

The Contemporary Crisis and Future Transformations: From 1970s to the Decline of US Hegemony

I am very grateful to Dr Sene Ousmane and the staff of West Africa Research Centre for welcoming me and agreeing to host me this afternoon. I would also like to thank CODESRIA and its Executive Secretary, Dr Ebrima Sall, for arranging this meeting. I am greatly honoured that all of you have put aside all your usual activities to come and listen to me.

My reason for coming to Dakar was to meet with Dr Sall and his colleagues at CODESRIA to discuss possible collaborations and a series of new initiatives to strengthen social science research in Africa. And so far, I think, we have had useful conversations which have given us an assurance of the way forward.

CODESRIA is in a sense like family friend to the Social Science Research Council (SSRC). We have interacted in many ways. Some of the people involved in CODESRIA activities have been part of our engagements. Ebrima, who now leads CODESRIA, has been part of our programmes, and Professor Mahmood Mamdani, former CODESRIA president, has for a number of years been a member of some of our boards and has been active in our programmes. We have also shared a number of other colleagues in various research activities.

The SSRC, like CODESRIA, is a distinctive kind of institution. It is only one of its kind and I am sure that Ebrima also has the problem of people saying: "Oh, would you explain what it's like?" and they are serious with this kind of question. But CODESRIA is not like anything else, it is just CODESRIA; and the same is true with the Social Science Research Council. It was founded in 1923, and its founding had one major impact: it invented the word "interdisciplinary".

Already in 1923, a group of professors mainly from Chicago and Columbia universities in the US were worried that the disciplines were organising conversations inwardly; about their problems and not outwardly about the world's problems. The founders of the SSRC basically said that, left to them, academic research-

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ers will talk only to one another in ever specialised ways and this would lead to a crisis for the public because public problems do not come organised in those specialised compartments. And so, the idea was to try to find ways to talk about what they were trying to create. They wanted to raise standards, to invigorate research, and to support young researchers. But then they said: "We want to get the researchers in different disciplines and different universities collaborating and talking to one another." And they coined the term "interdisciplinary" to talk about this.

Now, I would like to tell you that in its 87 years of existence, the SSRC has been trying to solve this problem but, unfortunately, we are a failure. It is still true that, left to themselves, professors will talk to their colleagues within their specialty in ephemeral groups and sometimes neglect the public problems. So, even though we have been working on this for 87 years, we still have a lot of work to do.

The early years of the SSRC focused on the United States. So it was bringing people together in interdisciplinary ways from different institutions, but initially overwhelmingly Americans. When it did international work, it meant training American specialists on foreign places. And Americans came to Africa, they went to Asia and they studied other parts of the world. The SSRC played the central role in the creation of what (in US) are called area-studies programmes, such as African studies. These flourished for a long time and I am not going into a long history about them. But that is not what we do now, at least not in the same way, and this is relevant because the change is that our concern is first not simply with strengthening American research on

other places, but strengthening research and the networks of researchers in those places. So as we strengthen and try to contribute, with CODESRIA, to strengthening opportunities for research on Africa, it is not just for American researchers, it is for African researchers, it is for researchers who are in the Diaspora but doing research on Africa and it is knitting together researchers around the world and about Africa, it is in part about Africa in a global context. The same goes for Asia or the Middle-East or other agendas.

The second thing that is different about the way in which we have conceived these programmes now is that we do not think of these regions as containers. When these programmes were formulated 60-70 years ago and flourished through the 1960s, the primary idea was that there was something inside those places – inside China, inside Africa, inside Europe, inside each society – that was the whole focus of attention, so that the continent in the case of Africa was a sort of container, a network of African civilisations, African languages, African literatures, and African political problems. There might be some comparative research but there was a strong sense of boundary. As we look at the world now, we do not see such a strong sense of boundaries and we should not have seen them all along. It is not only that globalisation has changed the world, it is that we have begun to change how we think about the way in which Africa is knit together with the Caribbean and with other societies and what Paul Gilroy called the Black Atlantic; about the way in which Africa today is knit together with China and in relationships involving natural resources that are sold around the world and projects – building roads and other infrastructure in Africa which are in part based on technical systems and sometimes financial systems from outside. It is about the ways in which something like global capitalism was affected by and affected Africa at many different points. But let me just hold one example out to make the point. You

cannot give an account of the fate of Tanzania in the world economy, and of what happened to the model of African socialism in Tanzania just inside Africa, because what happened had to do with the terms of trade with the rest of the world, what happened had to do with the opportunities for integration and the sometimes unequal terms of that integration in the rest of the world. It is the totality of all these that shaped the fate of Tanzania.

My point in giving such an example is to demonstrate that once you begin to look at it a little bit differently, you see a wide variety of interconnections; and although it is still important to study Africa, it is not simply a matter of looking inside a container for things that are only there; it is a matter of studying processes that also connect Africa to the rest of the world, that fall across borders.

The same is true in other parts of the world. English is an Indian language. The first professorship of English in the world was in India, not England, in the colonial era. It is a language widely spoken in India, and you do not understand how Indian politics work if you do not realize that the discovery of India the great block by Jawaharlal Nehru – which is in many ways the founding national story of modern India – is written in English by somebody who spoke a bit of his native Hindi but did not write easily in Hindi. And again, my point is that there were intertwined stories. Indian nationalism is something built in an international context and the same is true of nationalisms in Africa, the same was true of Pan-Africanism. It was not something contained in a narrow sense but something related in a broader sense to the rest of the world.

So, the SSRC is still engaged in research all over the world. About three quarters of our work is now outside the United States, some of it still involves American researchers who go to other places, some of it involves supporting students doing PhDs (students coming from all over the world to do PhDs in North American universities), some of it involves projects like the one that we hope to start with CODESRIA – that is designed to strengthen institutions and research opportunities in other places in the world. We do not think it is our role to be simply a national institution. That is partly because the SSRC is not a government institution. It is an

independent foundation, a non-profit organisation (call it an NGO if you like). It was founded by the Rockefeller family and it is funded by a wide variety of foundations and indeed various governments. Our largest government funder is actually Japan, not the United States.

Now, I am happy to answer more questions about the SSRC but I am not going to make this a speech about the SSRC. I mention all of this partly to say where I am coming from but also because I think this sort of transformation of an organisation founded in the United States, with mainly United States interests at heart, into a more global organisation is related to a larger body of social affairs which I want to talk about.

As Ebrima mentioned in his introduction, we at the SSRC have taken on the agenda of trying to nurture a more public social science. By that I do not just mean that we hire publicists to try to call attention to our publications; I mean that we try to study things that are important to public affairs, public discourse and identification of the public good. We have a range of different thematic projects and agendas and we work largely by identifying lines of work which seem important, which have some people working on them, but which have not received the resources and the backing they need. Whether it was work on HIV/AIDS a decade ago or it is work on issues of post-conflict recovery or issues like gender as they appear today.

So, we have several different thematic projects. They range from migration and global conflict issues to issues of digital media and learning. So, lots of different projects that I will not try to detail. But in all of them, we try to bring together empirical research to identify knowledge by research, critical perspectives, critical theory in the specific sense but not in the narrow sense that says just what some people in Frankfurt called critical theory, but the idea of looking critically and recognizing that the facts that we find are not always the final answer, because there is the history before and there is a future after and there are possibilities for making the world differently. So, I do not mean that we ignore the facts, or that we do not try to have the highest quality of empirical research. I mean that we try never to say that what happens to be on the ground today is the way things always have to be. And therefore we are

concerned, as I will be in a couple of moments, to identify possible futures as well: to bring together the empirical knowledge with critical inquiry that asks what are the reasons why the facts are what they are today, how does power influence them, how do economic interests influence them, how does history influence them, and so on. And we also hope that this will contribute to making social science useful in practice. But by ‘practice’, we do not mean only government policy. We include government policy, but we include social movements that are trying to change government policy or change the attitudes of people and society. So, being practical to us does not mean only giving policy advice to governments or business leaders. It is a wider notion of the ways in which knowledge can really change society.

Now, I turn to my topic, to which I only gave this title when Ebrima wrote to me just a day ago but which notwithstanding is actually part of what we have always discussed about. We have been looking through a crisis. Africans are well aware that the crisis that has been in the news called ‘the financial crisis of 2008-2009’ is for one thing a sort of tip of an iceberg; it’s a part sticking out of a bigger story. But it also comes on the heels of a series of other crises. The first thing that I want to emphasise therefore is that despite the fact that I think you all know this, and I know this and most of the people I talked to know this, most of the media, most of the policy leaders, especially in the Global North, talk as though that were not the case, as though this was a shocking, unpredictable event. Unprecedented really? There was the Great Depression back in 1929 that had something similar, but in fact there have been recurrent crises. Now we can analyze the recurrent crises in Marxist terms and identify the underpinnings of capitalist economies that make for economic crises. But also, we can look historically at the way each specific crisis influences other ones. And I want to take the crisis of the 1970s because I think the crisis of the last couple of years is closely related to it, about 35 years earlier. This is a crisis that had particular effects in Africa and African universities.

I used to teach at Khartoum University in the 1980s and one of the distinctive features of the university was that it had a wonderful library as long as you did

not want to read a book published after 1974. Why 1974? Because, after 1974, there was no hard currency to buy books. This is tied to the OPEC boycott and the rising oil prices which in the case of Sudan, as in many other African countries, meant rising oil prices and rising prices for other goods that had to be imported and books getting pushed to the backburner and the lower priorities of the state budgets. But it was not just the OPEC crisis. What went on in the 1970s in part was a crisis that capped an era of rising demand. We can see this in African terms, but it is also something that was true in US and European terms, in each case somewhat different but with a common patron.

The common patron was that there had been expanding demand through the 1960s. In the case of Africa this was for the most part the post-independence boom. The rising demand, the prosperity, the hope of African countries after independence that they would be able to rapidly develop, to improve the living conditions of their peoples and join the larger world in one or another economic position. There were those who approached the larger world mainly with reference to the Soviet Union, and those who approached it with reference to the United States. And the newly independent countries were not only seeking wealth, but also seeking greater say over their destinies, a bigger share of all that was produced in the world because Africa, Asia and Latin America were producing more than they were able to consume. They were sending the extras to the Global North and so this effort was not just an effort to grow but an effort to redistribute. And the crisis that took place in the 1970s was, among other things, a part to that redistribution. That crisis had various other features. There was the new phenomenon of the oil producing countries in Africa, the Caribbean, Latin America and so forth, but it tilted the balance of this so that some profits went to the hands of those who controlled these natural resources. Sometimes, that meant that whole countries did not benefit often, that only rulers benefited, and that increased corruption. But this is also an issue in the United States and Europe, where a growing middle class sought a change, demanding a more egalitarian distribution of wealth. So, in the United States for example, during the whole post-

World War II period until 1973 or so, there was more and more equality every year. After 1973, inequality grows every year. The United States was then becoming more equal in its distribution of incoming wealth among citizens until the 1970s. The civil rights movement on the part of African Americans was a big part of that but not the only part, and it began to be reversed in the 1970s. The aspirations of people who had less but worked more to have a bigger share were again blocked as they were in Africa and the Caribbean, and military dictatorships came up in Latin America and other places.

There were other things going on. A peace movement was challenging a nearing querulous war, the Vietnam War that would end in 1975. So, for years, America's place in the world had been distorted, as France's was before it, by querulous wars. As France had fought in Algeria, so the US carried a certain kind of imperialist project forward, even though not in strict colonial form. And this came to a head with the Vietnam War, during which massive amounts of resources were consumed but this only helped to bruise the economy because we were producing aeroplanes and bombs and all other war materials.

There was also the Yom Kippur War, the Palestinian-Israeli war in 1973, which initiated the more or less continuous series of crises immediately in Palestine but also with violent replications around the world. The conflict which dates back to 1948, to the origins of Israel, took on a new form after 1973, exported outside that immediate region of Palestine to affect wider areas of Lebanon. But then also eventually September 11 and the continuing issue that is described as the issue of terrorism, though I think that is actually confused as a tactic with an underlying movement. In addition, what heralded the Israeli war and the Vietnam War was an issue of financial collapse. The United States pulled out of the Bretton Woods Accord in 1971 (I think now only history students know what the Bretton Woods Accord is about) but this was essentially an agreement among the world's rich countries that established the World Bank and the IMF (we all know what they are!) but also established an agreement about how to control currency prices and keep them backed against equal standards and so on.

There is a long history about it that I will not go into again, but the collapse of the

BW Accord, the pulling out of this global financial agreement changed a number of terms, and there is a lot more that came ahead in the 1970s. I am not going to say anything about it except that you all know I have described a crisis that could not be said to be just economic. It was military, it was political, it was social. It was a crisis that was shaped by changing gender relations and changing family relations. It was a crisis that was shaped by organisations, a crisis that was shaped by challenges to authority. Part of what happened in the 1970s was that those with the most influence over investments and structures of capitalistic accumulation recognized they were facing declining rates of profits, that investment in traditional industries was not as rewarding as it had been, and that after the collapse of Bretton Woods and with some other changes, there were opportunities for the deregulation of financial markets. They began an organised campaign to persuade the US Government, the British Government and others to lift government regulations that had previously limited financial markets. A simple example: since the Great Depression, the one that started in 1929 and extended into the 1930s in the United States, banks were not allowed to work across state lines in the US. In the 50 states of the United States, banks could only work in one state. That later changed as a result of the campaign that started in the 1970s. It enabled the establishment of bigger and bigger banks which include City Bank and Goldman Sachs – these famous banks that would eventually be judged to be too big to fail, so that the taxpayers would have to bail them out in the recovery package that even President Obama who was not in office when this all happened felt he had to pursue.

That has roots in the 1970s and more generally the roots reveal a picture in which there was a turn to "financialization", a decline in investment in industry in the rich countries of the world, the movement of industrial production just proportional to Asia, and to some extent elsewhere in the world, away from the United States, Europe and so forth. But there were lines on new financial mechanisms as the primary generators of capital and profit. This meant new occupations, investment bankers who were a smaller than usual occupation, moved into the forefront as a highly active career choice. So the best

and the brightest at Harvard and Princeton wanted to be investment bankers. They did not actually want to be sociologists, professors. But there was a move in occupations. Financial engineering, a term nobody had heard uttered before, came into existence with the development of derivatives and credit default swaps and new kinds of financial instruments. Financial engineering, a kind of meeting point of engineering and economics, aims not to study the economy, but to redesign it by using financial instruments.

That millions and millions, yes, billions and billions of dollars were made in this financialization of the economy created massive insolvent debts in many African countries in their bid to meet their obligations and execute development programmes, leading to the IMF's introduction of structural adjustment policies. This is all rooted in that transition that goes on in the middle 1970s and continues for some years; and it is not something that just happened, it is something that developed out of the decisions in the US of the 1970s. It is a future made to happen by people who campaign, who get the governments to change the regulations, who develop new financial instruments, who create new businesses like hedge funds.

A small side story, the hedge fund was invented by a sociologist. It was invented by a sociologist of Pakistani descent in England in the 1950s, as an alternative investment for social welfare precursors and to stabilize capitalist markets. The idea however was taken over in the creation of a number of new companies that were doing the speculative kind of investment called "hedge funds". I am not going to try to give you a detailed explanation of hedge funds, save to say that a key feature of hedge funds, whatever they use as their technical trading operations or whatever guides their investments, is that they were mostly opaque, they were not transparent. It was not visible to the outside world what they did. Unlike conventional operations, they were not required to disclose their investments. A general model is required to tell potential shareholders and the American public what it is spending its money on, how it is deriving its profits, hedge funds or not. So the distinctive feature about what came to be called alternative investments overwhelming financial market

investments is that they work outside the scope of state regulation. This was part of what has sometimes been called neoliberalism or the hollowing out of the state, the weakening of state capacity. This has had a nice face often, and there has been a kind of positive optimistic embrace of this in cosmopolitan democracy and thinking in political theory about how wonderful it is that we appreciate human rights, we are all in one world, we are all connected and we should look beyond the nation state. I said at the beginning, that that is what we are doing presently: we are looking beyond the nation state, we are part of a global trend. But sometimes that encouraged people to think that states do not matter. That states were all-authoritarian structures, that they were just those old men that you really did not want running anything anyway, and so it was better if you had NGOs, and if you had civil society, and if you had anything else including hedge funds and financial investments. Now, my point about this is not that I want to say let us all celebrate the state as the be-all and end-all, but rather that states play a very important enabling role. Even if you choose to support a capitalist economic model, the model depends on states that enable it through currency and money and other kinds of conditions, and one would have to rely on regulation to deal with some of the thorny internal issues. The IMF has just proposed a new global financial regulatory model, some version may eventually get adopted after it has been debated. One feature of this is a tax that has to be paid in anticipation of the next crisis. The IMF has predicted that there will be another crisis, and that it will be necessary to bail out firms; so, it is going to impose a tiny tax on financial transactions in order to accumulate reserves for that purpose. That might be a perfectly good idea but note that the crisis did not come out of unknowable factors. Who could possibly imagine a crisis in the US markets, US housing markets that would need more hedge back securities to get into trouble; no, it is much more knowable than that.

Now, let me situate what I have been saying, it is basically that much of what went on in 2008-2009 has *among* its historical roots, not its *only* historical roots, a set of events in the 1970s, in another capitalist crisis, but a crisis that was not only capitalist, not only economic but social; that this crisis

helped to bring about the era we called neoliberal, that it made possible this sort of pursuit which on the one hand was the celebration of individual freedom against the state, but on the other hand was a reduction in social and state capacities to organise life and help to produce this specific version of the crisis we saw in 2008-2009, and which we are still reeling from in various ways.

In conclusion, what I want to do is say something about possible futures. Because the world is not going back to what it was before 2008. It is not going back in the sense that there is not going to be the same employment patterns, there aren't going to be the same jobs in the same industries in the same countries that there were before.

US hegemony was already, probably declined, and it is going to be in continuous decline. I am not making a prediction for how fast or how slow. My friend Emmanuel Wallerstein thinks "We're gonna live to see it", and he says it to anyone. So who is going to live to see it? I think it is likely to take much longer. I think the US is likely to be the most powerful country in the world for some time but with a gradually weakening grip, and a key question is how will the US respond to this gradually weakening grip? Will it gracefully and constructively help to build a world order that is multilateral? May be. Or will it engage in a variety of projects that are attempts to show up its order to reassure itself that it is still the hedge man, to maintain its security and to maintain the capital accumulation capacity of its richest citizens and corporations? I don't know the answer. I think that is a pair of possible futures. I think that that is one very big factor that is reshaping the world, and I am just going to say two things because I don't want to take too much time. I do not want to pretend that there are only two big factors. Other big factors exist. One of them is a restructuring of global power and I think that it is a geopolitical restructuring, if you like that phrase. We had the cold war for a long time and two superpowers and other countries of varying power in an essentially nation state structure of the World. We have lost one of those superpowers into secondary power status. The United States briefly was the world's lone superpower and we are now seeing the rise of China, we are now seeing a variety of shifts.

Now those shifts could be the coming of chaos, a bunch of different countries pretty strong fighting with one another. They could be the coming of a multilateral system in which those countries cooperate with one another. If it is a multilateral system, it could be for their benefit and not everybody else's. Or it could be structured in a way that creates opportunities and rights for people who don't live in one of those countries. But it is very likely that however the future develops, China and India, Iran and Brazil, Russia, South Africa, Europe – in some sense more national, more integrated, and United States – will all be world powers.

They will not all be equals but they will all be pretty powerful. Powerful enough, that none of them can be relegated to entirely secondary status outside discussion. By itself England, by itself France, are not going to be powers of that kind. Possibly in an integrated Europe, they will have that kind of weight, but there is going to be a shift in the organisation of power on a global scale. There are various strategies being played out for dealing with this. So the Emirates (the Arab Emirates) are pursuing a strategy of essentially trying to become the Singapore of the Middle-East, building banking and financial institutions, trade institutions and information technology capacities.

Abu Dhabi has just given my university 500 million dollars to open a campus in Abu Dhabi. That is not because there were so many students unable to go to college in Abu Dhabi, but simply because

there was a project to position Abu Dhabi as a centre that would be of service to a global economy that was reorganising in a way such that it would not be equally dominated by the United States. So one big set of changes are that it is not clear how that will play out whether there will be rival blocks, whether the US and China will get together and essentially dominate in a condominium, whether there will be close cooperation through new institutions or whether there will be constant friction and problems as there are, say, between Iran and most of the other powers now. There could be a slightly longer list. May be Turkey is going to be one of these powers. We can begin to guess at which countries are or are not going to get on the list. But the point is, it is not going to be just the United States. Now, the second thing that I think is changing is a return of what we might call "social reproduction of social issues". Whether people have jobs, whether they can finance their families, whether they can support their children who go to school, whether there is the development of human capital, not only financial capital or industrial capital, whether there are educated populations in a country able to help it be a player in a global economy in the new context. So the institutions, precisely the institutions that are most important for the future, are those dealing with social reproduction and the reproduction of human beings, societies and communities. These are the ones that have been challenged most in the last 35 years by cuts in higher education spending and health care.

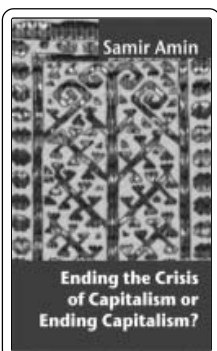
One of the basic stories that are never told about the AIDS crisis in Africa is that a significant part of that crisis was caused by the IMF. I don't mean some strange conspiracy but created out in the sense that when the IMF ran out, most infected people died. I mean that one of the consequences of Structural Adjustment policies was to deeply damage national healthcare systems, so that when AIDS became a crisis those national health care systems were not there to help deal with it and it became much worse, harder and more expensive to distribute antiretroviral drugs when they became available. Therefore, distribution depended more on the US Government and PEPFAR, on the Global Fund and the effort to finance from the UN.

But the point is, social reproduction matters and we have been hollowing out and undermining our institutions of social reproduction since I started, since the 1974 crisis, and the inability to find a book written after 1974 in university libraries. So I think, to deal with our possible futures, to create effective opportunities at the national, regional level and global levels depends on overcoming that patron of hollowing out; and to do that, we have to pay attention to the deeper historical roots of the crisis and the roots that shape the possible futures.

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Ending the Crisis of Capitalism or Ending Capitalism?

Samir Amin



With his usual verve and sharpness Samir Amin examines the factors that brought about the 2008 financial collapse and explores the systemic crisis of capitalism after two decades of neoliberal globalisation. He lays bare the relationship between dominating oligopolies and the globalisation of the world economy. The current crisis, he argues, is a profound crisis of the capitalist system itself, bringing forward an era in which wars, and perhaps revolutions, will once again shake the world. Amin examines the threat to the plutocracies of the US, Europe and Japan from decisions of recent G20 meetings. He analyses the attempts by these powers to get back to the pre-2008 system, and to impose their domination on the peoples of the South through intensifying military intervention by using institutions such as NATO. Amin presents original proposals for the way forward: an alternative strategy which, by building on the advances made by progressive forces in Latin America, would allow for a more humane society through both the North and the South working together.