

Global turmoil in the middle run

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Making predictions in the short run (the coming year or two) is a fool's game. There are too many unpredictable twists and turns in the real political/economic/cultural world. But we can attempt to make plausible statements for the middle run (a decade or more) based on a workable theoretical framework combined with a solid empirical analysis of trends and constraints.

What do we know about the world-system in which we are living? First of all, we know that it is a capitalist world-economy, whose basic principle is the ceaseless accumulation of capital. Secondly, we know that it is an historical system, which like all systems (from the universe as a whole to the tiniest nano-systems) has a life. It comes into existence, it lives its "normal" life according to rules and structures it creates, and then at some point the system moves too far from equilibrium and enters into a structural crisis. Thirdly, we know that our present world-system has been a polarizing system, in which there has been a steadily increasing gap among states and within states.

We are in such a structural crisis right now, and have been for some forty years. We shall continue to be in it for another twenty to forty years. This is quite an average length of time for a structural crisis of a historical social system. What happens in a structural crisis is that the system bifurcates, which means essentially that there emerge two alternative ways of ending the structural crisis by "choosing" collectively one of the alternatives.

The principal characteristic of a structural crisis is a series of chaotic and wild fluctuations of everything - the markets, the geopolitical alliances, the stability of state boundaries, employment, debts, taxes. Uncertainty, even in the short run, becomes chronic. And uncertainty tends to freeze economic decision-making, which of course makes things worse.

Here are some of the things we can expect in the middle run. Most states are facing, and are going to continue to face, a squeeze between reduced income and increased expenditures. What most states have been doing is to reduce expenditures in two ways. One has been to cut into (even eliminate) a great many of the safety nets that have been constructed in the past to help ordinary people deal with the multiple contingencies they face. But there is a second way as well. Most states are cutting the money transfers to subordinate state entities - federated structures, if the state is a federation, and local

governments. What this does is simply to transfer the need to increase taxes to these subordinate units. If they find this impossible, they can go bankrupt, which eliminates other parts of the safety nets (notably pensions).

This has an immediate impact on the states. On the one hand, it weakens them, as more and more units seek to secede if they think it economically advantageous. But on the other hand, the states are more important than ever, as the populations seek refuge in state protectionist policies (keep my jobs, not yours). State boundaries have always been changing. But they promise to change even more frequently now. At the same time, new regional structures linking together existing states (or their subunits) - such as the European Union (EU) and the new South American structure (UNASUR) - will continue to flourish and play an increasing geopolitical role.

The juggling between the multiple loci of geopolitical power will become ever more unstable in a situation in which none of these loci will be in a position to dictate the interstate rules. The United States is an erstwhile hegemonic power with feet of clay, but one still powerful enough to wreak damage by missteps. China seems to have the strongest emerging economic position, but it is less strong than it itself and others think. The degree to which western Europe and Russia will draw closer is still an open question, and is very much on the agenda of both sides. How India will play its cards is very much undecided by India. What this means for civil wars like that in Syria at the moment is that outside interveners cancel each other out and internal conflicts become ever more organized around fratricidal identity groups.

I shall reiterate my long-argued position. At the end of a decade, we shall see some major realignments. One is the creation of a confederal structure linking Japan, (a reunited) China, and (a reunited) Korea. The second is a geopolitical alliance between this confederal structure and the United States. A third is a de facto alliance between the EU and Russia. A fourth is nuclear proliferation on a significant scale. A fifth is generalized protectionism. The sixth is generalized world deflation, which can take one of two forms - either a nominal reduction in prices, or runaway inflations that have the same consequence.

Obviously, these are not happy outcomes for most people. World unemployment will rise, not fall. And ordinary people will feel the pinch very severely. They have already shown that they are ready to fight back in multiple forms, and this popular resistance will grow. We shall find ourselves in the midst of a vast political battle to determine the world's future.

Those who have wealth and privilege today will not sit idly by. However, it will become increasingly clear to them that they cannot secure their future through the existing capitalist system. They will seek to implement a system based not on a central role of the market but rather on a combination of brute force and deception. The key objective is to ensure that the new system would guarantee the continuation of three key features of the present system - hierarchy, exploitation, and polarization.

On the other side will be popular forces across the world who will seek to create a new kind of historical system, one that has never yet existed, one that is based on relative democracy and relative equality. What this means in terms of the institutions the world

would create is almost impossible to foresee. We shall learn in the building of this system in the decades to come.

Who will win out in this battle? No-one can predict. It will be the result of an infinity of nano-actions by an infinity of nano-actors at an infinity of nano-moments. At some point, the tension between the two alternative solutions will tilt definitively in favor of one or the other. This is what gives us hope. What each of us does at each moment about each immediate issue matters. Some people call it the "butterfly effect." The fluttering of a butterfly's wings affects the climate at the other end of the world. In that sense, we are all little butterflies today.