies for most of the money it needed to pay for these imports, both for re-export and for its own consumption and other use, e.g., as inputs for its own production and export. In the late eighteenth and early nineteenth centuries, there was a decline in the marginal if not also the absolute inflow of precious metals and other profits through the slave trade and plantations from the European colonies in Africa and the Americas. To recoup and even to maintain - never mind to increase - its [world and even domestic] market share Europeans collectively and its entrepreneurs individually had to attempt to increase their penetration of at least some markets, and to do so either by eliminating competition politically/militarily or by undercutting it by lowering its own costs of production, or both.

Opportunity to do so knocked when the "Decline" began in India and West Asia, if not yet in China. Wage and other costs of production and transport were still uncompetitively high in Britain and elsewhere in Europe. However especially after 1750, rising incomes and declining mortality rates sharply increased the rate and amount of population growth. Moreover, the displacement of surplus labor from agriculture increased its potential supply to industry. At the same time, the imposition of British colonialism on India reversed the perennial capital outflow to India and turned it into "The Drain" from India and into Britain. Moreover, a combination of commercial and colonial measures would permit the import of much more raw cotton to Britain and Western Europe. Deforestation and ever scarcer supplies of wood and charcoal and rendered these more expensive.

At the same time since the second third of the eighteenth century, first relative and then absolute declines in the cost of coal made the replacement of charcoal [and peat] by hard coal increasingly economical and then common in Britain. The Kondratieff B phase in the last third of the eighteenth century generated technological inventions and improvements in textile manufacturing and steam engines [first to pump water out of coal pits and then also to supply motive power to the textile industry]. At the turn of the eighteenth-nineteenth centuries, the "first" A phase [identified by Kondratieff] and the Napoleonic wars generated increased investment in and the expansion of these new productive facilities and then also of transport equipment. Ever more of the available but still relatively high cost labor force was incorporated into the "factory system." Production increased rapidly; real wages and income declined; and "the workshop of the world" conquered ever more foreign markets through "free trade." Yet even then, British colonialism had to prohibit free trade to India and recurred to the export of its opium to force an "Open Door" into China.

- Most other parts of the world still fall through the cracks of our world economic analysis. Yet in brief, we can observe that most of Africa may have had labor/land ratios at least as favorable to labor saving investment as Europe. However Africa did not have an analogous resource base [except the still undeveloped one in Southern Africa], and far from having a capital inflow, Africa suffered from capital outflow. The same was true of the Caribbean. Latin America had resources and labor, but also suffered from colonial and neo-colonial capital outflow as well as specialization in raw materials exports, while its domestic markets were captured by European exports. West, Central Asia, and Southeast Asia became increasingly captive markets for if not also colonies of Europe and its industry, to which they supplied the raw materials that they had previously themselves processed for domestic consumption and export. In the nineteenth century, only the European "settler colonies" in North America, Australasia, Argentina, and Southern Africa were able to find other places in the international division of labor, and China and Japan were able to continue offering significant resistance. But that is another - later - story, which will lead to the Re-emergence of East Asia in the world economy today.

In short [conclusion], changing world demographic/ economic/ ecological circumstances suddenly - and for most people including Adam Smith unexpectedly - made a number of related investments economically rational and profitable: in machinery and processes that saved labor input per unit of output, thus increasing the productivity and use of labor and its total output; increasing productive power generation; and increasingly productive employment and productivity of capital. This transformation of the productive process was initially concentrated in selected industrial, agricultural, and service sectors in those parts of the world economy whose comparative competitive POSITION made -- and then continually re-made -- such Newly Industrializing Economies [NIE] import substituting and export promoting measures economically rational and politically possible. Thus, this transformation was and continues to be only a temporally localized and still shifting manifestation of a WORLD economic process, even if it is not spread uniformly around the world -- as historically nothing ever has been and still is not likely.

The suggestion is that it was not over-all poverty and still less tradition or failure that handicapped Asia in world economic competition relative to Europe around 1800. Rather, in Marxist and Schumpeterian terms, it was their very success that generated failure. For the competitive handicap of the Asian economies was generated by its previous absolute and relative success in responding to the economic incentives of the 500 year long cycle "A" phase expansion that began in 1400, which that lasted through the eighteenth century, which the inflow of American money financed. That turns all received theory on its head.

PAST CONCLUSIONS AND FUTURE IMPLICATIONS

Received theory attributes the industrial revolution and the "rise" of the West to its alleged "exceptionality" and "superiority." The source of the same is sought in turn in the also alleged long standing or even primeval Western preparation for take-off. This contention mistakes the place and misplaces the "concreteness" of the transformation by looking for it in Europe itself. Yet the "causes" of the transformation can never be understood as long as they are examined only under the European streetlight and must instead be sought under the world-wide global illumination in the system as a whole.

For the comparative and relational real world historical evidence examined above shows that, contrary to received historiography and social theory, it was not the alleged prior European "development" that poised it for "take off" after 1800. That is, the rise of the West after 1800 was not really the result of the its "continuous" European preparation since the Renaissance, let alone thanks to any Greek or Judaic roots thereof. Instead, the industrial revolution was an unforeseen event, which took place in a part of Europe as a result of the continuing unequal structure and uneven process of 'development' in and of the world economy as a whole. That process of world development, however, also includes new departures in some of its regions and sectors that may appear discontinuous. It may indeed be the case that the industrial "revolution," like the agricultural one before it, was an inflection in a continuous global development, which marks a "departure" in a vector and direction that is different from the previous one and is perhaps irreversible -- short of total cataclysm, which may itself lie at the end of that vector. Thus, the systemic global structure and continuity that generated the "rise" of the West marked a departure in the West, which did not continue its earlier marginal position. Instead, there was a discontinuous departure of the global economy into a more industrial direction and a shift in the position of the West within the world economic system as a whole.

The argument - and the evidence! - is that world development between 1400 and 1800 reflects not Asia's weakness but its strength, and not Europe's nonexistent strength but rather its relative weakness in the global economy. For it was all these regions' joint participation and place in the single but unequally structured and unevenly changing global economy that resulted also in changes in their relative positions in the world. The common global economic expansion since 1400 long benefited the Asian centers earlier and more than marginal Europe, Africa, and the Americas. However, this very economic benefit turned into a growing absolute and relative disadvantage for one Asian region after another in the late eighteenth century. Production and trade began to atrophy as growing population and income, but also their economic and social polarization, exerted pressure on resources, constrained effective demand at the bottom, and increased the availability of cheap labor in Asia more than elsewhere in the world.

Perhaps it would be better to refer to two major early modern "inflections" in an essentially continuous historical process and dynamic within the same world economy and system: One was the "Columbian exchange" after the incorporation of the "New World" into the Old one after 1500. The other was the "exchange" of demographic and economic productivity growth rates and perhaps of ecological pressures on resources

between Asia and Europe, which generated the "industrial revolution" around 1800. Both, however, were [only] inflections in and generated by a process of world economic development. In both cases, Europeans were acting more as instruments than as initiators of global development.

Nonetheless, the argument here has been instead that global historical continuity has been far more important than any and all its dis-continuities. The perception of a major new departure in 1500, which allegedly spells a dis-continuous break in world history, is substantially [mis] informed by a Eurocentric vantage point. Once we abandon this Eurocentrism and adopt a more globally holistic world or even pan EurAsian perspective, dis-continuity is replaced by far more continuity. Or the other way around? Once we look upon the whole world more holistically, historical continuity looms much larger, especially in Asia. Indeed, the very "Rise of the West" itself then appears derived from this global historical continuity.

Another region, Europe and then also North America [and if we wish to separate it out, also Japan at the other end of Eurasia] were able to take advantage of this pan-Asian crisis in the nineteenth and twentieth centuries. They managed to become Newly Industrializing Economies, first through import substitution and increasingly also by export promotion to and within the global world market. Yet this success, which was based on their previous marginality and relative "backwardness" in the global economy, may also prove to be relatively short-lived. These new, but perhaps also temporary, world economic centers are now experiencing absolute and relative social and economic atrophy analogous to that of the previously central Asian economies, while some of the latter seem to be recovering their economic and social impulse.

East Asia's rise to world economic prominence makes it all the more urgent to focus on the long historical continuity of which this process is a part. It began in Japan some eighty years ago and then in its former colonies in Korea and Taiwan, but also included Hong Kong and Singapore among the first set of the East Asian NIEs or "four tigers. " Since then, revived economic growth has been spreading also to other "tigers" or "little dragons" elsewhere in Southeast Asia and to the "BIG Dragon" on the China coast. That is the same South [and East] China Sea region, also with its "overseas Chinese" diaspora, which had been so prominent in the world economy in the previous long political economic phase of expansion from the fifteenth through the eighteenth centuries.

It is well conceivable that in the course of eighty years around the world West and East will again have traded places in the global economy and in world society. The now supposed dis-continuous but really renewed rise of the "East" must be seen as part and parcel of the fundamental structure and continuity in global development. Recognizing and analyzing this continuity will reveal much more than myopically focusing on the alleged dis-continuities, like the newly discovered "globalization" and "new emergence

of the East" of the 1990's, or indeed also like the wholesale misinterpretation that already sees a renewed "meltdown" in 1997.

The contemporary economic expansion in East Asia may spell the beginnings of a return of Asia to a leading role in the world economy in the future as it had in the not so distant past -- with 'Middle Kingdom' China again at its 'center'. These contemporary developments and future prospects demand new and better historiography and social theory to comprehend them and to offer at least some modest guide to social policy and action.

#### PAPER TIGER - THE UNITED STATES IN THE WORLD

What is the basis and security of the United States position and power in the world? The answer is the twin pillars of the Dollar and the Pentagon. The dollar is a paper tiger - literally so, much more than when Mao applied this term to the US. The Pentagon's strength and mobility is dependent on the dollar, and in turn supports it. But the two supporting towers of the US are also its two Achilles heels. Through them, like the twin towers of the World Trade Center in New York, the entire US edifice can come crashing down in one morning - not by terrorism but through the operation of the financial markets in the world economy and the ill-advised policies of the United States government itself.

The US still has the world's largest economy, which saw boom times during much of the 1990s, and it has unrivalled military power exceeding the total of the next dozen or more military powers combined. Moreover, the present Bush administration makes use of both of them in unilateral policies to impose its will on the rest of the world, friend and foe alike, to all of which Bush threw down the gauntlet of "you are either with us or against us. " With means you do as we say, and against means you are under threat to be destroyed economically and politically, as well as militarily if we wish. In case there be any doubt about our intentions and capabilities, Russia and Argentina are prime examples on the economic front as are Iraq through the boycott, Serbia and Afghanistan are so on the military front as well. The latter - but really both - are what President Bush father called THE NEW WORLD ORDER when he bombed Iraq in 1991. I termed it THIRD WORLD WAR in two senses, one that it takes place in THE THIRD WORLD and secondly that this war against the Third World constitutes a THIRD World War [Frank 1991].

The prosperity and welfare of the American people rests primarily on its position in the world today as Britain's did in the nineteenth century. That observation is fundamentally different from the political and media hype about the sources of American exceptionalism that are supposedly in its genius, morality, productivity, and other characteristics that allegedly differentiate America from the rest of the world. On the contrary, America rests on two - maybe three- pillars: 1. The DOLLAR as the world currency whose monopoly privilege the US has to print at will, and 2. The PENTAGON with its unrivalled military



capacities. 3. A third pillar perhaps is the government, educational and media fed IDEOLOGY that obscures these simple facts from public view. Moreover each supports the other: It costs dollars to maintain the Pentagon, its bases in 80 countries around the world, and the deployment of its military forces around the globe. Military expenditures are the prime causes of the twin American deficits, in the federal budget and in the balance of trade. Conversely, Pentagon strength helps sustain global confidence in the dollar.

But this same mutual reliance for strength therefore also constitute two mutually related American Achilles heels. The dollar is literally a Paper Tiger in that it is printed on paper whose value is based only on its acceptance and confidence in the same around the world. That confidence can decline or be withdrawn altogether almost from one day to the next and cause the dollar to lose half or more of its value. Apart from cutting American consumption and investment as well as dollar-denominated wealth, any decline in the value of the dollar would also compromise US ability to maintain and deploy its military apparatus. Conversely, any military disaster would weaken confidence in and thereby the value of the dollar. Indeed, at the 2003 World Economic Forum in Davos, the assembled world political and business elites expressed very serious fears that the mere deployment of the US military, e. g. against Iraq, would bring on a world depression. TIME Magazine this week reports on a comprehensive study of the US airline industry, which concludes that a war against Iraq would drive half of it into immediate bankruptcy. If so, what of still weaker non-American airlines? The insecurity that comes with military saber rattling and threats undermine confidence in the dollar and put brakes on investment. And no amount of ideology is sufficient completely to obscure that economic situation.

In fact, the world already is in depression, from which so far only the United States is substantially, and Canada and Western Europe partially exempt. And the latter is so, because of the privileged position of especially the American economy within the global one, from whose mis-fortune Americans have been deriving the benefits of that position, which to repeat is essentially derived from the privilege of printing the world currency with which Americans can first buy up the production of the rest of the world at depressed deflationary prices and then have the same dollars be returned from abroad to be invested in Wall Street and US Treasury certificates for safe-keeping and/or higher earnings than are available elsewhere.

In the mid 1980s James Tobin [the inventor of the Tobin tax on financial transactions] and I were to my knowledge the only ones already to published predictions of DE-flation as the coming world economic danger. Economic policy makers however ignored these warnings and this risk [not really risk, but necessary consequence] while continuing their policies designed to fight IN-flation. Nonetheless, since then commodity prices have fallen sharply and consistently and more recently industrial prices have fallen as well. Moreover in WORLD economic terms, high inflation in terms of their national currencies [pesos, rubles, etc. ] and their sharp DEVALUATION against the DOLLAR world currency has been an effective de facto major DE-flation in the rest of the world. That has

reduced their prices and made their exports cheaper to those who buy their currencies with dollars, primarily of course consumers, producers and investors in - and from! - the United States. These additionally, which is hardly ever mentioned, can and do buy up the rest of the world with dollars that "cost" only their printing and distribution, which for Americans have virtually no cost. [The \$ 100 dollar bill is the world's most used cash currency on which runs the entire Russian economy, and there are two to now three times as many of them circulating outside as inside the US]. The American boom and welfare and then "balanced" federal budget 1992-2000 Clinton administration, contrary to its populist claims, only happened to coincide with this boom. The also same 8 year long prosperity of the United States was entirely built on the backs of the terrible depression, deflation and thus generated marked increase in poverty in the rest of the world. During this one decade, production declined by over half in Russia and Eastern Europe and life expectancy in Russia declined by 10 - ten - years, infant mortality, drunkenness, crime and suicide increased as never before in peacetime. Since 1997, income in Indonesia declined by half and generated its ongoing political crisis. That is dissipation of entropy generated in the US and its export abroad to those who are obliged to absorb it in ever greater DISorder. It would be difficult to find better examples - except the destruction of the entire society in Argentina, Rwanda, Congo, Sierra Leone, previously prosperous and stable Ivory Coast - not to mention the countries that have been visited by destruction through American military power

All this has among others the following consequences: in the US. it can export inflation that would otherwise be generated by this high supply of currency at home, whose low rate of inflation in the 1990s was therefore no miracle result of domestic "appropriate" Fed monetary policy. The US has been able to cover its twin balance of trade and budget deficits with cheap money and goods from abroad. The US trade deficit is now running at approximately 400 billion dollars a year and still growing. Of that, 100 billion are covered by Japanese investment of their own savings in the US that saves nothing and which the Japanese may soon have to repatriate to manage their own banking and economic crisis - especially if an American war against Iraq causes a n even temporary spike the price of oil on whose import Japan is so dependent. Another \$ 100 billion comes from Europe in the form of various kinds of investment, including direct real investment, which could dry up as the European recession continues, the Europeans become exasperated with American policy, or they have any number of other reasons to reduce their dollar reserves and put them into their own Euro currency instead. A third 100 billion is supplied by China, which first sells the US its cheap manufactures for dollars and then accumulates those dollars as foreign exchange reserves - thus in effect giving away its poor producers' goods to rich Americans. China does this to keep its exports flowing and its industries going, but if it decided to devote these goods to expanding its own internal market more, its people would gain in income and wealth, and the United States would be out of luck. The remaining \$ 100 billion of deficit are covered by other capital flows, including debt service from the poor Latin Americans and Africans who have paid off the principal of their debts already several times over and yet

keep increasing the total amount owed by rolling it over at higher rates of interest. The idea of declaring US chapter 11 or 9 type insolvency is however finally catching on.

Thus, deflation / devaluation elsewhere in the world has like a magnet attracted speculative financial capital from the rest of the world - both American owned and foreign owned - into US Treasury certificates [ stopping up the US budget deficit] and into Wall Street. That is what fed and supported its 1990s bull market, which in turn has increased, supported and spread wider a speculative and illusory increase in wealth for American and other stock holders and through this also illusory "wealth effect" has supported higher consumption and investment. The subsequent and present bear market decline in stock prices nonetheless is still a profit boon for enterprises who issued and sold their stocks at bull market high and rising stock prices. For they are now buying back their OWN stocks at what for them are bargain basement low prices, which represent an enormous profit for them at the expense of small stock holders who are now selling these stocks at low and declining prices. The US "prosperity" now rests on the knife-edge also of an unstable enormous domestic corporate and consumer [credit card, mortgage and other] debt.

Moreover, the US is also vastly over-indebted to foreign owners of US Treasury certificates, Wall Street stock and other assets, which can be called in by foreign central banks who have been keeping reserves in US dollars and other foreign owners of US debt. Indeed, it is the very US policy that has contributed so much to destabilization elsewhere in the world [e. g. through the destabilization of Southeast Asia that undermined the Japanese economy and financial system even more than it would otherwise have been] that now threatens and now soon makes much more likely that especially Japanese and European holders of US debt must cash it in to shore up their own ever more unstable economic and financial systems. The liabilities of the US to foreigners now equal two thirds of annual US GNP - and therefore can and will never be paid off. However any hick in rolling this debt over and over can result in foreign attempts to get out as much money as they can - resulting in a crash of the dollar.

Another major consequence is that the US - and world! - economy is now in a bind from which it most probably can NOT extricate itself by resorting to Keynesian pump priming and much less to full scale macro-economic policy and support of the US and Western/Japanese economy, as the Carter and Reagan administrations did. Military Keynesianism, disguised as Friedman/Volker Monetarism and Laffer Curve Supply-Sideism, was begun by Carter in 1977 and put into high gear in 1979, when Carter the Fed was run by Carter appointee Paul Volker, who in October 1979 switched Fed monetary policy from high money creation / low interest price thereof to attempted low money creation / high interest [ to 20 percent monetary! ] to rescue the dollar from its 1970s tumble and attract foreign capital to the poor US. At the same time, Carter began Military Keynesianism in June 1979. , which was then escalated further by President Reagan In that they then succeeded. .

It is highly unlikely however that analogous policies could succeed again now. The US would need to invoke the same re-flationary policy again for itself and its allies, now. but it can not do so! The Fed has already lowered the interest rate so far that it cannot go much lower and is not likely to stimulate investment by doing so. On the other hand, raising the interest rate to continue to attract funds from abroad would risk choking off all domestic investment and working capital. Brazil tried that, admittedly with extravagant monetary interest rates at 60 percent to attract foreign capital, and ruined its domestic economy.

The US may [should? must ??] now attempt a repeat performance of the 1980s to spend itself and its allies [now minus Japan but plus Russia?] out of the present and much deeper world recession and threatening globe encompassing depression. The US would then again have to resort to massive Keynesian deficit [ using September 11 as a pretext for probably military] RE-flationary spending as the locomotive to pull the rest of the world out of its economic doldrums. However, the US is already the world consumer of last resort, but it can be so with the savings, investments and cheap imports from abroad, which themselves form part of the global economic problem.

Moreover, to settle its now enormous and ever growing foreign debt, the US may chose also to resort to IN-flationary reduction of the burden to itself of that debt and its also ever growing foreign debt service. But even the latter could - in contrast to the above summarized previous period- NOT avoid generating a further SUPER trade balance particularly if market demand falls further and pressure increases abroad to export to the US demand/er of last resort. But this time, there will be NO capital inflows from abroad to rescue the US economy. On the contrary, the now downward pressure to devalue the US dollar against other currencies would spark a capital flight from the US, both from US Government bonds and from Wall Street where significant stock price declines generate further price declines and deflation in world terms even if the US attempts domestic inflation.

The price of oil is yet another fly in the political economic ointment, whose dimension and importance is inversely proportional to the health or illness of the ointment itself. And today that is quite sick and deteriorating already. The world price of oil has always been a two edged sword whose double cutting edges can be de-sharpened with the help of successful alternative economic and price policies. On the one hand, oil producing economies and states and their interests need a minimum price floor to produce and sell their oil instead of leaving it underground and also postponing further oil productive investment while waiting for better times. The US is a high cost oil producer. A high oil price is economically and politically essential also for important states like Russia, Iran and especially Saudi Arabia, as well as US oil interests. On the other hand, a low price of oil is good for oil importing countries, their consumers including oil consuming producers of other products, and supports state macro economic policy, e.g. in the US, where low oil prices are both good politics and good for the economy. These days, the high/low price line between the two seems to be around US\$ 20 a barrel - at the present

value price of the dollar! But nobody seems to be able to rig the price of oil at that level. The present conflict, long since no longer within OPEC, is primarily between OPEC that now sells only about 30 to 40 percent of the world supply and other producers that supply 60 percent, today especially Russia but also including the US itself as both a significant producer and a major market, although that is increasingly shifting to East Asia. Recession in both and the resultant decline in demand for oil drags its price downward. US strategy and wars against Afghanistan and Iraq. is to gain as much CONTROL of oil as it can and for now to share as little of it as it must with Russia in Central Asia, Caspian Sea and Persian Gulf regions. And that control, even if it cannot control the price of oil, is to be used as an important geo-political economic lever to manipulate against US oil import dependent allies in Europe and Japan and ultimately its strategic enemy in China.

For US Keynesian spending re-flation as well as in-flation can no longer put the floor under the price of oil needed today and tomorrow. No policy, but only recovery generated world market demand I- and/or limitations in the supply of oil -can now provide a floor to and prevent a further fall in the price of oil - and its deflationary pull on other prices. And further deflation in turn will increase the burden of the already vastly over-indebted US, Russian and East Asian, not to mention some European and Third World, economies.

Thus the political economy of oil is likely to add to further deflationary pressure. That would - indeed already does - again significantly weaken oil export dependent Russia. But this time it would also weaken US oil interests and their partners abroad, especially in Saudi Arabia and the Persian Gulf. Indeed, the low price of oil during the 1990s has already transformed the Saudi economy from erstwhile boom to a bust. That has already generated middle class unemployment and a significant decline in income that has also already generated widespread dissatisfaction and now threatens to do so even more at precisely the time when the Saudi monarchy is already facing destabilizing generational transition problems of its own. Moreover a low oil price would also make new investment unattractive and postpone both new oil production and eliminate potential profits from laying new pipelines in Central Asia.

Indeed, there is an even more immediate urgent need for the US to control Iraqi oil reserves, the second largest in the region and the most under-drilled with a large capacity to increase oil production and drive down prices. But that is not all or even the heart of the matter. Many people were surprised when President Bush added Iran and North Korea to his "axis of evil. " Though they may not be so surprised at American efforts to promote a coup and change of regime in Venezuela, which supplies about 15 percent of US imports. So what do these countries have in common, many people ask? Well, three of them have oil, but not North Korea. So what is its threat that puts it in Bush's axis? Surely not geography or alliances [Iraq and Iran were mortal enemies, and North Korea does not play ball in their league. The answer is simple and resolves not only that puzzle but what could otherwise appear as a rather confused and confusing US foreign policy: [1. ] Iraq changed the pricing of its oil from dollars to Euros in 2000. [2] Iran threatens to do so. [3] North Korea has changed to deal only in Euros. [4] Venezuela has withdrawn

some of its oil from dollar pricing and is instead swapping it for goods with other third world countries. Besides an old friend of mine, Venezuela's Fernando Mires at OPEC headquarters in Vienna, proposed that all of OPEC should switch from pricing its oil in dollars to pricing it in Euros! Nothing else, no amount of terrorism, could be more threatening to the US; for any and all of that would pull all support out from under the dollar as oil importers would no longer buy dollars but instead Euros to buy their oil. Indeed they would want also to switch their reserves out of the dollar and into the Euro. Iraq already gained about 15 percent with its switch as the Euro rose against the dollar. And besides, the Arab oil states who now sell their oil for paper dollars would be unlikely to continue turning around and spending them again for US military hardware. It is this horrific scenario that US occupation of Iraq is designed to prevent, with Iran next in line. Curiously, this oil-dollar-euro "detail" is never mentioned by the US government or media. No wonder that major European states are opposed to Bush's Iraq policy, which is supported only by the UK, which is a North Sea oil producer itself. Simple how one little piece of incidental information can make the other pieces of the entire jig-saw puzzle fall into place!

All of these present problems and developments now threaten to [will?] pull the rug out from under US domestic and international political economy and finance. The only protection still available to the United States still derives from its long since and still only two pillars of the "NEW WORLD ORDER" established by President Bush father after "Bush's Gulf War" against Iraq and the dissolution of the Soviet Union in 1991. President Bush son is now trying to consolidate his father's new world order [no doubt with the latter still as a power behind the throne] beginning with the WAR AGAINST AFGHANISTAN and threatening once again against Iraq, and the Bush-Putin effort now also to construct a US-Russian Entente - or is it Axis.

The dollar pillar is now threatening to crumble, as it already did after the Vietnam War but has so far remained standing through three decades of remedial patchwork. But as we have seen, the US is now running out of further economic remedies to maintain the dollar pillar upright. It's only protection would be to generate serious inflation in the short run by printing still more US dollars to service its debt, which would then undermine its strength and crack the dollar pillar and weaken the support it affords still more.

That would leave only the US military pillar to support US political economy and society. But it and reliance on it also entails dangers of its own. Visibly, that is the case for such as Iraq, Yugoslavia, and Afghanistan and of course all others who are thereby deliberately put on notice to play ball by US rules in its new world order on pain of eliciting the same fate for themselves. But the political blackmail to participate in the new world order on US terms also extends to US - especially NATO - allies and Japan. It was so exercised in the Gulf War [other states paid US expenses so that the US made a net profit from that war], the US war against Yugoslavia in which NATO and its member states were cajoled to participate, and then by the War against Afghanistan as part of President Bush's new policy pronouncement. He used the early Cold WAR terminology

of John Foster Dulles] that "You Are Either With Us Or Against Us"] But US reliance on this, the then only remaining, strategy of military political blackmail can also lead the US to bankruptcy as the failing dollar pillar fails to support it as well; and it can come also to entail US "OVERSTRETCH" in Paul Kennedy terms and "BLOWBACK" in CIA and Chalmers Johnson terms.

In summary and plain English, the US has only two assets left to rely on, both admittedly of world importance, but perhaps even so insufficient. They are the dollar and its military political assets. For the first, the economic chickens in the US Ponzi scheme pyramid of cards are now coming home to roost even in the United States itself.

The second pillar is now in use to prop up the new order the world over. Most importantly perhaps is the now proposed US/Russia entente against China instead of [or to achieve?] a US defense against a Russia/China[and India?] entente. The NATO War against Yugoslavia generated moves toward the latter, and the US War against Afghanistan promotes the former]. God/Allah forbid that any of these nor their Holy War against Islam blow us all up or provoke others to do so.

However that may be, US imperial political military blackmail may still blowback on the United States also, thus not out of strength but out of the weakness of a truly Paper Tiger. So who shows any strength? The Chinese Dragon!

#### FIERY DRAGON - CHINA IN EAST ASIA

A financial and economic crisis erupted in East Asia in 1997 and brought evident relief to many observers in the West. As a result and mis-led by day-to-day press media reports and short term business and government analysis and policy, even "informed" public opinion in the West changed again. Now the former "East Asian Miracle" is said to have been no more than a mirage, a dream for some and a nightmare for others. The previously supposed explanations and sure-fire strategies of success are being abandoned again as quickly as they had come into fashion. We hear less about Asian values or guarantees from the magic of the market and no more security from state capitalism. So much the better I would say, since these supposed explanations and correct policies were never more than ideological shams anyway.

The historical evidence presented in this book shows that no one particular institutional form or political economic policy offers or accounts for success [nor failure!] in the competitive and ever changing world market. The contemporary evidence shows the same. In that respect, Deng Xiaoping's famous aphorism is correct. The question is not whether cats are institutionally, let alone ideologically, black or white; the real world issue is whether or not they catch economic mice in competition with others in the world market. And that depends much less on the institutional color of the cat than it does on its opportune position in the world economy at each particular place and time. And since the obstacles and opportunities in the competitive world market change over time and in

place, to succeed the economic cat, no matter what its color, must adapt to these changes or fail to catch any mice at all. Among these different institutional forms including relations among state-finance- productive and sales organizations, perhaps the most attention and positive evaluation has been devoted abroad to those of Korea and then of Japan but also of Greater China including its vast network of overseas Chinese. But the very fact that they differ, and in Taiwan, Singapore, Malaysia, Indonesia and elsewhere as well, should already forewarn us against privileging one institutional form over all others.

At best and that is already very much, the evidence is that none of these institutional forms is necessarily an impediment or insurmountable obstacle to success on the domestic, regional and world market. Most noteworthy perhaps in view of the widespread Western propaganda about its own alleged virtues is the demonstrated fact that no Western model need or should be followed by Asians in Asia or even elsewhere.

The significance of position and flexible response in the world economy is particularly important during periods of economic crisis B phase that is in Chinese of [negative] danger and [positive] opportunity. In the present economic crisis so far, the focus has been far too predominantly on its undoubtedly serious negative consequences. But the opportunities it poses have received insufficient attention, except perhaps in the United States and China, both of which are seeking to reap competitive advantages from the political economic problems and alleged meltdown of Japan, Korea, and Southeast Asia.

But the dismissal of East Asian and particularly Chinese economic strengths and prospects may be premature and certainly is based on a shortsighted neglect of the historical evidence as presented in *ReORIENT* and further pursued in this book and on a serious misreading of the contemporary evidence. I believe that this latest quick dismissal of Asia is mistaken for the following reasons among others:

Since Asia and especially China was economically powerful in the world until relatively recently, and new scholarship now dates the decline as really beginning only in the second half of the nineteenth century, it is quite possible that it may soon be so again. Contrary to the Western mythology of the past century, Asian dominance in the world has so far been interrupted by an only relatively short period of only a century or at most a century and a half. The oft alleged half-century or more decline of China is purely mythological.

Chinese and other Asian economic success in the past was not based on Western ways; and much recent Asian economic success was not based on the Western model. Therefore, there is also no good reason why Japanese or other Asians need or should copy any Western or other model. Asians can manage their own ways and have no good reason to now replace them by Western ones as the alleged only way to get out of the present economic crisis. On the contrary, Asian reliance on other ways is a strength and not a weakness.



The fact that the present crisis visibly spread from the financial sector to the productive one does not mean that the latter is fundamentally weak. On the contrary, the present crisis of overproduction and excess capacity is evidence of the underlying strength of the productive sector, which can recover. Indeed, it was excess capacity and productivity leading to over-production for the world market that initiated the financial crisis to begin with when Asian foreign exchange earnings on commercial account were no longer able to finance its service of the speculative short run debt.

Not that economic recessions will or can be prevented in the future. They never have been prevented in the past even under state planning in China or the Soviet Union. More significant is that this is the first time in over a century that a world recession started not in the West and then moved eastward, but that instead it started in the East and then moved around the world from there. And that was precisely because as per # 3 East Asian and particularly Japanese, Korean and then Chinese productive and export capacity had grown so MUCH. This recession can therefore be read as evidence not so much of the temporary weakness as of the growing basic economic strength of East Asia to which the center of gravity of the world economy is now shifting back to where it had been before the Rise of the West.

The recession in the productive sector was short, especially in Korea, and so far absent in China. But it was also severe, especially in Indonesia. And the shock-waves from the financial sector to the productive, consumer and political ones were visibly - and to all but the totally blind, intentionally - exacerbated by the economic shock policies imposed on Asian governments by the IMF as usual following the dictates of the U. S. Treasury, which systematically represents American financial interests at the expense of popular ones elsewhere around the world. The former World Bank Vice-President, member of the US President's Council of Economic advisers and now Nobel Prize laureate in economics, Joseph Stiglitz [2002], has given us an insider's view of these intentional events in his GLOBALIZATION AND ITS DISCONTENTS.

That also permitted Western interests to take advantage of declines in productive and financial strength in Korea and elsewhere to buy up assets at bargain-basement fire-sale prices. Even so the underlying strength of the Korean economy was such that the foreigners were even then unable to alter the financial, productive, ownership and state structure significantly to their favor. The Korean productive and financial machine soon recovered again to forge ahead, but now with a costly lesson well learned. The lesson must have been learned elsewhere as well by comparing how relatively unscathed China and Malaysia [and as already mentioned for different reasons Korea] emerged from the financial crisis. They maintained controls over capital exports, compared to those countries that succumbed to the IMF and its lethal medicine by permitting a speculative capital outflow, which destroyed their productive apparatus and multiplied unemployment into an unbearable economic, social, and political problem, especially in Indonesia.

That underlying political economic strength also puts East Asia, and especially China, Japan and Korea in a much more favorable position than the rest of the Third World and even Russia and Eastern Europe to resist Western blackmail as it is now exercised by the

U. S. Treasury Department through the International Monetary Fund, the World Bank, the World Trade Organization, Wall Street and other instruments.

The very act and cost of East Asian concessions to this Western pressure during the past recession makes it politically more likely, since it is economically possible, that East Asia will take measures, including especially a new financial bloc and banking institutions, that can prevent a recurrence of the present situation in the future by escaping from the strangle-hold of Western controlled capital markets. Stiglitz observes such efforts already in his recent private discussions with Asian officials as reported in his book.

Indeed, one of the present battles, first by the Japanese and now also by the Chinese, is to remodel the world financial and trade institutions that were designed by the United States to work in its favor. Thus, Japan wanted to establish an Asian monetary fund to prevent the East Asian recession from deepening as it has thanks to the International Monetary Fund based in and subservient to Washington. And China wishes to join the World Trade Organization but also seeks to have this Western dominated institution reformed to its advantage.

A related political economic struggle is the competition between the United States and China to displace Japan, Korea and Southeast Asia in the market by taking advantage of their bankruptcies. American capital is buying up some East Asian productive facilities at bargain basement prices, while China is waiting for them either to be squeezed out of the competitive market altogether, and if not to engage in joint operations. Indeed it had been the devaluation of the Chinese currency before 1997 that reduced the world market share of other Asian economies and helped generate the financial crisis itself. Only time will tell which strategy will be more successful, but the Chinese and perhaps also some Southeast Asians seem like the better bet over the long term. Moreover, no matter how deep the recession in Japan; it is not for that eliminated as an economic power, especially in Asia. However, there is evidence that China is trying to reconstruct the East Asian trade and tribute system at whose center it was in the eighteenth and that the Western colonial powers dismantled in the nineteenth century.

Equally significant is that India and to recently to a lesser extent China have remained substantially immune from the present recession, thanks in part to the inconvertibility of their remim ribao and rupee currencies and the valve in their capital markets that permits the inflow but controls the outflow of capital. The currency devaluations of China's competitors elsewhere in East Asia and the reduced inflow into China of Overseas Chinese and Japanese capital that is negatively affected by the recession in East Asia may oblige China to devalue again as well to remain competitive. Nonetheless and despite their serious economic problems, the Chinese and Japanese economies appear already to have and to continue to be able to become sufficiently productively and competitively strong to resist and overcome these problems. In Southeast Asia, Malaysia has successfully followed the Chinese model of opening its capital market to inflows but restricting especially speculative capital outflows from the same. Korea did not need such emergency measures, since it had received relatively little foreign capital to begin with.

It is noteworthy that the economically most dynamic regions of East Asia today are also still or again exactly the same ones as before 1800 and which survived into the nineteenth century. 1. In the South, Lingnan centered on the Hong Kong - Guangzhou corridor, 2.

Fujian, still centered on Amoy/Xiamen and focusing on the Taiwan straits and all of Southeast Asia in the South China Sea; and between them, 3. the Yangtze Valley, centered on Shanghai and trade with Japan that is already taking the lead away again from the southern and northern regions. 4. But already then there was also a fourth economic region around the North China Sea, the quadrangular trade relations among Manchuria and elsewhere in Northeast China, Siberia/Russian Far East, [northern?] Japan, and Korea, but also including Mongolia. Although the first three above-named regions are already again undergoing tremendous economic growth [and political power?] in the absolute sense, the fourth one around Korea seems to enjoy the greatest relative boom, and within it that of Korean capital as well. It is helping to develop resources in the Russian Far East and as far west as Central Asian Kazakhstan. The Chinese population on the Russian side of the Amur River has been estimated already to exceed 5 million people as a pool of cheap labor. Probable political change in the DRNK (Democratic Republic of North Korea) may well add a new source of cheap labor for this growing pool of labor in the Northeast Asian Region and for its Far East Russian also cheap base of ample metallurgical, forestry, agricultural and even petroleum resources. Korean and Japanese capital could make that a very attractive regional growth pole in itself and a highly competitive region on the world market.

All of these in turn were and still or again increasingly are important segments of world trade and of the global economy. In that sense also and although its story ends in 1800, the examination of the world economy and of the predominant place in it of the East Asian including Korean economies points to the most fundamental bases of contemporary economic developments in the region and also presages important world economic ones for the foreseeable future.

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## D Towards a Wider Europe (1)

### *The New Round of European Enlargement – Changing or Fostering European Identity?*

**Peter Herrmann**

It had been *Karl Marx* who made us aware that

The philosophers have only interpreted the world, in various ways; the point is to change it. (Karl Marx: [Theses on Feuerbach]; in: Karl Marx. Frederick Engels. Collected Works. Volume 5. Marx and Engels: 1845-47; London: Lawrence & Wishart; 1976: 3-5; here: 5)

And it had been the same scholar who pointed on one crucial aspect which is essential if and when we talk about changing the world – actually confronting us with a kind of paradox: For the promotion of changes we have to make sure that we correctly interpret the given conditions. It had been *Marx* as well who pointed out that many researchers before him analysed already the function of capitalism, but they failed to properly understand it as they did not question the existence of commodification and private property – rather this had been accepted as eternal and unquestionable structural element of economy and society.

Now, the debate on the enlargement of Europe is very much confronted with a similar difficulty of transcending matters which are on the surface level the most important, which need, however, a sound reasoning aspects of essential societal and social developments behind them.

In concrete terms I want to contest the thesis that we are currently only dealing with the second phase of European integration. Of course, it is a truism that the development of what we know today as European Union went through different stages. In 1952 in an initial step Heads of State established the European Coal and Steel Community. Then, there had been six countries, namely Belgium, France, Germany, Italy, Luxembourg, and The Netherlands, who signed and ratified this first step of the institutionalised Europe as political unit, though largely economically driven.<sup>138</sup> It had been this group that signed the Treaty of Rome. In actual fact, it had been just by this Treaty that the so-called Monnet-method was put into practice. The idea had been to build the basis for a strong economic integration – to lay and strengthen the foundation for an emerging interest of the elites in integration. And it had been from here where the the «founding fathers» expected the emergence of a common consciousness, beginning in the circles of the

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<sup>138</sup> Of course, there had been many other initiatives concerned with the vision of a «United Europe» before this; however all these remained historically of now or low significance.

ruling powers, spreading from there to the «educated upper and middle classes» and sowing from there across the populations of Europe like flowers across fields.

Subsequently the following steps of enlargement shaped ever new phases and faces of the Union – although all concerned with the integration of elites rather than integrating people.<sup>139</sup>

\* 1972/1973 we find the up to now probably most remarkable step with the accession of Denmark, Ireland, and the United Kingdom. The peculiarity of this step is based in two aspects. With Ireland a country joined the EEC that had been characterised by many scholars and politicians as having a different stage of economic development, though not a different pattern of socio-economics. Nevertheless, the difference between the «settled members» and this «newcomer» had been remarkable as Ireland had been called a peripheral, developing or colonised country respectively. At the same time, with Denmark and the UK two countries joined which had been very critical and even restrained. Furthermore, it is quite remarkable in political terms that Ireland and the UK joined at the same time – two countries, being characterised by a «difficult and cool» relationship, to say the least.

\* 1981/1986 – although Greece, then Portugal and Spain joined in different years, it is well justified to take this as one step of enlargement. The fact that three economically weak countries joined enforced the economic orientation and in a way revitalised the *Monnet*-method. Even if it is true that social policy<sup>140</sup> gained pace, it was in the following period strongly patterned (a) by providing a basis for legitimacy [palliative and covering function of social policy] and (b) the emergence of the orientation along employment policies [distributive and to some extent redistributive function of social policy although it had been concerned with the redistribution between countries, rather than distribution between social strata and classes] (*see in this context for the interpretation of the development of the different patterns of European social policy for instance Herrmann: EUrope – between socio-cultural space and institutionally limited entity of economic integration; in: Herrmann: From Plato to Prodi. Social Policy in the era of European Integration. A Compilation of Notes, Documents and Reflections. World wide web 2002: <http://socialpolicy.ucc.ie>; here: <http://socialpolicy.ucc.ie/notes/EU-general%20intro.htm> 9. 3. 2003; Herrmann: Services of General Interest – a Concept Threatening German free Associations in the Welfare Sector?: in: Herrmann (ed. ): European Services of General Interest. Touchstone for the German Social Economy; Baden-Baden: Nomos; 2002: 16 – 34; particularly: 19 f. )*

\* 1995 – Austria, Finland and Sweden join the Union, and the only remarkable aspect is that the vast majority of the developed capitalist countries of the Western European hemisphere are now under the one roof, building the one common house. This

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<sup>139</sup> This formulation has to reflect, of course, the twofold meaning of the term integration, as it is concerned with on the one side the integration in the understanding of a «consistent economic and political entity» and with the integration as – to use the term coined by *Rosa Luxemburg* – «internal colonisation».

<sup>140</sup> more or less strongly and generically put on the agenda only in 1972 on the summit in Paris

may well be seen as integration by force as it had been and is more and more difficult to remain outsider of the «single market» as it coined nearly the entire economic, and thus «socio-cultural» life. It is in actual; fact true that this single market provided the common house to a larger extent than admitted. «Brussels» appeared everywhere and at any time – and with the Euro as common currency it was getting visible that national identity was more closely linked to the EU than ever before; literally the EU emerged as «the other side of the coin».

Of course, there had been major influences from the new countries joining the club – or should we say building the fortress? In any case, a certain degree of «diversity», namely the acceptance of differences and the establishment of a certain way of «understanding» and solidarity had been necessary to make some form of cohesion possible. The cohesion funds had been one outcome of this process; the widening gap inside of the various member states had been another momentum. And not least the more or less fundamental change of living conditions and life styles has to be seen as an important consequence.<sup>141</sup> Ireland is a perfect example for this. What became known as the Celtic Tiger had been, in first instance, an unbelievable economic boom. However, at the same time we found

‘not only the challenge of integration .... Moreover, factors reaching beyond sheer formal integration [into systems of formal role patterns, p. h. ] are not simply «conditional factors». Rather we are concerned with the creation of new patterns of passages between social status, i. e. the conflictual constitution of patterns of identity that has to renegotiate the own and previous identity. ’ (Herrmann, Peter: Krallen des Tigers. Jugend im Übergang – Herausforderungen und Wege im Irland des keltischen Tigers. In: Arbeitsgemeinschaft Betriebliche Weiterbildungsforschung e. V. - Projekt QualifikationsEntwicklungsManagement (Hrsg. ): Handreichung bei Lernen im Sozialen Umfeld (LiSu); Berlin (forthcoming), page 1 of the contribution)

Despite the different individual steps during the development up to now and despite the «internal diversification» which marks to some extent the previous development we can nevertheless claim that we are now only facing the second phase of enlargement. This is true if we interpret the current process as one of including countries that had been and still are part of different clusters of the world system.

In other words, what makes this current step of integration remarkable and distinct from previous enlargements is not the mere number of countries (possibly) joining the EU. Rather, the previous three steps of enlargement had been concerned with countries, which had been already undoubtedly members of an in which way ever defined Western block. However, the following step(s) mark(s) a different stage. For a clearer understanding we have to face the different interpretations of the division of the world:

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<sup>141</sup> Later, when considering questions of a «regulationist approach of deregulation» we will come back to this aspect.

\* the one concerned with the division between the «developed» and the «underdeveloped» part of the world – the latter represented up to recently by some of the Asian countries despite the main divide between North and South;

\* another concerned with the divide between centre and periphery, most pronouncedly elaborated by Immanuel Wallerstein (*The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. New York: Academic Press, 1976);

\* a further and most fundamental divide of the world system had been the one between the socialist/communist and the capitalist world – and I very consciously use the term «world» rather than countries as it had been definitely a matter of «block building» of which the conflicts and competitions between individual states had been only a secondary theatre of war;

\* the formation of a block inside in particular the «Western system» had been another dividing line – despite the many recently developing regional groupings mainly a divide between the three blocks of the American, the Asian and the European world;

\* not necessarily ending a comprehensive list of perspectives on the main groupings, another perspective is concerned with religious dividing lines, simplified in the terms of either the «occidental» versus the «oriental» world or the «Christian» versus the «Islamic/Muslimism» one.

To be clear, this list is not complete; and there are main limitations to such perspectives. For example the following aspects remain insufficiently considered:

\* major conflicts inside of the groupings, as for example what some perceive as the “colonial status of the Basque region” in Spain;

\* the position of some countries – as for example Ireland – had been seen up to only recently as one of a «developing» country, a colony of England;

\* the religious tensions and conflicts between different sections of for example Christianity;

\* the fading-out of whole groups as for instance the Asian religions;

\* the building and maintaining of military blocks is of course not identical with any of the previously mentioned «blocks» even if there are major overlaps.

In any case, developing such a perspective means as well to look at the development of the EU not least in terms of the development of the «fortress Europe». Such a critique seems to be sometimes fundamental and radical, perhaps even «rejecting» the project of Europe itself. However, it should not be forgotten that on this basis a rejection of (this) Europe is possible. Being aware of this encapsulation, one can nevertheless acknowledge the possible and necessary «advances inside» of the fortress; finally, the critique can be found as well from «inside of the fortress», there being mentioned as danger and possible trend for the future of Europe. In other words, the EU is a much more dynamic entity as the different possible perspectives determine the actual value system, the system which is commonly known as European Social Model. What has to be considered as well is a very specific tension between the external and internal borders. As in the «Shengen process» where internal openings are maintained by external closures, we find here a process with the same drift. Inside of the EU more persistent and intensive reflections on establishing a distinct European identity can be found, not least considering a somewhat far-reaching

weakening of traditional patterns. In this context we can point on economic liberalisation (as for example in regard of public services and the fundamental attack on the concept of the common weal), political liberalisation (e. g. the conceptualisation of «governance» rather than insisting on «government» or the rather open setting of the European Convention) and as well cultural liberalisation (the general changes in regard of acceptance of different life-styles and as well them being basis for different forms of political participation). In other words, the search for EUropean identity is largely a twofold, i. e. internally and externally oriented process. And as such it is of course a rather straight reflection of being defined by and defining economic interests and legitimacy. A more detailed analysis clearly evidences that «legitimacy by process» is finally only another form of an even stronger «legitimacy of economic power» - this kind of legitimacy simply being a reflection of the fact that the economic interests are deeply soaked into the every pore of society.

#### I. Searching for an analytical framework

During the current and «final» phase of enlargement there are two groups approaching the European Union that had previously not been considered as even possibly belonging to Europe. The main reason for being left outside of the EU-perspective and for considering themselves as not being potential members had been that these countries belonged to distinct «blocks». The one group of countries belonged to the group of socialist countries, thus being economically organised in a fundamentally different way. The other group of countries still belong to another «block» as they are considered as «underdeveloped», «developing countries». <sup>142</sup> In the meantime, as well the formerly socialist countries emerged as being seen from the EU-perspective as «underdeveloped». Much had been said about «identity», and it is ultimately true that any identity discussion is misleading as long as it aims to distract from the objective dimension of societal structuration, not least the economic basis as fundamental moment. Despite – and with – this, there are nevertheless three aspects that justify to emphasise the dimension of identity when it comes to debating contemporary processes of European integration and the enlargement.

\* The first is the relative independence of the superstructure, to which I will turn in the next section – an issue of very general character.

\* Another, more important issue is that the economic basis is in its decisiveness a matter of specific structures that go beyond the bold differentiation of the two fundamental formations, namely capitalism and socialism.

\* After dealing with this in the section after next I will point on another factor. Currently, the EU is forced to define what actually should and will be understood as «European». The regional standard is at least to some extent fading away – it is visibly the crossing of borders of what had been up to now so keenly defended as European. By

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<sup>142</sup> The latter had been to some extent as well said for Ireland. However, being economically strongly linked to the UK, this is not to the same extent true as for those countries we are currently

including what previously had been *explicitly* excluded, it is necessary to define what it exactly and positively means to be European or part of Europe claims to mean.

#### I. a. Basis and superstructure revisited

It is a truism that (a) the material, or more precise: objective conditions are dominant and (b) that we are nevertheless facing what is commonly termed the relative independence of the superstructure. As much as this is a matter that is discussed in the context of Marxist theories, it is also true that we find the same perspective basically in social science in general. It is getting interesting only when we try to make out how exactly the independence is defined.

There are several aspects to be considered, the first of them being the acknowledgement of a clear difference of material and objective factors. The emphasis of material factors and conditions in earlier critical social theory is simply due to (a) the fact that such a critical approach had to make a stance against mechanical materialism and idealism alike. As this happened (b) under soci(et)al conditions which had not been characterised by extensively «long chains of interdependence» (to allude to *Elias'* theory of civilisation) the argument had to tackle the fundamental and basic aspects of production and reproduction rather than being allowed or even able to present a fully developed theory of the various factors involved. However, with the provision of a historical- and dialectical materialist approach, we have a «tool-kit» with which we can approach as well the analysis of more advanced societal conditions. This is even more the case when we take the further development of the theory into account and look at the different levels of capitalist production and reproduction. For this one can use the regulationist approach (*see in particular: Aglietta, Michel: Régulation et crises du capitalisme; Ed. Odile Jacob, 1997; Jessop, Bob: The capitalist state: marxist theories and methods; Oxford: Robertson, 1982*). However, its meta-theoretical critical analysis makes us aware of many loopholes of the regulation theory that are basically due to an overemphasis of the autonomy of the different dimensions, i. e. the amputation of the superstructure from the basis. Nevertheless, the perspective is opening the view on the relatedness of the political system in the sense of an «active answer» rather than being solely a «reflex» on the economic conditions. As such it is part of an overall process that – in today's terms – is seen as governance. This means that – in dealing with the objective factors – we are looking at the entire formation of a very specific stage of societal development which condenses the economic and political «structures», but as well the habitus as expression of a certain mode of civilisation.

On another occasion this had been described as a model with the four components of the

- \* accumulation regime
- \* mode of regulation
- \* life regime and
- \* modes of life

(*see Herrmann/Ryan: Social Services and Globalization [working title]; New York: Nova Science, 2003 [forthcoming]*).

What is important is the fact that such an approach, though fully emphasising the major meaning of the material conditions in their meaning of production and reproduction, does not fail to acknowledge the crucial developments that take place in exactly this sphere, thus changing the superstructure and consequently leading to the emergence of a new governance structure. The distinct forms of «capital» are seen not as different in terms of an imaginative interchangeability (as *Pierre Bourdieu's* class theory suggests). Instead, they are getting tangible as «forms» in which production proceeds.

#### I. b. Enlargement – repositioning in hierarchies

What had been said before, is going much beyond a contemplative introduction. Instead, it is a crucial step to understand the «divides», «dependencies» and »co-operations» in and between nation states.

Regarding the level of global relationships I suggest for the current situation five major lines of division, existing between so-called

1. developed, service economies
2. developed, industrialised countries,
3. developing, and rapidly industrialising countries,
4. underdeveloped, mono-industrialised countries and the
5. underdeveloped, non-industrialised and dependent countries.

The first group includes, and actually is largely dominated by financial services; the mentioning of mono-industrialisation in the fourth group means in most of the cases that the economic structure is largely shaped by the existence of huge reserves of raw materials.

This grouping as such is, however, incomplete. There are two qualifying aspects that have to be made. The one is concerned with the global meaning of the industrial status of a country and its global «objective charisma» and meaning. This is of particular importance as far as the financial sector is much more than a dominating sector. Rather, dominance in this case means that we are concerned with a kind of «threatening», i. e. the dominance and moreover penetration of the entire economic structure not only on the national but as well on the global level (see also the essays by Syed Ahsan, Syed Mansoob Murshed, Kunibert Raffer, and Arno Tausch to this volume).

This factor plays, however, as well an important role in regard of those countries that control strategically important raw material, in particular oil. Whatever this means for the economy within these countries – the unequal distribution of wealth and persistence of poverty – there cannot be any doubt about the eco-strategic meaning of these countries in the global perspective.

The second factor is concerned with the strategic position, not to say location of countries, thus the structuration of a socio-economic space. This is at least on the surface independent from the power of a state in economic terms, though it gives a country a certain economic power in its own right, which is not backed by the productive force.

It is exactly here, where the analytical tool of the differentiation between the four components of the

\* accumulation regime

- \* mode of regulation
- \* life regime and
- \* modes of life

comes to force and translates into concrete formations. This means as well, that (a) the cultural and religious patterns come into force in the sense of serving in an enzymatic way and (b) that they are not dominant as distinctive characteristics of differentiation of societies.

Taken together, we face a situation in which the question of enlargement, i. e. of including more nations into the existing EU, is not only a question of agreeing upon an existing *Community Aquis* as a legal agreement. The question is more one of finally defining the European economic system and its inclusiveness.

To be more precise, we can say that we are facing a situation where the economic development of the so-called developed countries is at the point of intersection between

- \* following a seemingly irrefutably given mode of globalization and with this the – paradoxically arising – subordination of the citizen under common patterns of behaviour and attitudes or

- \* interpreting globalization as enhancement of economic potentials.

Thus the actual question is what kind of economy does Europe want and thus how the EU defines the own citizens. As the EU defines itself largely as common market, based on the common currency and the aim of being the most competitive society, the question is actually already to a large extent answered. What is being built up is a system of subordinating other countries and the citizens alike. In this official understanding the request for accepting the *Aquis* is not being seen as a matter of accepting a common culture. Rather, what the EU currently requires is that accession countries incorporate themselves into a hierarchical structure of an enclosed economy. This supposedly liberal market model is in actual fact restricted not by any regulations but by a strict system of the hierarchy that had been mentioned before, namely the five major lines of division between the so-called

1. developed, service economies
2. developed, industrialised countries,
3. developing, and rapidly industrialising countries,
4. underdeveloped, mono-industrialised countries and the
5. underdeveloped, non-industrialised and dependent countries.

The life regimes and modes of life are subordinated under the requirements of the respective position of the nations in this hierarchical ladder of different economic status. This can be turned around now into the rejection of certain countries applying for EU-membership. What is actually rejected in the given cases – as for example Turkey – is not so much its undemocratic structure. And it has clearly to be stated that basically pleading for the admission of this country into the EU does not by any means want to play down the undemocratic structures in that country nor does it aim on maintaining the status quo. On the contrary, pleading for the admission of Turkey – and other countries – aims on opening the way for these countries out of the trap of the authoritative regimes.

The underlying thesis is that the undemocratic structures in the country are very much a reflex of the subordination of the countries in the world system with its hierarchy of



economies and the maintenance of hierarchical economics – metaphorical even visualised in the spatial connection between economic wealth and distance from the centre, as it had been shown in the introduction of this volume.

To begin with the second aspect – the hierarchy of economies – we have to see that the economic system of the Western world is based on and reflected in hierarchical structures. Whatever we think about contemporary debates and measures of partnership, corporate social responsibility, and the like there cannot be any doubt that – if such forms exist at all – they are very much a recent development only and, moreover that they are very much a result of forcing a system open that is increasingly unable to deal with those restrictions it imposes on itself. It is especially the supposed liberal character of the market that permanently reproduces and deepens the contradiction between

- \* the concentration and centralisation of economic and political power and, consequently, the establishment and tightening of a hierarchical political and administrative system and

- \* the emergence of knowledge, enlightenment, and rights.

In other words, as far as we are really facing an opening of the capitalist system of the Western European World, it is still very much the result of power struggles. And: any kind of such opening processes did not yet reach the core of the existing hierarchy, namely the corporate social irresponsibility in the sense of the capitalist action being just this: capitalist action.

Many of the «opening processes» as we can see them throughout the last decades and actually throughout the history of capitalism bear this dimension in themselves, namely locating themselves in a world economy and the creation of a world hierarchy. We should never forget that even in very early stages of the development of capitalism we find international relationships. In particular the precursor of modern capitalism, the capitalism based on trade had been actually fertilised by this unique source – capital and commodities crossing borders and by this «adding value» to both, the capital and the goods. And as far as it is known, this consecutively created strict chains of dependencies, basically dependencies of a personal character. This continued with the development of capitalism and developed to colonialism as it is known as widespread phenomenon from history up until the late middle of the 1900<sup>s</sup>. And it is from here where only in recent times processes of a reorganisation take place – redefining the relationship between the five groups. What is important, however, is that – after the competitive thread of socialism had been suppressed – this process of redefinition and reorganisation takes place under the unchallenged dominance of capitalism. In a more sociological perspective, we are dealing with the lengthening of the chains of interdependence, though this finally means the tightening of the chain links.

And here it is not the progressed capitalism with its claim of being a democratic and socially responsible formation that matters. Rather, it is the particular accumulation structure of a financially dominated economy that asks for what might be called global citizens.

In other words, the current requirements of enlargement are basically not concerned with what is going on in the current and future accession countries. Instead, it is concerned with the question in which sense and how far the ruling world is ready and able to refrain

from the imperialist claims over those countries waiting for membership status. As such it is indeed a question of identity. However, by no means this is a question of subjective identity where nations decide, following the post-modern suggestion of a «handicraft biography» of a nation. The question is between two ways, the one simply of including more countries into the established fortress Europe and the other of creating a space of living, going beyond the pure interest of maintaining the hierarchy of the world system and competing for a «superior place» in this hierarchy.

#### I. c. Globalization or globalised nationalism?

The latter option means, to take the challenge of globalization seriously. Of course, if this would be simply a matter of politics that fundamentally opposes the currently dominant interests, no further word would be necessary. The current course of the EU is anything else than oriented on global politics. This gets latest clear if we look at one of the currently probably most quoted phrases, namely that EUrope should be

‘the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs. ’ Lisbon European Council: Presidency Conclusions; March 23rd/24th, 2000; Press Release: Lisbon (24-03-2000) - Nr: 100/1/00 - [http://europa.eu.int/comm/off/index\\_en.htm](http://europa.eu.int/comm/off/index_en.htm) - accessed: March 2000)

This is exactly the expression of what had been mentioned before as ‘interest of maintaining the hierarchy of the world system and competing for a «superior place» in this hierarchy’. In terms of the international power relationships, it means that such a strategy aims on the creation and maintenance of a differentiated citizenship. This simply reflects the fact that financial capitalism as a very specific form of accumulation with an even more specific requirement of control has to «create» and secure a form of differentiated global citizenship rather than being able to build on fundamental human rights as such. Stating this as fact does, of course, not mean to support such a differentiation. And it does not mean either that this is an entirely new requirement for the European Union. As I pointed out on another occasion, the EU creates an at least eight-fold citizenship already on the basis of its orientation of social policy:

By this, the foundation is laid for the privatisation of social risks and thus a – hierarchical – class structure: Without having a fundamental effect on the existing national social and class structures the following structure is characterising this model:

1. citizens of the individual EU-member state in question who are completely and on the basis of their own status covered by the existing social insurance systems,
2. citizens of the individual member state in question who are covered by the insurance systems by their status as family members,
3. citizens of another EU-member state who are on the basis of their own status completely covered by the existing social insurance systems,
4. citizens of another member state who are covered by the insurance systems by their status as family members,
5. citizens of the individual EU-member state in question who are not covered by the existing social insurance systems,

6. citizens of another member state who are not covered by the insurance systems,
7. acknowledged, to a certain extent secured so-called third-country-citizens'
8. not secured so-called third-country-citizens.

(Peter Herrmann: Sozialpolitik in der Europäischen Union: Rheinfelden/Berlin: Schäuble Verlag, 1997: 114 f. )<sup>143</sup>

However, what is new – and in this explicit form it is not only new for the EU – is the overt differentiation of «global citizenship». But here we are actually not concerned with individual citizenship. Rather, we are concerned with an abstract «citizenship-status, attributed to nations and their people». Principally, we can make out the following groups:

- a) countries, claiming immediate world domination;
- b) countries, playing an important and independent role in world politics;
- c) countries, playing an important role in world politics, though they are acting as puppet governments, lead by one of the aforementioned countries;
- d) countries executing politics, dictated or at least decided by others;
- e) countries acting independently, but under political and material pressure from (a)
- f) countries acting independently, but under political and material pressure from (b)
- g) countries acting independently, but under political and material pressure from (c)

Of particular interest in our context of looking at the stage of a final enlargement, is the division between the last three groups. It is here, where apparently differences between cultures and identities occur. Thus, the apparent cultural difference is very much a difference that reflects on a superficial level the different status of the country in question in relation to what we may call «the centre». The actual basis is the fight for independence, the reflection of the ambiguity of the objective position.

This is very much reflected as well in the debate on the European Social Model, a torso, always being celebrated when a distraction from problems of the development arises.

Thus, it is interesting that in the contemporary debate on the Constitution – the Convention, headed by *Giscard d'Estaing* – the social question actually did not play a role at all. Ten working groups had been established, dealing with the following topics:

- \* Subsidiarity
- \* Charter of Fundamental Rights
- \* Legal Personality
- \* National Parliaments
- \* Complementary Competencies
- \* Economic Governance
- \* External Action
- \* Defence

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<sup>143</sup> The recent orientations of European social policy as they had been expressed in documents in the context of the *European Convention* give evidence that this pattern is even

- \* Simplification
- \* Freedom, Security and Justice  
(see for more information: <http://european-convention.eu.int/bienvenue.asp?lang=EN> – 9. 3. 2003).

It had been only at a very late stage that an eleventh working group had been added, having been asked the following three questions:

1. To what extent should social policy be considered to be part of the Union's overall objectives? How should this be reflected in the Constitutional Treaty?
2. How, if at all, should the current Treaty provisions on social issues be amended? Should the existing areas of competence be extended? If so, to which new areas? Should other provisions, such as those on the internal market or competition be amended in order to enhance social policies?
3. Should the current provisions for the involvement of the social partners be amended? (<http://register.consilium.eu.int/pdf/en/02/cv00/00374en2.pdf> – 9. 3. 2003)<sup>144</sup>

What is interesting is, first, the very limited scope, coherence and clarity of the model. *Fintan Farrell* mentioned as main elements the following

- \* A society which places human rights including economic and social rights at the centre of its concerns and ensures that no one is excluded from exercising their rights and participating fully in society
- \* A high level of social protection and universal and equal access to key services such as; health care, education and training, housing, that is guaranteed or provided by the state
- \* The recognition of the strength of cultural diversity within and between member states.

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strengthened.

<sup>144</sup> A second version had been more detailed, listing the following areas as Draft Mandate:

1. Article 2 of the preliminary draft Constitutional Treaty sets out to define briefly the Union's basic values. What basic values should this provision contain in the social field, taking into account those already present in the Charter of Fundamental Rights of the EU?
2. Article 3 of the preliminary draft Constitutional Treaty sets out to define the Union's general objectives. To what extent and in what way should these general objectives include social objectives?
3. As regards the Union's competences, do you consider that the present competences of the Union/Community in social matters should be modified? If so, what new competences should be conferred on the Union/Community in social matters, and in which category of competences should they be placed?
4. What role could be given to the open method of coordination and what would be its place in the Constitutional Treaty?
5. What relationship can be established between the coordination of economic policies and the coordination of social policies?
6. Regarding procedures, to what extent should codecision and qualified-majority voting be extended to matters for which unanimity is currently required?
7. Title VI of the preliminary draft Constitutional Treaty deals with the democratic life of the Union. Should the role of the social partners appear in Title VI and, if so, what should this role be? (<http://register.consilium.eu.int/pdf/en/02/cv00/00421en2.pdf> - 9. 3. 2003)

\* A commitment to high quality and stable employment with a strong emphasis on the rights of workers.

(Fintan Farrell: The Social Dimension of the European Union. Forum on the Future of Europe: Dublin Castle, 12 November 2002. Presentation by Fintan Farrell; European Anti Poverty Network [EAPN]; unpublished manuscript)

Even if this probably reflects very much the normative reality of the model, the real dimensions had been brought forward in a recent document by the European Commission, which had been issued in preparation of the informal meeting of the employment and social affairs ministers, which took place in January 2003 in Nafplio. There, we could read

The European Social Model reflects the following common principles:

- \* Europe's success must not exclude anyone,
- \* Solidarity is linked to economic success.
- \* There is neither dilemma nor a contradiction between economic and social progress.
- \* The welfare state is not a luxury, a product of economic development, but a factor of production.

The modernization of the European Social Model can thus add to economic progress.

([http://socialpolicy.ucc.ie/European\\_Social\\_Model\\_2.htm](http://socialpolicy.ucc.ie/European_Social_Model_2.htm) - 9. 3. 2003)

The limitations, being already inherent in the normative foundation, are getting even clearer in this instance, actually the clearest explicit official statement the author of these lines ever came across.

The truly interesting fact is, however, a second matter. The reason for setting up this eleventh working group had been due to the explicit confession that all other groups, in particular those who had been originally expected to include this into their work,<sup>145</sup> did not feel competent to say anything relevant in this regard.<sup>146</sup> This is positive in that one sense, that those groups admitted their incompetence; it is, however, memorable as it clearly shows that European policy-making is fundamentally split: «the social» is only seen as «add-on», rather than reflecting a holistic approach of a society, based on strong values and rights.

This strongly links with those criteria as they became known as accession criteria from Copenhagen (*the Conclusions of the Copenhagen Summit in 1993*). They require

- \* the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities (political criterion)
- \* the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the European Union (economic criterion);
- \* the ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union (criterion concerning adoption of the Community acquis).

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<sup>145</sup> In particular the working group on Economic Governance.

<sup>146</sup> Another important factor leading to the establishment of this working group was the

(<http://europa.eu.int/scadplus/leg/en/lvb/e40001.htm> – 9. 3. 2003

The reason why this is mentioned here is not necessarily obvious. However, when discussing the further enlargement we have to be aware, that even after the «fall of communism» we are still dealing with a world that is fundamentally split into different blocks – this had been mentioned earlier on when the different «citizenship-status attributed to nations and their people» had been explored.

Thus, what is of actual interest, is not solely how far the accessing countries, and currently in particular Turkey, meet the accession criteria. Rather, of more fundamental interest is the quadrangular relationship between the

- \* European Union,
- \* United States of America,
- \* accession countries and
- \* countries that are not and do not intend to be part of one of the blocks mentioned.

In other words, much shorter, and more concise *Bob Deacon* put it into the words:

‘Now that the issue is not communism versus capitalism but what kind of global capitalism?’

(Bob Deacon: Europe, Globalization and the Future of Welfare States. Presentation at University College Cork. Department of Applied Social Studies. October 25<sup>th</sup> 2002)

I. d. Principles – and how to apply them

To understand whatever is being said in the following, one point has to be made clear. There cannot be any doubt that the countries in question, including Turkey, are by far not ideal in terms of their democratic and social development. In particular Turkey has still to undergo fundamental changes, to reach a socially acceptable system and to make sure that the breach of human rights in particular against women and the Kurds is brought to an end (*see for instance European Parliament: Draft Report on Turkey’s application for membership of the EU (COM[2002] 700) – C5-0613/2000-2000/2014(COS). Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy; Rapporteur: Arie M. Oostlander; 12. 3. 2003 and the heated debate on this report!*)

But having said this, the current debate from many European politicians who reject Turkey’s attempt to join the EU is a little bit like shedding crocodiles tears. Just a few remarks shall be sufficient to make this clear – and actually many other contributions in this volume point more elaborately on the issues in question.

*First:* As we could see, the EU-social model is not coherent at all. This is true in terms of the own “values” and its concept; but it is even more true in terms of its actual shape and pattern. *Gøsta Esping-Andersen’s* typology of welfare capitalism, as much as it has to be criticised (*see for just one example Chiara Saraceno: Changing Gender and Family Models: Their Impact on the Social Contract in European Welfare States; in: Olivier Zunz et altera (eds.): Social contracts under stress: The middle classes of America, Europe, and Japan at the turn of the century; New York: Russell Sage Foundation 2002: 204 – 231*), mentions in every of its three groups at least one example from the EU (*see Gøsta Esping-Andersen: The Three Worlds of Welfare Capitalism; Cambridge: Polity*

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strong pressure coming from the European Parliament.

*Press*; 1990). If we take *Leibfried's* typology, which is different mainly for just adding a fourth type to *Esping-Andersen's* interpretation, namely what he calls latin rim countries (*Leibfried, Stefan, 1991: Towards an European Welfare State? On Integrating Poverty Regimes in the European Community; Bremen 1991*), we can see the huge difference. Though all are capitalist systems, they can be regarded as structurally different. Up to recently, Italy and Portugal alike did not have a right on benefits as a last resort, at least not in the sense of a universal national right; in Ireland, to take just another example, the concept of universal personal and social services is largely unknown if we disregard the exception of health services.<sup>147</sup> The list of different patterns and structures could be continued. But despite these differences we usually do not have any fundamental scruple to acknowledge these different systems as part of the same genre. Moreover, despite many critical objections, *Michel Albert's* analysis is largely accepted, namely that Europe is – basically and yet – fundamentally different compared with the USA (*see Michel Albert: Capitalisme contre Capitalisme; originally from <http://www.unifr.ch/sci/albert.pdf> - Août 4ième, 2002; reproduced on <http://socialpolicy.ucc.ie/Albert.pdf>*). And despite the shortcomings of *Albert's* assessment we can easily agree with him when he sees the EU at a crossroads, having to answer the question which way it will go in the future; the American or the Rheinian direction.<sup>148</sup>

This coincides with what had been said before, namely that we are now facing the question 'what kind of global capitalism' we will get for the future. Thus, we have to look at the system in its *status quo*, but as well at its *status nascendi*, the direction of development as it can be seen from the development up to now and the current situation. Doing this, at least two points have to be considered:

\* There is a strong traditional link between the two societies we are talking about. Without going into historical details we find many examples for similar understandings of «private property». The role it plays in the Islamic understanding is probably rather close to the understanding in the Celtic tradition where we know the *Feinechus*, more commonly known as *Brehon law*. This law has still some meaning in Ireland, and as well it is not unknown in other established EU-countries. Probably it is not entirely wrong to see this tradition as valid as a strand, developing through Europe in parallel to the *Roman law*.

\* Perhaps the understanding of the third sector is closely linked to this earlier understanding of law and the second tradition of legal thinking.<sup>149</sup> Be it as it is, it is perceptible that there is a certain early divergence and a convergence at the same time. There is apparently a strong role of Foundations – a strong parallel with the USA. However, these Foundations appear more equal to the voluntary sector or civil society

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<sup>147</sup> Even there it is somewhat questionable if we can really talk of «universal personal and social services».

<sup>148</sup> Basically his analysis lacks, however, a clear picture of capitalism, denying the fundamentally capitalist character of the *modèle rhénan*, and thus overestimating the differences, but as well making the «decision between the two models» appear one of «deliberate choice».

<sup>149</sup> The first being, of course, the Roman law for most of the countries under scrutiny.

organisations as they are known as the «European tradition» opposed to that of the US-American understanding.

Currently, the social system of Turkey, in particular under Prime Minister *Bülent Ecevit* strongly developed into the direction of the European model rather than the US-version of a «non-welfare state» – the reference here more being EU-reality than the *Albertian* vision of the Bismarkian model. Important aspects are for example

- \* basic social security
  - \* gender equality,
  - \* education as part of building up a knowledge based society
  - \* and by no means unimportant: the rise in general economic wealth of the country,
- thus bringing the country in line with many of the EU countries, however closely linked to the stabilisation of inequality in the country itself (cf. *Arno Tausch; Tango à la Turque; in: International. 5/6/2002: 11 – 16; Tausch: Rechtspopulismus/Radikalismus adieu! Willkommen in der EU? Der Fall Türkei; in: Zukunft. 1/2003: 25 – 34*)

*Second:* An important aspect in looking at Turkey and how it positions itself as part of the world system is the relation chosen in the international power relationship. As *Arno Tausch* pointed out, in particular Turkey is of strategic interest for the USA, well located as the «unsinkable aircraft carrier» (s. *Tausch, 2002; op. cit. : 12*). However, despite this opportunity to join the superpower, the country did not take the credit for being a «natural accomplice».

*Third:* What is most important – and what is getting clear latest at this point – is the fact that the EU again and again uses two standards. In the case of Turkey the undemocratic and unsocial standard is rejected. And even if there is no doubt that furthering the process of enlargement has in any case take severe notice of democratic rights, there is at the same time no reason for accepting the undemocratic and unsocial patterns inside the EU. In the case of Northern Ireland there are important and valuable programmes launched; however, on the political level we find more of a tacit permission of injustices not least of the «stronger partner». There are many other cases, including the general setup of structures that are fundamentally supportive as far as the development of right-wing movements and parties is concerned. In the whole debate on enlargement and the enforcement we should never forget that for example *Amnesty International* stated:

Torture and ill-treatment by state agents, often against members of ethnic minorities or foreigners, continued to be rife in Europe. The attacks of 11 September were used by many governments to take measures, in the name of strengthening national security, which resulted in human rights violations and further restrictions on the rights to freedom of expression, association and fair trial, as well as the rights of asylum-seekers. (Amnesty International report 2002; EUROPE. Highlights of Amnesty International Report 2002. Covering events from January to December 2001; <http://web.amnesty.org/web/ar2002.nsf/regEUR/regEUR?OpenDocument> – 9. 3. 2003)

To go with just one example a little bit more into detail we can quote from the same source:

Members of ethnic minorities and foreigners, including asylum-seekers, were subjected to racist-related abuse and ill-treatment in many countries in Western Europe including Austria, Belgium, Finland, France, Germany, Italy, Spain and Switzerland. Police ill-



treated Roma, and in some cases failed to protect them from abuse in Bulgaria, Czech Republic, Greece, Hungary, Slovakia and the Federal Republic of Yugoslavia. (ibid. )

And although if it is not made clear what standards exactly had been used, it should make us think to read

... serious problems do occur in EU member states. Amnesty International's regular biannual reports on human rights in Europe have consistently included the majority of EU member states as well as of the candidate countries, showing a common pattern of abuse by law enforcement officials including torture, ill-treatment and excessive use of force, regularly allowed to go unpunished and directed often at minorities and (legal or illegal) immigrants. ... there is the disturbing example of the emergency legislation enacted by the UK in late 2001 reintroducing internment without trial in that country.

(Amnesty International. EU Office. Standing up for human rights in Europe and throughout the world. Memorandum to the 2003 Greek Presidency. January 2003. [http://www.amnesty-eu.org/1/Greek\\_Presidency\\_Memorandum\\_cover\\_nologo.rtf](http://www.amnesty-eu.org/1/Greek_Presidency_Memorandum_cover_nologo.rtf) - 10. 3. 2003)

Basically, this means that the EU could not accept itself as member state. Thus, it seems to be more hypocrisy than true concern with matters of democratic rights and social progress that the EU-moaners display. The background of the rejection or reserve is most likely more the fear to open a door for a group of countries which are seen as a new potential European poor-house. There had been always the tendency by the institutionalised Europe to understand itself as the «club of the rich».

That this is a momentum as well in this context is well shown in a document titled *2001 Regular Report on Turkey's Progress towards Accession* (SEC [2001] 1756. Brussels 13. 11. 2002. [http://europa.eu.int/comm/enlargement/report2001/tu\\_en.pdf](http://europa.eu.int/comm/enlargement/report2001/tu_en.pdf) – 9. 3. 2003).

Regarding progress in the area of human rights the *European Commission* as author of this report is actually not too strict and we read

The extent to which individuals in Turkey will enjoy a real improvement in the exercise of fundamental freedoms in practice will depend on the details of implementing legislation, and the practical application of the law. It is encouraging that a general principle of proportionality has been introduced and that the stated general aim of the reform is effectively to bring to the forefront respect for human rights and the rule of law. (ibid. : 20)

This does by no means reflect a thorough insistence on human rights issues. But what is more interesting is actually that the entire report overwhelmingly deals with the chapters of the *aquis*, most of them being matters around the four basic freedoms, competition and company law, sectoral policies, taxation and monetary questions and of course social policy in its «productive role» etc.

However, the insistence on *richesse* showed repeatedly during history its short-sightedness. It is just now that exactly those countries, which insisted on the Maastricht criteria and the stability of the still young EURO – namely Germany, Italy and France – failed to fulfil them, failed to fulfil those criteria that they strongly insisted others to implement.

In this light, the statement which had been quoted above – and which can be found another time in the report on page 96 – and the conclusion

Though it is beginning to make progress in some areas, Turkey does not yet meet the Copenhagen political criteria and is therefore encouraged to intensify and accelerate the process of reform to ensure that human rights and fundamental freedoms are fully protected in law and practice, for all citizens, throughout the country (ibid. : 97) has more the character of political rhetoric.

Finally, all what had been said has to be seen as a matter of a contradicting nature in two regards:

(a) The positive moments can only be seen as embryonic if held against what actually is necessary if Turkey really wants to make progress on the way to a democratic and social society. However, weighing up the different aspects of the current situation the option of enlargement – and accepting Turkey as new member state of the EU – is likely to strengthen the democratic potential and driving back the ultra-conservative forces in the countries concerned.

(b) Of course – and this was hopefully getting clear in different sections of this contribution – all this has a little bit of the strategy of supporting the lesser evil. The debate of enlargement has in any case be seen as opportunity as well of making aware of the ongoing democratic and social deficits of the European Union itself.

## II. Opening for Democracy

This brings us finally to the strategic question. Is it correct to grant accession rights without having soundly arrived at the requested standards, and without actually giving any final guarantees that these standards will be achieved in the short term? Or should and can the EU use the own power to enforce that the price for accession and adoption is immediately paid?

It is definitely true that the current debate on enlargement will drive a wedge between different groups and will cause also further divisions inside of the various camps. Probably this can be taken even further: There is actually a certain schizophrenia coming to the fore. There is apparently no alternative to accepting Turkey and other countries with similar problems of minimal rights standards as new member states and thus to open as well the door for the Islamic world. The two main reasons are:

The European Union's claim to be a tolerant and open society has to give evidence of its seriousness not by «welcoming more of the same» but by opening to different traditions, cultures and even value systems. This has to be understood as openness which makes multiculturalism a reality. Furthermore, it has to link a strong plea for opening towards others with challenging new, «incoming» attitudes on the one hand side with the acceptance of the one and ultimate minimum standard, the one of tolerance and granting rights to others. Seen in this light, the openness towards new member states has to be understood as acceptance of difference. At the same time, however, this means to enforce the observation of fundamental human rights in the accession countries. This may be turned against the approach and condemn it as stipulating.

What makes this particularly problematic is, *first*, the fact that any kind of such policy can be questioned as being colonialising – in fact, in this regard it might be even defensible to make a stance for a «colonialisation to foster human rights». Of course it is problematic to state

The EU has a clear interest in ensuring that these common challenges are addressed (Communication from the Commission to the Council and the European Parliament. Wider Europe — Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours. COM 2003-104; Brussels 11. 3. 2003: 9)

and then continue by developing a new vision and new offer (ibid. )

by listing on the following pages for instance:

- \* Extension of the internal market and regulatory structures
- \* Preferential trading relations and market opening
- \* Perspectives for lawful migration and movement of persons
- \* Intensified cooperation to prevent and combat common security threats
- \* Greater EU political involvement in conflict prevention and crisis management
- \* Integration into transport, energy and telecommunications networks and the European research area.

All these issues are inside of the EU highly controversial and/or not working and it is curious to put them forward as milestones for the export of the future of an enlarged Europe.

But it has to be accepted that such a concept obliges countries to accept the political *aquis* and to grant as well certain political rights. As well, this cannot be put into practice without opening for the challenges of serious openness of cultural aspects of multiculturalism.

However, *second*, every challenge towards full human rights and a sound and extended socio-political system can be turned back against the EU itself. By demanding social rights and tolerance in the applicant countries, by requiring the incorporation of a European Social Model as part of the *aquis communautaire* the actual member states of the European Union have to ask themselves if they really have successfully defined their own role in the world. Even more, the EU has to answer the question how human and social rights are dealt with internally. And here we are actually back to a point where we have to talk about identity: Not the subjective-normative image of self-appointed statesmen, but the creation of a model that is defined by the coherence of values and their material meaning. In actual fact it is time for the EU itself to finally put the *Kantian* imperative, namely the challenge to

‘act so that the maxim of thy will can always at the same time hold good as a principle of universal legislation’

(Immanuel Kant: Critique of the practical reason – 1788).

on its feet rather than keeping it up for others by perpetuating lip-services. In short, the actual touchstone for enlargement cannot be any «Islamic question». Rather, the real measure is the current debate on the EU-constitution, the strict rejection of a foreign policy, based on the power of the cruise missile and not based on the power of law, and the debate on the future of European governance.

*“Latinamericanisation”: The Best Variant for Russia? (Some Implications for the Concept of a Wider Europe)*

**Victor Krassilchtchikov**<sup>150</sup>

*Brazil is tropical Russia*  
Fernando Henrique Cardoso

Introductory Notes

Today talks about the “latinamericanization of Russia” are widespread in the territory of the former Soviet Union among those social scientists, politicians and journalists who evaluate negatively the results of economic reforms of the 1990s. Even if the „explosion of emotions“ provokes these talks, it is possible to suppose that they have real foundations. Respectively, we must estimate the real prospects of Russia and the large Latin American countries (particularly, Brazil, Argentina, Mexico) in the changing world system. Such estimation is one of conditions for the successful strategy of EU enlargement.

Indeed, the EU cannot neglect the problem whether Russia will approach all-European standards or not, the impossibility of Russia joining the EU structures in the visible future notwithstanding.

At the same time, in my opinion, a comparative study of Russia’s and Latin America’s development has significant implications for those politicians and scholars who attempt to elaborate various projects of EU enlargement beyond the frontiers of its historical core.

Russia and Latin America in the Context of World Modernizations

Despite an emotional and journalist hue of the Latin Americanization of Russia thesis, the latter reflects a reality that has very deep roots in history. Indeed, before the beginning of industrialization on the eve of the 20th century either Russia or the large Latin American

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<sup>150</sup> An earlier variant of ongoing research on Russia's integration into the world economy after the collapse of the USSR was presented at the X General Conference of EADI (European Association of Development Research and Training Institutes) that was held in Ljubljana on September 19-21 of 2002. This new research paper contains some new statistical data and focuses the consequences of Russia's integration into the world economy from the viewpoint of the lessons, this process has for the former 'Arab socialist nations' in the Mediterranean region as well as the East European countries that belonged to the Soviet block.

countries belonged to the second echelon of world modernization (world capitalist development).

In the countries that made up the first echelon of world modernization (the core of the capitalist world-system) where modernity sprang from everyday life, the social agent of development was the civil society itself (endogenous modernization). In the countries of the second echelon of modernization there were only several, very often weak and insufficient premises of capitalist development. These premises and preconditions (in particular, a market economy and individualism in culture) had been restrained and sometimes even oppressed by the autocracy, by pre-capitalist relationships and other factors. The State or the advanced part of ruling class (elite) became the main actor of modernization, and the latter looked like a “revolution from above”. Respectively, capitalist development in the countries of the second echelon was semi-endogenous/ semi-exogenous with emphasis on the artificial stimulation of modernization.

Certainly, also there was the third echelon that was made up of the periphery of capitalism. Its modernization had been exogenous being the result of non-western societies’ (in Asia, Africa, and, partly, Iberoamerica) involvement into the system of colonial exploitation and international trade. Several elements of modernity were implanted there because of the metropolitan economic and cultural impact, including of course the so-called demonstration effect.

What concerns Russia and the large Latin American countries, the existing premises of capitalist development could not break the old, pre-capitalist social-economic relationships and structures, which resisted genuine modernization. Moreover, there were social strata (at the bottom as well as at the top of social pyramid) interested in the conservation of these relationships. Their resistance should be broken by force, or – another possible variant – the old structures could be adjusted to the process of modernization. In real life both variants co-existed with each other, although in different forms. For example, in Brazil and Argentina the old social actors economically failed and were defeated as a result of the 1929-1933 crisis. They were obliged to compromise with populist political leaders. In Russia, the first generation of Bolsheviks, the so called Leninist guards, attempted to promote the western project of social transformation rooted in the Reason epoch but Russian peasant society rejected it. Russian society had chosen the variant of “conservative modernization” when some modernization imperatives (industrialization, economic growth, appropriation of rational scientific knowledge, techniques, mass education) were reconciled with the attributes of an archaic society (adoration to a charismatic leader, egalitarianism, fear of innovation, search for “enemies”, and so on).

As it is well known, a lot of books are devoted to the problems of Latin American dependence and underdevelopment in the world system. However, the development of Russia was dependent, too, although Russia had never been a colony of European powers. The dependence of Russia was conditioned by the specific influence from abroad. The existence of Russia as an independent state with a pretension to expansion presupposed the search for a response to the challenges of more developed countries. This response consisted in the empire model of modernization where the main goal of transformations was neither the economic well-being of the people nor the enrichment of

the ruling elite but the strengthening of the nation's military-industrial power. The reforms of Peter the Great had been the most evident example of such a modernization. Indeed, the development impulses from abroad prevailed over the internal imperatives for smooth social-economic evolution during almost the whole modern history of Russia, at least since the 17th century, and the country was obliged to approach social-economic reforms before the internal premises of these reforms arose.

The empire model of modernization presupposed, *prima facie*, the creation of a military-industrial and technical complex, the reorganization of the army and the restructuring of authority at all levels adapted to the new tasks. Obviously, it was necessary to concentrate a lot of resources on the opted priorities so that resources for the development of other spheres of society were scarce. And the imperatives of the empire model of modernization not only required the constant reproduction of an autocratic system but also led to the emergence of a central-peripheral structure of the economy and society as a whole. The splendor of St. -Petersburg had the reverse side: the backwardness of the province, which was doomed to be the internal periphery of the empire. Thus, the specific development of Russia copied and reproduced in itself the division of the world system into a core and a periphery, isolated and excluded from progress but included into the system as a supplier of resources. Soviet modernization under slogans of socialism's construction overcame the central-peripheral structure of Russian society only in some respects. At the same time, it eternalized this structure in other respects, which predetermined the vulnerability of the Soviet system in competition with the West.

From the social-cultural point of view, either Russia, or the Latin American countries, or even Spain, together with Portugal – despite many particular features of each of them – made up a single group in the world system because of the inherent constant and aggravate conflict between two worldviews: individualistic and anthropocentric, on the one hand, and sociocentric, paternalistic, on the other hand, between the endeavor for innovations and adherence to traditions. This conflict took place and developed not only between opposite social-political forces but in the heads and hearts of every individual making a whole society contradictory in itself. Such a conflict converted modernization into tragedy, and a socially painful process. This circumstance explains to a considerable degree, why Russia, Spain and some Latin American countries stayed closely to each other in the world table of GDP per capita in the last third of the 19th and the first third of the 20th century (see table 1).

**Table 1.** GDP per capita in some countries of Latin America and Europe (including Russia), 1870-1938

<u>Countries</u>	Absolute amount of GDP per capita, measured by PPP (in dollars of 1990)					The ratio of countries' GDP per capita to the world average				
	1870	1900	1913	1929	1938	1870	1900	1913	1929	1938
France	1 858	2 849	3 452	4 666	4 424	2. 02	2. 18	2. 17	2. 47	2. 30
Germany	1 913	3 134	3 833	4 335	5 126	2. 08	2. 40	2. 41	2. 30	2. 67
Italy	1 467	1 746	2 507	3 026	3 244	1. 59	1. 34	1. 57	1. 61	1. 69
Spain	1 376	2 040	2 255	2 947	2 022	1. 50	1. 56	1. 42	1. 56	1. 05
United Kingdom	3 263	4 593	5 032	5 255	5 983	3. 55	3. 52	3. 16	2. 79	3. 11
Russia/USSR	1 023	1 218	1 488	1 386	2 150	1. 11	0. 93	0. 93	0. 74	1. 12

Argentina	1 311	2 756	3 797	4 367	4 072	1. 43	2. 11	2. 39	2. 32	2. 12
Brazil	740	704	839	1 106	1 291	0. 80	0. 54	0. 53	0. 59	0. 67
Chile	-	1 949	2653	3 396	3 139	-	1. 49	1. 67	1. 80	1. 63
Colombia	-	973	1 236	1 505	1 843	-	0. 75	0. 78	0. 80	0. 96
Mexico	710	1 157	1 467	1 489	1 380	0. 77	0. 89	0. 92	0. 79	0. 72
Peru	-	817	1 037	1 619	1 757	-	0. 63	0. 65	0. 86	0. 92
Venezuela	-	821	1 104	3 426	4 144	-	0. 63	0. 69	1. 82	2. 15
<b>World in average *)</b>	<b>920</b>	<b>1 305</b>	<b>1 592</b>	<b>1 884</b>	<b>1 923</b>	<b>1. 00</b>	<b>1. 00</b>	<b>1. 00</b>	<b>1. 00</b>	<b>1. 00</b>

\*) – Upon the base of 56 sample countries including 13 countries in the Western Europe, United States, Canada, Australia, New Zealand, 4 countries of the Southern Europe (Spain, Portugal, Greece, Turkey), 7 countries of the Eastern Europe (including the former Russian Empire and the USSR), 7 countries of Latin America, 11 countries of Asia, 10 countries of Africa.

Source: Maddison A. , 1995, pp. 23-24, 212. The ratio of GDP per capita to the world average is counted by myself (V. K.) on the base of given data.

In the first third of the 20th century either Russia or Latin American countries met the new challenges to which they could not respond within the old economic model. A change in the development paradigm became indispensable for them. Respectively, Russian bolshevism and Latin American populism played the role of the social forces that promoted and realized the new pattern of social-economic development.

Certainly, bolshevism and populism differed from each other in many respects. However, there were not only obvious differences but also many similarities between them. Both political currents emerged in conditions where a civil society was weak and a modern social structure had been amorphous, with widespread marginalization of the masses particularly in the case of Russia [Touraine A., 1988, pp. 45, 50-88].

Latin American populism as well as Russian bolshevism – being ideologies and policies of catching up development – accomplished the social function of mass mobilization. In spite of evident differences between the nationalistic rhetoric of the populist regimes in Latin America, on the one hand and the proclaimed internationalism and universalism in the Soviet Union on the other hand, it is not difficult to find out some resemblance between the two models in the sphere of ideology. For example, the regime of “*Estado Novo*” in Brazil under the dictatorship of Vargas (1937-1945, or the so called first rule of Vargas) promoted an idea of *homen novo* (“new man”) who should be “created” and nurtured by the state. *L’étatisation de l’homme*, a submission of the person to the state, had been considered as the principal purpose of the state social policy [Lippi Oliveira L. e. a, 1982, p. 15], almost like in the Soviet Union under the apotheosis of Stalinism at the end of the thirties.

Simultaneously, bolshevism and populism were the social and ideological forms of adjustment of traditional agrarian societies to the new challenges of modernity. Moreover, this adjustment was reciprocal: not only traditionalism had been adapted to modernity but also modernity and industrial development were adjusted to the needs of old social structures and relationships being modified by specific features of pre-modern society. It was a situation of a conservative pact between modernity and traditionalism – the social condition of specific modernization [Fiori J. L. , 2001, pp. 497-498, 501, 506-509]. This compromise predetermined to a degree the character of industrial development and its results in both regions.

The industrialization that took place in Latin America under populist regimes was import substitution industrialization. Its main aims were the following: 1) the displacement of imported goods by commodities produced in national enterprises; 2) the enlargement of the internal market; 3) the weakening of economic dependence on the world business cycle. In the Soviet Union economic growth was submitted to the strategic task, in complete accordance with the empire model of modernization, to lay the foundations of a military-industrial complex. In both cases the process of industrialization had been an inward-looking development, and the state apparatus was the main agent of development, although in Latin America the state built a system of collaboration with national private business while in the USSR the role of the state in the economy was absolute.

It is hardly relevant to describe here the mechanism of industrialization and its internal barriers in the Latin American countries and the USSR – a distinct study may be devoted to such an analysis. The results of this industrialization can be seen in table 2.

**Table 2.** GDP per capita in some countries of Latin America and Europe (including USSR), 1950-1970

<b>Countries</b>	Absolute amount of GDP per capita, measured by PPP (in dollars of 1990)					The ratio of countries' GDP per capita to the world average				
	<b>1950</b>	<b>1955</b>	<b>1960</b>	<b>1965</b>	<b>1970</b>	<b>1950</b>	<b>1955</b>	<b>1960</b>	<b>1965</b>	<b>1970</b>
France	5 221	6 252	7 472	9 264	11 558	2. 33	2. 37	2. 55	2. 70	2. 92
Germany (FRG)	4 281	6 431	8 463	10 104	11 993	1. 91	2. 44	2. 89	2. 95	3. 03
Italy	3 425	4 575	5 789	7 434	9 508	1. 53	1. 74	1. 98	2. 17	2. 40
Spain	2 397	3 085	3 437	5 075	7 291	1. 07	1. 17	1. 17	1. 48	1. 84
United Kingdom	7 022	7 759	8 571	9 668	10 694	3. 14	2. 95	2. 92	2. 82	2. 70
USSR	2 834	3 304	3 935	4 626	5 569	1. 27	1. 25	1. 34	1. 35	1. 40
Argentina	4 987	5 237	5 559	6 371	7 302	2. 23	1. 99	1. 90	1. 86	1. 84
Brazil	1 673	1 923	2 335	2 461	3 067	0. 75	0. 73	0. 80	0. 72	0. 77
Chile	3 827	3 997	4 304	4 593	5 217	1. 71	1. 52	1. 47	1. 34	1. 32
Colombia	2 089	2 343	2 499	2 709	3 104	0. 93	0. 89	0. 85	0. 79	0. 78
Mexico	2 085	2 416	2 781	3 265	3 774	0. 93	0. 92	0. 95	0. 95	0. 95
Peru	2 263	2 689	3 023	3 531	3 807	1. 01	1. 02	1. 03	1. 03	0. 96
Venezuela	7 424	8 775	9 726	9 887	10 827	3. 32	3. 33	3. 32	2. 89	2. 73
<b>World in average *)</b>	<b>2 238</b>	<b>2 634</b>	<b>2 931</b>	<b>3 425</b>	<b>3 964</b>	<b>1. 00</b>	<b>1. 00</b>	<b>1. 00</b>	<b>1. 00</b>	<b>1. 00</b>

\*) – Upon the base of 56 sample countries including 13 countries in the Western Europe, United States, Canada, Australia, New Zealand, 4 countries of the Southern Europe (Spain, Portugal, Greece, Turkey), 7 countries of the Eastern Europe (including the USSR), 7 countries of Latin America, 11 countries of Asia, 10 countries of Africa.

Source: *Maddison A.*, 1995, pp. 195, 197, 199-201, 203, 212. The ratio of GDP per capita to the world average is counted by myself (V. K. ) on the base of given data.

It is impossible to deny the achievements of industrial and social development in the former Soviet Union and in the Latin American countries. However, catching up industrialization in both regions had inherent vulnerabilities. It did not eliminate the central-peripheral structure of the economy. Meanwhile, this structure – particularly in the case of Latin America – became an obstacle to the enlargement of the internal market and a hindrance to the introduction of intensive technologies. At the same time, rapid



industrial growth in both cases had not been accompanied by a managerial revolution. In this respect the industrial development in Latin America and Russia diverged from the trends in western countries.

At last, the catching up industrialization neither in the USSR nor in Latin America facilitated a deliverance from dependent development. Particularly, in the former Soviet Union, even in the 1950s-1960s – the golden period of Soviet history – industrial growth had been stimulated mainly by military-economic competition with the West but not by the needs of internal development.

### The Decline of the Old Model and the Lost Decade

In the first half of the 60s import substitution industrialization in the Latin American countries as well as the command economy in the USSR had come to their objective limits. Respectively, it became evident that populist policy should be rejected and displaced by another political course.

In my opinion, Nikita Khrushchev and João Goulart were the last sincere populists in power. And it was very symbolical that both leaders were displaced in the same year, 1964 by conservative political forces that intended to realize a “conservative modernization”, or, in other words, the variant of “reactionary reformism”. It is interesting to note that either in the USSR or in Brazil new rulers imputed approximately the same “sins” to the displaced leaders: voluntarism, neglecting the objective character of economic laws, underestimation of scientific principles of management, demagoguery, proclaiming of promises which could never be kept.

The military regime established in Brazil after the coup d'état was treated as military-bureaucratic authoritarianism [Cardoso F. H. , 1977, pp. 24-25, 50-82; Cardoso F. H. , 1979, pp. 33-57; Collier J. , 1979, p. 19-32; O'Donnell G. , 1979, pp. 285-318]. The pivotal force of this regime had been an alliance of: a) top military circles linked, thanks to historical traditions of the army, to the old oligarchy, b) top civilian bureaucrats and, mainly, technocrats, c) transnational corporations (TNCs) and the part of the national bourgeoisie tied to foreign capital. In the case of the former USSR the same concept of military-bureaucratic authoritarianism could be applied to the Brezhnev regime only on the base of some formal, superficial indications taking into account the increased role of the military-industrial complex and the party's bureaucracy in the country. This regime realized the corporate interests of these leading parts of the Soviet establishment.

Many social scientists in Brazil and other Latin American countries evaluated the results of the authoritarian modernization under military rule very critically. Indeed, the yields of this modernization had been appropriated mainly by the upper and upper middle classes. It was the elitist modernization that contradicted the proclaimed purposes of the regime – the construction of a mass consumption society in Brazil. In front of the oil shock and structural changes in the center of the world economic system the “Brazilian comet” began to fail, which accelerated the smooth transformation of military-bureaucratic authoritarianism to democracy.

At the same time, Brezhnev's regime objectively prepared the premises of the second super-power's disintegration. From the point of view of world-system analysis in that

time the Soviet Union started to drift to “Latin Americanization” what might be also affirmed by statistical data. The share of fuel and electric energy in total Soviet export increased from 15. 6 % in 1970 up to 52. 3 % in 1982 while the share of machinery, equipment and transport machines decreased, respectively, from 21. 5 % to 12. 9 % [Narodnoye khoziaystvo, 1981, p. 540; Narodnoye khoziaystvo, 1983, p. 535].

This evident worsening of the economic structure correlated with the regime’s orientation to the most backward social groups in search for their support. Under Brezhnev’s rule (1964-1982) the incomes of these groups increased two (urban manual workers) and even three (peasants) times while the incomes of professionals (university professors, scientists, engineers, etc. ) did not change since Stalin’s death. Such a practice had been performed as a social maintenance of low waged workers, which were interested in conservation of the obsolete economic structure. However, it was undistinguishable from the rise of a segregated society in the USSR. The ruling elite approached to the hidden privatisation of opportunities to make a professional career. These opportunities as chances to enter prestigious colleges and to occupy good positions in some spheres of social activity had been concentrated in the hands of relatively narrow circles of elite and their children. For example, in the 1970s-1980s most schools with advanced learning of foreign languages (beginning from the 2nd form) were located in Moscow districts where the people of *nomenklatura* preferred to be settled – in the center, west, and southwest ends of the city. Meanwhile, in two southeast industrial districts with a total population about one million inhabitants where the families of manual workers dominated, there were no such schools at all [Trushchenko O. , 1995, p. 64]. This fact allowed concluding that social mobility as an essential indicator of modernization declined in the years of Brezhnev rule. Thus, the “Latin Americanization” of Russia spread not only in the economic but also in the social sphere.

In the 80s both Latin America and the USSR had fallen into the modernization trap. The latter meant a situation where the past achievements of catching up industrialization and the social-political institutions, which allowed reaching a certain level of the economy, had been transformed into obstacles to further development. The inertia of import substitution industrialization and “the command economy” based upon extensive economic growth became incompatible with the task of transition towards an innovative economic system. Certainly, it would be impossible to assert that the problems of innovations in Latin America were neglected at all. But it was rather the imitation of innovations borrowed very often from abroad and not the promotion of proper scientific-technological capacities. As Jorge Katz noted, the “bureaucratic innovative culture” had been a characteristic feature of technological development in Latin America. [Katz J. , 1999, pág. 15. ] However, the “bureaucratic innovative culture” had been inherent not only to the Latin American economies but also to the Soviet system which had not the proper impulses for technological innovations if such impulses did not spring “from above” being initiated by the advanced groups of the state bureaucracy. Besides, the structural economic imbalances and the obvious neglect of human capital’s significance blocked the shift towards the new, post-industrial stage.

It was the “silver decade” of the 60s when Latin America and the USSR should change the model of development. But time, the main resource for reforms, was lost. And during the 70s both regions came into a deep systemic crisis.

In the case of Latin America it was, in particular, the crisis of external indebtedness in the beginning of the 80s. The situation had been aggravated by: 1) the outflow of capital to the US financial markets where the rate of interest elevated in consequence of “Reagonomic” policy; 2) the falling competitiveness of Latin America in the world market because of the beginning of the microelectronic revolution in the center of the world system that succeeded to decrease in resources/energy expenditures and, thereby, depreciated Latin American exports. As a result of internal problems and unfortunate external situations, GDP per capita in Latin America decreased (in some countries a fall of absolute GDP volume took place) while mass poverty increased and inflation became a non-controlled social-economic disease. Thus, there were all foundations to call this period the lost decade (*la década perdida*) for the region. At the same time, a part of political and business elites of the continent began to conceive the necessity to reconsider the mode of Latin America’s inclusion into the world division of labour and to maintain the long-term dynamics as well as the short-term economic equilibrium. Civil society in the countries of the Southern cone had been consolidated in the fight against dictatorships, particularly in Chile and Argentina. Thus, the lost decade could be called simultaneously the decade of painful learning (*la década de aprendizaje doloroso*) [CEPAL, 1990, pág. 11]. Alas, the 80s did not become the period of *aprendizaje doloroso* for the Soviet Union. Rather, this decade was the period of lost opportunities (lost forever?) when the last chances for real changes had been omitted.

The deep crisis of the old industrial system in the former USSR and Latin America led to the radical rejection of the preceding development model by large strata of society. Since this system had been associated with the leading role of the state, this crisis, at the same time, meant the collapse of statism. The alternative to statism looked as something opposite to the domination of the state in the economy and in social life, so it was not occasional that statism had been displaced by vulgar economic liberalism. By the way, the same people who some years back defended the priority of state omnipresence in all spheres of the economy became instantly the admirers of free market capitalism. Such a transformation could be seen in the Latin American countries (the evolution of Partido Revolucionario Institucional in Mexico or Partido Justicialista in Argentina) as well as in Russia where the best example of this *salto mortale* was B. Yeltsin, a former top official of the CPSU (Communist Party of the USSR).

Here we can ask ourselves: was there a large social base in Latin America and Russia for a wide diffusion of neoliberal economic views and policy?

What concerns Latin America, the social base for neoliberalism existed there since colonial times. The former ruling class, the agrarian oligarchy promoted the principles of “free trade” because the latter corresponded to its interests, so in Latin America the neoliberal economic policy represented by itself a return to tradition of several segments of society. In the atmosphere of the deep crisis of the 1980s and mass disappointment with state regulation the influence of this tradition had become very significant.

In the case of Russia there were specific social-economic roots and cultural sources of neoliberalism. Different social groups were interested in neoliberal policy for different causes. Part of nomenklatura conceived it as the best ideological explanation and “theoretical” foundation of wild privatisation (=expropriation) of former state property. Large strata of ordinary people inspired by the well-known demonstration effect treated neoliberalism as the best way to “capitalist paradise” after constant commodity deficits. And a big part of Russian society accepted the neoliberal policy of the ruling circles in accordance with the archaic comprehension of freedom. The latter had been treated as “the free expression of personal will”, omni-permittance without any restrictions and constraints. This “free expression of will”, in its essence did not coincide with the Western liberal idea of freedom, which presupposed a reciprocal respect of individuals in their relation to each other. If the liberal concept of freedom maintains necessary constraints – somebody’s freedom has to be restricted if he/she violates the same right to freedom of other individuals, the Russian “neoliberalism” of the 1990s does not recognize one of the pivotal principle of Western liberalism, the principle of the equality of rights of all people. In correspondence with such an approach, the concept of *economic man* in Russia has been interpreted as the idea of an absolutely egoistic person capable to destroy the entity of society if such destruction is advantageous for her.

Among the ruins of the Soviet system, in reality, we see the rise of an archaic consciousness and behavior as well as the social-economic results of neoliberal transformations that did not correspond to liberal principles and modernity at all.

### The Results of Neoliberal Reforms

In the 70s-80s inflation was the most aggravate problem that disturbed Latin America. Thanks to neoliberal reforms it was oppressed and constrained. In the last years the annual rate of inflation exceeded 10 per cent only in Costa-Rica (1996-2001), Colombia (1996-1998), Mexico (in 1995 as the consequence of the *tequila* crisis with a smooth decrease to 1999), Paraguay (1998), Peru (1996), Uruguay (1992-1997). Only in such unstable countries as Venezuela and Ecuador the annual rate of inflation never fell below 12 per cent during all the decade. Meanwhile, the lowest rate of inflation in Russia in 1991-2001 was equal to 11 per cent (1997). [CEPAL, 2001 a, pages. 94-95; CEPAL, 2001b, cuadro A-4; Russian Statistical Yearbook, 2000, p. 561]. Thus, from the point of view of financial stabilization, the Russian variant of “shock therapy” looked less successful than many Latin American anti-inflation programs. Moreover, the Russian economy had begun to grow only after 1998 while the economic growth in the Latin American countries resumed almost just after the start of reforms. In 1991-2000 the total continental GDP increased by 38 per cent, or by 16 per cent per capita. [CEPAL, 2001b, cuadros A-1, A-2]. (The general dynamics of GDP per capita in Russia and some Latin American countries is presented in table 3.)

**Table 3. GDP per capita in some Latin American countries and Russia, 1990-2001 (in US dollars of 1995 measured by purchasing power parity)**

Country	1990	1995	1997	1999	2000	2001 a)
Argentina	9 062	11 113	12 332	12 059	11 841	11 249
Brazil	6 326	6 818	7 010	6 912	7 112	7 141
Chile	5 445	7 606	8 433	8 498	8 795	8 945
Colombia	5 348	5 977	6 073	5 647	5 697	5 689
Mexico	7 196	7 089	7 727	8 149	8 573	8 435
Peru	3 680	4 426	4 680	4 540	4 640	4 461
Venezuela	5 469	5 776	5 925	5 397	5 505	5 555
Russia	12 604	7 408	7 485	7 340	7 915	8 305

a) – estimation

Counted on: *CEPAL*, 1999a, cuadro A-2; *CEPAL*, 2000a, pág. 69; *CEPAL*, 2000b, cuadro A-2; *CEPAL*, 2001a, pág. 69; *CEPAL*, 2001b, cuadro A-2; *CEPAL*, 2002, pág. 69; *IMF*, 2002a, p. 878-880; *Review of the Russian Economy*, 2001, p. 107; *Review of the Russian Economy*, 2002b, p. 302; *Russian Statistical Yearbook*, 1998, p. 16; *Russian Statistical Yearbook*, 2001, p. 37-38; *UNDP*, 2001, p. 178-179.

Commenting the table, it would be necessary to note that economic growth in Russia after the 1998 default was conditioned mainly by the ruble devaluation and spontaneous import substitution. (Now this growth is declining being restrained by narrow effective demand.)

For a complete comparative analysis of Russia and Latin America it is interesting to put attention to the structure of export in both regions.

The share of primary goods in total Latin American export of goods declined from 67 per cent in 1990 to 41 percent in 1999. Respectively, the share of manufacturing goods increased from 33 per cent to 59 per cent. Fascinating structural changes of exports took place in Mexico where the weight of manufacturing goods increased from 43 per cent to 85 per cent of total commodities exports, and in Costa-Rica – from 27 to 62 per cent for the same period. In other large and developed Latin American countries some progressive shifts in the structure of export can be seen, too, although these changes are more moderate. For example, in 1990-1999 the share of secondary goods exports increased in Chile from 11 to 17 per cent, in Brazil – from 52 to 54 per cent, in Colombia – from 25 to 31 per cent. [*CEPAL*, 2001a, pages. 100-101]. The export of machinery, including plane-jets and other aviation technique, in 1999-2000 occupied the first position in total Brazilian exports.

At the same time, neither Latin America nor Russia obtained the new technological stage of the economy. However, Latin America attracted and used new technologies for the modernization of old industrial branches while Russia did not maintain even the level of productive technologies achieved in Soviet times. Russia's adjustment to the new international division of labour had not been accompanied by a real technological renovation of the economy as a whole except a few branches, in particular the telecommunications in big cities, and finances. It was succeeded by a further aggravation

of the structural imbalance, which played an important role in the USSR's collapse. The structure of the Russian economy had become much more "heavy" than it was in the Soviet period. The ratio of output in 1999 to output in 1990 was equal to 15 per cent in light industry, 42 per cent – in machinery, 53. 5 per cent in food processing industry but 61. 5 per cent – in steel industry, 67. 6 per cent – in oil extraction industry, 75 per cent – in electric-power industry, and 87. 7 per cent – in the natural gas branch. (Counted on: [Russian Statistical Yearbook 2000, p. 302]).

As it is well known, economic growth has to be considered in correspondence with the solution of social problems, including, of course, the problem of poverty.

One of the results of the lost decade for Latin America was the increase of mass poverty – from 35 per cent of population in 1980 to 41 percent in 1990. After the start of reforms GDP per capita in Latin America returned to the level of 1980 only in 1997, and the total number of poor people on the eve of 2000 remained almost the same as it was in 1990, about 200 millions. More than 150 millions of them in the second half of the 1990s had an income of less than 2 dollars per day (measured by purchasing power parity!), i. e. below the world line of poverty [CEPAL, 1999b, pages. 17-18, 36]. Nevertheless, the share of poor people in total population declined from 41 per cent in 1990 to 35. 5 per cent in 1997 and 35. 3 in 1999, and the share of those who live beyond the misery line diminished from 18 per cent in 1990 to 15 percent in 1997 and then to 13. 9 per cent in 1999 [CEPAL, 1999b, pág. 274; CEPAL, 2001c, pages. 1, 7, 31]. It means that Latin America in 1997-1999, from the point of view of social development, had come back to the indicators of 1980. This fact enables us to talk about two lost decades of the continent. However, the dynamics of poverty in Latin America looks better than the poverty trends in the former USSR, including the Russian Federation. The share of poor people in total Russian population after the collapse of the USSR became comparable with one in Latin America (see table 4).

**Table 4.** The Level of Poverty in the Latin American Countries and Russia, 1990-1999

Countries	Share of population below national poverty line, %			Share of population with incomes less than 1 and 2 dollars per day (measured by parity of purchasing power)			
				≤ 1 \$ per day		≤ 2 \$ per day	
	1990	1996-97	1999	1990-91	1996-98	1990-91	1996-98
Argentina a)	21. 2	17. 8	19. 7	-	-	-	-
Brazil	48. 0	35. 8	37. 5	-	5. 1	-	17. 4
Chile	38. 6	21. 7 b)	20. 6 c)	-	4. 2 d)	-	20. 3 d)
Colombia	56. 1 e)	50. 9	54. 9	7. 4	11. 0	21. 1	28. 7
Mexico	47. 8 f)	52. 1	46. 9 b)	-	17. 9 g)	-	42. 5 g)
Peru	54. 0 e)	44. 0	-	-	15. 5	-	41. 4
Venezuela	40. 0	48. 1	49. 4	11. 8	14. 7	32. 2	36. 4
Russia	33. 5 h)	22. 0	29. 1 c)	-	7. 1	-	25. 1

a) – urban areas

b) – 1998

- c) – 2000
- d) – 1994
- e) – 1991
- f) – 1989
- g) – 1995
- h) – 1992

Sources: *CEPAL*, 2000e, pág. 40; *CEPAL*, 2001c, pág. 33; *Russian Statistical Yearbook 2001* (2001), p. 189; *World Bank*, 1998, p. 196-197; *World Bank*, 2000, p. 280-281.

But really, the situation in Russia is much worse, if we'll try to make clear what is the level of poverty in Latin America, on the one hand, and in Russia, on the other hand.

As a comparison of such levels in both regions shows (table 5), the line of poverty (minimal standard of life established by the Russian government) expressed in US dollars at current exchange rates as well as measured by PPP (real purchasing power) in Russia as a whole is approximately the same as in rural areas of Colombia, Mexico or Venezuela.

Table 5. The level of poverty in some Latin American countries and Russia (the average level per capita, including employed as well as retired persons and children), 1997-2001 (the forth quarter of each year).

**Table 5.** The level of poverty in some Latin American countries and Russia (the average level per capita, including employed as well as retired persons and children), 1997-2001 (the forth quarter of each year).

Countries	Area	In US dollars (by current exchange ratio)			In US dollars measured by PPP (dollars of 1995)		
		1997	1999	2001	1997	1999	2001
Argentina	Urban	148. 3	147. 7	145. 0 b)	222. 6	229. 9	225. 5 b)
Brazil a)	Urban	99. 1	63. 2	54. 2	141. 2	138. 6	144. 8
	Rural	72. 5	46. 3	39. 7	103. 2	101. 3	106. 1
Chile a)	Urban	86. 3	72. 8	61. 5	141. 4	137. 3	139. 2
	Rural	58. 2	49. 1	41. 4	95. 3	92. 6	93. 7
Colombia a)	Urban	88. 0	75. 3	74. 9	200. 6	208. 3	222. 6
	Rural	63. 6	54. 4	54. 1	145. 0	150. 5	160. 8
Mexico a)	Urban	125. 1	142. 8	167. 2	227. 3	235. 8	228. 3
	Rural	81. 1	92. 6	108. 4	147. 4	152. 9	148. 0
Peru a)	Urban	69. 7	59. 6	62. 7	136. 4	133. 7	137. 1
	Rural	43. 8	37. 5	39. 5	85. 7	84. 1	86. 3
Venezuela a)	Urban	140. 7	174. 4	190. 7 e)	214. 1	216. 0	238. 1 c)
	Rural	100. 6	124. 7	136. 5 e)	153. 1	154. 4	170. 4 c)
Russia	national level	78. 8 d)	40. 2 d)	50. 6	225. 8 e)	245. 0 e)	201. 4 e)

a) – with suggestion that consumer prices indices are the same in urban and rural areas.

b) – before the events of December 20, 2001 (the beginning of peso devaluation)

c) – preliminary estimation

d) – in accordance with new methodology of accounting introduced in 2000.

e) – not taking into account a difference between the GDP and the total expenditures for private consumption, both measured by PPP (in Russia they are inconsistent with each other by 10-12 per cent).

Counted on: table 3 (see above); *CEPAL*, 2000c, pág. 29; *CEPAL*, 2001b, cuadro A-4; *CEPAL*, 2002, págs. 3, 69, 173, 198-199; *IMF*, 2001, pp. 90-93, 178-181, 222-225, 236-239, 568-571, 662-667, 866-869; *IMF*, 2002a, p. 878-880; *IMF*, 2002b, pp. 94-98, 186-190, 232-236, 248-254, 602-606, 704-708, 924-930; *Russian Statistical Yearbook*, 1998, p. 225; *Russian Statistical Yearbook*, 2000, p. 156; *Russian Statistical Yearbook*, 2001, pp. 36-37, 189, 204, 657; *Review of the Russian Economy*, 2002a, p. 158, 292; *Review of the Russian Economy*, 2002b, pp. 293, 302, 327-328.

However, it is also necessary to take into account the very severe climate in Russia where the wardrobe even in southern parts of the country differs from clothes of, say, Colombian or Venezuelan peasants. Thus, an average “statistically representative” poor in Russia must exist at lower standards of consumption than his/her counterpart even in these Latin American countries. This conclusion can be also reached when we apply the criteria of CEPAL/ECLA to an analysis of Russian poverty.

In accordance with these criteria, the level of poverty exceeds the level of misery (indigence) two times. The level of misery presupposes the availability of food for everybody according to medical norms of full nutrition but it excludes the opportunity to purchase shoes, clothes, toothpaste and other consumer goods. Therefore, by the criterion of CEPAL/ECLA, poor people are those who expend half (or more) of their total incomes for purchasing food. From this point of view we can estimate the official data on the structure of households expenditures in Russia (see table 6).

Table 6. The share of expenditures for food (without alcoholic beverages) in the total current expenditures of the Russian households, 1999-2000 (by deciles)

**Table 6.** The share of expenditures for food (without alcoholic beverages) in the total current expenditures of the Russian households, 1999-2000 (by deciles)

Deciles	Share of expenditures for food, % of total expenditures					
	As share of total expenditures for ultimate consumption, % (A)		<u>Supply of food in natural form</u> (yields of kitchen-gardens, gifts from country-side relatives, etc.), % of total current expenditures for ultimate consumption (B)		As share of total current expenditures in monetary form [(C)=(A)-(B)]	
			1999	2000		
1 (the lowest)	69. 2	66. 8	16. 1	14. 2	53. 1	52. 6
2	69. 0	65. 8	15. 8	14. 0	53. 2	51. 8
3	68. 2	64. 5	15. 3	13. 5	52. 9	51. 9
4	67. 1	62. 8	14. 6	12. 8	52. 5	50. 0



5	65.2	61.0	13.6	12.1	51.6	48.9
6	61.7	58.7	12.5	11.3	49.2	47.4
7	60.0	54.6	11.2	10.0	48.8	44.6
8	56.5	51.8	9.7	8.6	46.8	43.2
9	54.9	50.1	8.5	7.8	46.4	42.3
10	47.6	41.8	7.6	6.5	40.0	35.3

Source: *Russian Statistical Yearbook*, 2000, p. 165, *Russian Statistical Yearbook*, 2001, p. 190.

Looking at this table, we can see that almost 90 per cent of the Russian population in 1999-2000 lived below such a poverty line. Even taking into account the supply of food in the form of countryside relatives' gifts or yields of personal kitchen gardens, almost half of the Russian population lived in poverty. This circumstance exposes the character of neoliberalism in Russia better than any anti-neoliberal statement.

Meanwhile, for example, in Mexico only two low deciles of households expended 50 and more percent of their total monetary current expenditures for food, beverages (including alcohol) and tobacco. The third, fourth and fifth deciles expended 47 – 41 per cent of their total monetary expenditures for nutrition, drinking and smoking. (Counted on: [INEGI, 2002, cuadro 5. 2]). Such a level of households' monetary expenditures for purchasing food is unobtainable for Russian families who belong to the respective deciles.

The problem of poverty is very closely linked to the problem of employment. Since economic growth in Latin America had capital-extensive character, the supply of labour force was absorbed mostly by the sector of low productivity (*el sector de baja productividad*), including its "informal" and even illegal parts. In the 1990s the urban employment in this sector grew annually by 4. 2 per cent, three and a half times faster than in the formal sector. [CEPAL, 2000e, pág. 68]. The share of employed in the informal sector of the Latin American urban economy increased from 44. 3 per cent of the total employed urban labour force in 1990 to 47. 9 per cent in 1998. [CEPAL 2000d, pág. 137]. In this respect the situation in many Latin American countries is similar, too, to the one in Russia where the rise of the informal economy has become the necessary condition of survival for the poor and unemployed people. At the same time, in both regions unemployment and informal employment mounted in conditions of a skilled and qualified labour force's deficit.

The aggravation of the (un)employment problem is not distinguished from the dynamics of salaries and wages. The low level of wages is the key factor of mass poverty in Russia, even to a bigger degree than in Latin America. Approximately 70 – 75 per cent of employed in both regions get low earnings. This circumstance corresponds to incomes' differentiation. After the beginning of the neoliberal transformations the indicators of such differentiations in Russia and Latin America approached each other very closely (see table 7).

Table 7. The differentiation of incomes per capita and incomes of households in some countries of Latin America and Russia (urban areas)

(the ratio of highest to lowest deciles)

**Table 7.** The differentiation of incomes per capita and incomes of households in some countries of Latin America and Russia (urban areas)  
(the ratio of highest to lowest deciles)

Countries	Households' incomes		Incomes per capita	
	1990	1996-1997	1990	1996-1998
Argentina a)	15. 1	17. 1	26. 6	34. 1
Brazil	37. 0	42. 0	72. 3	86. 9
Chile	22. 8	23. 2	36. 6	36. 6
Colombia b)	22. 8	27. 6	40. 6	47. 7
Mexico	15. 0 c)	11. 6	31. 0	24. 8
Peru	-	-	-	22. 3
Venezuela	14. 2	18. 2 d)	26. 1	33. 5 d)
Russia	-	-	4. 5 e)	23. 3

a) – Gran Buenos Aires

b) – in the biggest 8 cities of the country

c) – 1989

d) – national level

e) – 1991

Sources: *CEPAL*, 1999b, pág. 66; *Russian Statistical Yearbook*, 1998, p. 207; *UNDP*, 2001, p. 183. Data on Peru and Russia for 1996-1998.

It is necessary to take into account that nouveaux-riches in Russia are involved in “shady activity” to a larger scale than poor people, so their incomes are much higher than official statistics show. Respectively, the income gap between the lowest and the upper deciles in Russia, by some estimation of Russian economists and sociologists reaches the ratio 30:1 or even 40:1. However, this ratio expresses only the quantitative aspect of social-economic differentiation in Russia today. Meanwhile, from the point of view of the qualitative characteristics of income distribution, the situation in Russia differs from the trends in most Latin American countries.

In Latin America we see the same tendency in wages/ salaries dynamics as in the developed, post-industrial countries of the West where social stratification based upon private property has been displaced by a differentiation conditioned by unequal access to scientific knowledge and cultural values. This tendency consists in an almost direct dependence of wage levels on the level of education. [Inozemtsev V. , 2001, pp. 373-382]. In the Latin American countries mainly those groups of the economically active population could increase their wages and salaries in the 90s, whose level of education essentially exceeded the respective level of most laborers. Thus, in the case of Latin America, the social stratification inherent to industrial, capitalist society coincides with the new differentiation conditioned by the shifts towards post-industrial society in the core countries. As experts of CEPAL/ECLA affirmed in the 1990s, the lack of sufficient education (and, consequently, the inability to get a well-paid job) was the key factor of poverty. The “contribution” of this factor to poverty was equal to 66 per cent in the continent as a whole (among all factors of poverty), 71 per cent – in Mexico, 73 per cent

– in Brazil, 83 per cent – in Chile. Only Argentina with a high level of adult literacy (97 per cent) and good indicators of schooling (average of completed school years: 10 years) represented an exception from the general situation in Latin America. The “contribution” of insufficient education and lack of corresponding skills to poverty in Argentina was equal to 33 per cent [CEPAL, 1997, capítulo I]. In this respect we can see a certain resemblance between Argentina and Russia where the formally high level of education and good qualification of the labour force does not correspond to the requirements of globalization, on the one hand, and has no significance from the point of view of the ruling circles’ interests, on the other hand. As it is well known in Russia, a big part of the population that graduated from colleges and universities (school teachers, medical doctors, engineers, scientists) survives below the poverty line. Completing our comparative analysis of Russia and Latin America, it is relevant to consider the dynamics of human development index (HDI) in both regions (see table 8).

Table 8. Indicators of the quality of life and human development index (HDI) in Russia and some countries of Latin America, 1990-1999

**Table 8.** Indicators of life quality and human development index (HDI) in Russia and some countries of Latin America, 1990-1999

Countries	Mean years of schooling (adult population, 25-59 years)				Adult literacy rate (% age 15 and above)		Life expectancy at birth (years)		Human development index (HDI)		Rank in the world by HDI	
	Country in average		In urban areas									
	1990	2000	1990	1998	1990	1999	1990	1999	1990 a)	1999	1990	1999
Argentina	8. 1	8. 8	8. 8 b)	10. 1b)	95. 3	96. 7	71. 0	73. 2	0. 807	0. 842	43	34
Brazil	4. 0	4. 9	6. 2	6. 7 c)	81. 1	84. 9	65. 6	67. 5	0. 710	0. 750	59	69
Chile	7. 0	7. 6	9. 7	10. 6	93. 4	95. 6	71. 8	75. 2	0. 779	0. 825	36	39
Colombia	4. 7	5. 3	8. 2	8. 6	86. 7	91. 5	68. 8	70. 9	0. 720	0. 765	55	62
Mexico	6. 7	7. 2	7. 5 d)	8. 6 e)	87. 3	91. 1	69. 7	72. 4	0. 759	0. 790	46	51
Peru	6. 2	7. 6	--	--	85. 1	89. 6	63. 0	68. 5	0. 702	0. 743	81	73
Venezuela	5. 0	6. 6	8. 2	8. 3	88. 1	92. 3	70. 0	72. 7	0. 756	0. 765	44	61
Russia	9. 0 f)	--	--	--	98. 7 f)	99. 5	67. 6 f)	66. 1	0. 823	0. 775	52 a)	55

a) – counted in 2001

b) – Gran Buenos Aires

c) – year 1997

d) – year 1989

e) – year 1996

f) – year 1992

Sources: CEPAL, 2000e, págs. 301-302; UNDP, 1992, p. 127-128; UNDP, 1994, p. 188; UNDP, 2001, pp. 52-53, 141-142.

It is necessary to notice that in Latin America there is no country whose HDI is declining since 1990. In Russia, this indicator has decreased below the level of 1980(!). In the world there are only three more countries with such a negative dynamic of the HDI – Romania, Zimbabwe, and Zambia [UNDP, 2001, p. 10; UNDP, 2002, p. 154-156]. Comparing with the level of 1990, it is possible to recall, too, Belarus, Cameroon, Kenya, Lithuania, Moldova, Swaziland, Ukraine, and South-African Republic as the countries where the HDI declined on the eve of the millennium. Besides, Russia has fallen out the group of countries with a high level of human development. So, it is not an occasional fact that the authors of the United Nations 2001 Human Development Report don't include Russia into the group of countries capable to become either technological leaders or, at least, dynamic adopters of new technologies [UNDP, 2001, p. 45]. Despite good potential capacities in the world-wide competition for technological breakthroughs, Russia loses positions in the world system in comparison to Latin America.

\* \* \*

Our comparative analysis allows us to conclude that our hypothesis about the "latinamericanization of Russia" concerns mostly the negative consequences of neoliberal transformations in Russia and Latin America.

If Russia could keep herself in some social-economic and technological respects at the level of at least Brazil or Mexico, it would be a good achievement of the former second super-power. Moreover, it would be a stabilizing factor in the process of all-European integration. Otherwise, in the case of the further peripherization of Russia, the EU's enlargement will meet severe difficulties because the existence of a backward Russia will go on to have a negative impact on Eastern Europe as a whole and, in principle, will end up being a serious loss for Western Europe's position in the world system. Thus, the Latin Americanization of Russia is not only a Russian internal problem. This trend threatens the stability of all of Europe.

Certainly, the enlarged EU may build up a new iron curtain treating Russia only as a supplier of gas, oil and raw materials. But such a curtain will hardly help to avoid of unpredictability of Russian politicians.

Simultaneously, the "Latin Americanization of Russia" demonstrates that a rapid opening of internal markets, liberalization, privatization and the enlargement of a field of "free market forces' play" does not always succeed to increase the level of well-being and does not bring Russia nearer to Western Europe. A "navigation" in a sea of globalzsation/ liberalization can estrange some countries from Europe. And the constructors of the Common European House (or United Mediterranean Civilization, including some countries of the Maghreb and the Balkans) must take into account this circumstance.

Otherwise they risk getting new small Latin Americas (new Venezuelas, Uruguays, Paraguays) inside of Europe.

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