

# GLOBAL SECURITY AND POLITICAL ECONOMY



Aditya Kashyap  
Vijay Srivastava



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# CHAPTER 1

## THE SIGNIFICANCE OF ANTICIPATING FUTURES IN SOCIAL SCIENCES

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### ABSTRACT:

The field of social sciences has long been concerned with understanding the complexities and dynamics of human societies. As the world continues to undergo rapid changes and transformations, there is an increasing need to anticipate and prepare for future scenarios. This paper explores the concept of anticipating futures in social sciences and highlights its significance in shaping research, policy-making, and societal development. Drawing upon interdisciplinary perspectives, the study examines various methodologies, theories, and tools that enable social scientists to anticipate and analyze future trends, challenges, and opportunities. It also discusses the ethical considerations and potential implications of anticipating futures in social sciences. By fostering a forward-thinking approach, social scientists can contribute to informed decision-making, proactive policy formulation, and the creation of resilient and sustainable societies. This paper emphasizes the importance of integrating anticipatory thinking into the fabric of social sciences and calls for further research and collaboration to enhance our ability to anticipate and navigate future uncertainties.

### KEYWORDS:

Social Sciences, Scenario Planning, Strategic Foresight, Trend Analysis, Societal Development.

### INTRODUCTION

All social interactions need some level of anticipating the future, but this is especially true in the context of contemporary organizations. The future, which is real but not yet determined and therefore consists of a multitude of different possibilities, unfolds through various transforming events and nodal points.<sup>3</sup> Future possibilities are based on the already existing geo-historical social structures. If social sciences are to be relevant, they should also be able to speak about possible and likely futures. Forecasts are dependent on a variety of ambiguous factors, including the many geo-historical processes and mechanisms, the forms of responsiveness of actors, and layered systems of collective learning and self-regulation since history develops in generally open systems [1].

For better understanding history and major historical events and transformations, John Maynard Keynes emphasized the importance of incremental cumulative changes in *The Economic Consequences of the Peace* and in particular in his analysis of the 1917 Russian Revolution and the American Civil War. The great events of history are frequently caused by secular changes in the growth of population and other fundamental economic causes, which, escaping by their gradual character the notice of contingency planners, On the other hand, unusual occurrences and happenings have also had a significant impact on global history. Economic crises and large-scale mass violence, especially wars that immediately affect the global economy's core regions, have sometimes acted as catalysts for profound shifts in ideology and institutional structure [2]. For instance, despite fast population increase and other



basic economic considerations, and against the inexorable will seems improbable that the Russian Revolution of 1917 would have taken place in Russia without the devastating First World War, according to Lenin and other leaders of the tiny Bolshevik group of the Russian Social-Democratic Labour Party. The Great Depression of the 1930s and the Wall Street Crash of 1929 both had a significant role in the ascent of the National Socialist German Workers Party to power in Germany in 1933. The Great Depression of the 1930s sparked processes of collective learning that led to a widespread adoption of Keynesian economic doctrines. The Bretton Woods system of global economic governance, adopted by 44 states in New Hampshire, US, in 1944, was one of the results of these learning processes [3].

Future projections might be deceptive. Many people in late nineteenth-century Europe, including well-known social scientists like Auguste Comte, Karl Marx, Emile Durkheim, and Max Weber, believed that war was becoming obsolete due to the rapid integration of the world's communities and economy. The imperialist rivalries between the hegemonic countries, which in the 20th century had caused two world wars, have vanished, giving rise to interdependence between the great powers, cooperation, and regional cooperation. Similarly, a century later, it appears that there is a post-cold war "meta consensus" that claims that "we are entering a period in which deep political rifts are disappearing." As a result, "only small wars exist today, many of which are of low intensity and almost always on the fringe of the world system." This view is strengthened by the apparent reality that there have been fewer conflicts and war-related fatalities after the conclusion of the cold war than in earlier decades. War has become far less common and deadly in the early 21st century, according to the University of British Columbia's Human Security Report 2005.<sup>4</sup> The number of armed conflicts has decreased by 40% since 1992, and the conflicts with 1,000 or more battle fatalities have decreased by 80%. Less than 5% of all military conflicts now are wars between nations, a decrease from earlier centuries [4].

Future predictions are seldom unanimous. There were many people who did not believe that conflicts in Europe were ending between 1870 and 1914. After the Industrial Revolution and the Napoleonic Wars, European countries were more concerned about the technical advancement of other nations and, as a result, they continuously produced and accepted new military technology. For instance, during the 1862 battle between the ironclad Monitor and the Confederate Merrimac during the American Civil War, there was a concern in Britain that the country would soon be without an effective navy due to technical advancement. At this period, explicit predictions of upcoming battles also began to occur often. An anonymous report of a victorious German invasion of the UK in the early summer of 1871, after the Franco-German war, terrified the British and quickly gained popularity throughout Europe [5]. This tale, *The Battle of Dorking*, served as a model for several works of future-warfare fiction. These tales were already commonplace in the popular press by the 1890s.

Many authors envisioned future battles, and some even maintained a gloomy view of increasingly more catastrophic wars between the contemporary nations, whilst Victor Hugo predicted that the advancement of technology would finally offer a supreme deterrence and render war obsolete. H.G. was arguably the most significant of all these futuristic writers. Wells, who quickly started to promote a global government as the answer to humanity's problems. Before the invention of aeroplanes, in 1902, Wells predicted an aerial conflict. Furthermore, Wells predicted the emergence of atomic power and weapons in 1913 and envisioned a devastating global nuclear conflict taking place later in the twentieth century. Wells advocated a universal republic in 1902 in his non-fiction work *Anticipations of the Reaction of Mechanical and Scientific Progress upon Human Life and Thought*, a concept he had begun to develop in many of his works published before the First universal War. There is

either anarchy or the United States of the World for humanity, he wrote in 1917 [6].

Similar to this, a variety of tales and hypothetical war scenarios were produced throughout the cold war. Famous mass cultural products include Stanley Kubrick's *Dr. Strangelove or: How I Learned to Stop Worrying and Love the Bomb*, which is loosely based on the thriller novel *Red Alert* by Peter George; Nevil Shute's apocalyptic novel *On the Beach*, which was adapted for a popular Hollywood screenplay in 1959; Herman Kahn's famous and overtly optimistic scenario on manageable nuclear war; and *The Day After*, an American television movie about a However, in the early aftermath of the cold war period, a sense of relief that was often ecstatic prevailed. For a time, the idea of a large-scale conflict involving weapons of mass destruction was disregarded in the belief that History had finally come to an end. The meta consensus won out as a result: multilateral cooperation would prevail, at least in the key sectors of the global economy, and conflicts would become less common [7].

The possibility of nuclear war has returned, however, after around 10 years and a series of small-scale conventional battles that have been dramatized in the international media. Apocalyptic fiction has recently become more popular. The popular Tim LaHaye television series *Left Behind*, which has sold over 60 million copies in the US between 1995 and 2006, is a drama about the end of the world as we know it. It is supported by a significant portion of the Religious Right in the United States, which is sympathetic to the administration of George W. Bush. A number of well-known futurologists and scientists have also authored best-selling books on the likelihood that mankind will survive the twentieth century at the same time. In these narratives, violence, conflict, and emerging destructive technology play a significant part. In addition, compared to when it was established in 1949, the renowned Doomsday Clock of the Bulletin of Atomic Scientists is now closer to midnight:

A second nuclear era is about to begin as we speak. The world hasn't confronted such risky decisions since the first atomic bombs were unleashed on Hiroshima and Nagasaki. The most destructive technology on Earth's problems have not been resolved, as evidenced by North Korea's most recent nuclear test, Iran's nuclear ambitions, the United States' renewed emphasis on the military utility of nuclear weapons, the failure to adequately secure nuclear materials, and the continued presence of about 26,000 nuclear weapons in the United States and Russia. The end of the cold war did not, however, eliminate the issue of emerging weapons of mass destruction, as acknowledged by the academic field of international relations. Alexander Wendt, one of the most well-known IR theorists, has advanced the Wellsian line of thought by asserting that "a global monopoly of violence a world state is inevitable." Wendt's thesis also addresses the propensity for warfare and military technology to grow more destructive, as well as the need of learning from the ensuing mistakes and weaknesses. Despite the fact that ballistic missiles and nuclear weapons have rendered the size of surviving nations outdated, they may have been effective for many millennia. Warren Wagar's *a Short History of the Future*, a less well-known but compelling scenario, predicts the demise of the global capitalist system, the killing of 6 billion people in World War III in 2044, widespread hunger, and the establishment of a democratic socialist world state in the 2060s [8].

Future predictions are often based on current historical events, transient trends, or simple ideological delusions. This book's central claim is that they should instead be based on a methodical causal examination of structures and processes, particularly those that have the capacity to cause crises and other possible nodes of global history. Scenarios may not equate to forecasts. They begin by analysing the current structures and processes and the underlying potential that exists within them, along with the presumption that futures are open until a certain potential is realised. What do we know, for instance, about war's origins in the late 20th century? Studies of post-World War II conflicts in the global south show that economic

downturn and rising inequality often precede humanitarian crises, catastrophes, genocides, and wars [8], [9]. Should we not also consider what might occur if the global economy as a whole is experiencing a protracted period of sluggish and unstable growth, rising inequality, and rapid geo-economic relocation of industrial production based on the correlation between socio-economic developments and violence? Is it feasible that disputes might re-escalate and become violent, even in the pivotal regions of the global economy that are undergoing change? Or will these risks prompt a process of collective learning that helps make systems of global governance more resilient? Are there any takeaways from the global histories of the nineteenth and twentieth centuries in this regard?

### **Historical Comparisons**

According to Marx, who quoted Hegel, everything in history is cyclical. Nothing, however, ever stays precisely the same. According to Marx, the first occasion is often a tragedy and the second, a comedy. Marx believed that even though the objective circumstances have changed, a repeat of the tragedy of 1870–1914 may be a farce because the actors fail to recognise what is new or because of a backward learning process.<sup>6</sup> In this book, I explore the possibility and likelihood of a repeat of the tragedy of 1870–1914. The issue is that "the worst catastrophes could not kill mankind in the past." Would it be feasible to recreate the events that led to the First World War, possibly in the form of a tragic farce?

History doesn't really repeat itself. Temporal social situations are always unique in some respects, and every action has the potential for a distinct outcome. Explanatory models, which I sometimes refer to as iconic models, on the other hand, are predicated on the moderate use of abstraction and idealisation. Additionally, the systematic use of imaginative metaphors and parallels is crucial for creating a suitable iconic model. Social scientific research begins with a wide pluralist group of fascinating options and gradually eliminates and refines them until only a limited range of fully accepted iconic models is left. This method is preferred to deriving propositions from "a secure starter set." The reductive method of model construction is this. A model represents a genuine causal complex or complexes in the social environment. Iconic models are projective and make reference to the actual world.

Research is coming upon, gathering, and examining historical evidence as opposed to couch philosophising. Ontologically speaking, qualitative evidence is more important than quantitative data, despite the latter's need and, as will be shown, often great value. Evidence gathering and analysis include two hermeneutic processes. Both the lay actors' tales and the researcher's iconic models take on a narrative shape since they are both positioned in both time and location. Now it is feasible to produce an abstract analysis of current mechanisms and their underlying contradictions using idealisation, abstraction, and analogy, i.e., a sketch of plausible developmental possibilities given certain mechanisms, inclinations, and contradictions. On the basis of this, we may also create tales and scenarios of potential and probable futures.

This book's main historical allusion is that the modern age has many similarities to the period between 1870 and 1914. This may also be stated more hypothetically: my theory is that at least some of the fundamental processes, inclinations, and paradoxes are essentially the same throughout different periods, despite numerous visible changes. I'm not the only one who thinks there are parallels between these periods. For instance, Paul Hirst and Grahame Thompson claimed that the international economy was at least as linked before 1914 as it is now in their famous criticism of the globalisation thesis that the late twentieth-century globalisation is unique. For example, the pre-1914 world was more mobile and globalised in terms of migration. Robert Went, in a minor departure from Hirst and Thompson, highlights both significant parallels and differences:

Even though there are many similarities, economic globalisation is not a repetition or continuation of this earlier period of capitalism today's world economy is characterized by an increasing number of cross-border links among different countries, a growing emphasis on free trade and free movement of capital, and a decrease in the number of international trade barriers. As a result, competition among the major capitalist nations today is mostly economic and seldom ever military. But renowned historian Bernard Porter makes detailed comparisons between the British Empire and the following American non-territorial "super-empire." In contrast to Went's conclusion, he contends that American practises are more often than not comparable to those of Britain in the 1840s and 1850s than to the more overtly imperialistic control of the late nineteenth century. But he comes to the conclusion that in some ways, the United States has already advanced farther than the British Empire ever did. On the crests of waves of burgeoning trade and foreign investment referred to as "free trade" in one instance and "globalisation" in the other both "empires" have emerged and then extended over the globe. The "imperialism" of today's America is not like that of the past British Empire. She surpasses all past empires the world has ever known in size, including the scope of her cultural and economic influence, her military superiority, and the depth of her desire to reshape the globe in her own image.

The George W. Bush administration 'may want to return to pre-1914 conditions, when the only international restrictions on the right of each sovereign state to use force were rules dealing with the *jus in bello* the ways in which force could be used but not with the goals,' says Stanley Hoffman, who focuses on the rules of the use of force. Philip S. Golub agrees with Hoffman on this issue and goes on to say that recent events may have contributed to the circumstances that persisted from 1870 to 1914. The conflict between "the transnational character of capitalism and the segmentation of the modern interstate system along national lines" proved catastrophic during that wave of globalisation. The concept of late 20th-century globalization—the unification of the international economy under a neoliberal model seems worn out. Imperialist conflicts, increasing nationalism, escalating trade battles inside and beyond the capitalist core, and social unrest worldwide are only a few of the symptoms. Deep structural imbalances in the international economy and a global rise in social disparities within and across countries are at the root of all of these problems [10], [11].

These assertions that two geohistorical periods are comparable focus on somewhat different areas of global politics and the economy and may also vary slightly in their interpretations. Analogies may be employed in arguments in a variety of ways, from those that highlight similarities in certain areas to those that highlight similarities in terms of a trait or result known to pertain to one analogue but not the other. However, historical comparisons are inherently complicated and subject to many interpretations. If there are significant differences between the periods, it is necessary to determine if another trait or result from the earlier period is also likely to be present in the modern day. There are both horizontal and vertical relationships in any historical parallel. Vertical relations address significant causal mechanisms and processes within the historical periods as well as potential causal linkages between them, while horizontal relations address similarities and contrasts within the historical eras. Studying vertical linkages by developing explanatory models of major contrastive processes, trends, or results in both periods is crucial for determining the degree of validity of an analogy.

Here, a word of caution is necessary. Analogies have, according to studies on the use of precedent cases and historical examples in foreign policy decision-making, "almost always misled" the decision-makers. Instead of systematically analysing long-term historical processes, typical erroneous comparisons have been based on descriptions of spectacular

episodes or events, such as "summer 1914," "Munich 1938," "the Winter War 1939–1940," "Operation Barbarossa 1941," "Pearl Harbour 1941," and "Cuba 1958–1959." It's possible that certain diplomatic conversations, unexpected wars, or revolutions don't really represent nodal points in the traditional sense; rather, they should be seen as the results of prior events and turning points. Furthermore, misapplied analogies often start with simple, unreliable statements of their sources. For instance, American and other Western foreign policy leaders often believed that the Munich Agreement with Hitler's Germany produced "Munich 1938" and that the Second World War started as a result of Western indolence. Although Britain was undergoing massive military rearmament at the same time as the negotiations, a methodical analysis may also show that the main concern for Chamberlain and his cabinet was the real fragility of London, particularly in relation to its colonies, and that the most likely alternative to the Munich Agreement would have been to simply start the Second World War a year earlier. Numerous future paths had already been blocked by the Treaty of Versailles, which also linked the two global wars. Furthermore, although the Great Crash of 1929 was a turning point that resulted in global economic stagnation and regression, it also served as a springboard for Hitler and the NSDAP, giving them a fresh chance to seize power. It seems probable that considerably more would have been required, and much quicker, than was offered at Munich in 1938 for any kind of appeasement to have succeeded after January 1933.

The fact that historical allusions are often misused serves as more evidence of the need of emphasising actual causal mechanisms, structures, and long-term processes. It also serves as a reminder of how crucial it is to constantly keep epistemological relativism in mind: despite the possibility of rational truth-judgments, all beliefs and all claims to knowing are socio-historically created, contextual, and flawed. Furthermore, there are several potential futures since history is open. The key is that we may attempt to draw lessons from our previous missteps and mistakes in order to create better models and tales in the future. A global security community can only be achieved by learning and being open to change, as will be discussed in chapters 2 and 8 respectively.

### **Global Political Economy**

Stephen Gill and David Law introduced the phrase global political economy in the late 1980s to replace "international political economy." Gill and Law argued, in writing from a neo-Gramscian perspective and in the manner of Robert Cox, that a political-economic analysis should not be restricted solely to diplomatic ties between modern nation-state governments and a select few other actors, such as non-governmental organizations and international organizations, which are taken as givens. The emphasis should be on the underlying socio-economic processes and structures rather than the activities of a few large collective players, especially governments. Forms of states and global regimes are partially determined by deeper and more extensive historical events. Gill and Law also assert that there is now a very well connected global political economy, "whereas there was a less complex international political economy," in opposition to Immanuel Wallerstein's World-Systems Analysis but in line with the growing literature on globalization. GPE in this sense arose in International Relations as a critique of the liberalist categorization of politics and the economy that had previously dominated IR thought. It nearly looks like IR as a science is defined by its absence of social relations of production, commerce, and finance as well as associated social and political arenas. Take Wendt's highly debated Social Theory of International Politics, where he makes the point that systemic IR theory requires the ability to distinguish between domestic or unit and systemic levels.

**Some Might Disagree:** They may contend that the line dividing a state from its system is being eroded by global interdependence, making domestic policy more closely related to foreign

policy and vice versa, or that the line dividing a state from its system was socially constructed in the first place and should be questioned rather than taken for granted. Wendt believed that the legal structure of political power made a distinction between the domestic and foreign realms. This is in part due to "the international institution of state sovereignty," which recognises each state as the exclusive source of political power inside its own respective territory. Thus, the inner and exterior are distinct. Wendt believes that this presents a chance for the state's system theory, which aims to explain why and how states conceived of as equivalent to people—interact in a systemic environment and what consequences result from such interactions. Wendt notes that even if "in not problematizing something we are temporarily naturalising or reifying it," we "will have to take the existence of states as given" if we wish to understand how the states system functions.

The underlying state-anthropomorphic metaphor, along with the omission of political economics, omits both potential changes of states as social systems and associated emergent structures, even if certain of Wendt's notions are equally helpful for my objectives. It also eliminates the prospect that his theory consistently misidentifies states, their foreign policies, and particularly the pertinent intra-, trans-, and inter-state interactions. The pursuit of explanatory depth would appear to entail a quest to delve deeper into the political economy production and transformation of states themselves, of state boundaries, of the geo-historically distinct yet closely related spheres of economy and politics, and of intra- and intersystem mechanisms of dependence and power structures.

GPE is not only a branch of international relations; rather, it was created in response to the need for a more modern and suitable analytical starting point. GPE also suggests a reintegration of politics and economics. The study of social production and trade was formerly referred to as political economics, and it was generally characterised in terms of morals, prevalent norms, laws, and political systems. The presumption used to be that production and commerce are inseparable from society, despite the fact that numerous theorists asserted that individual self-interested acts might result in order and development via self-regulating markets under certain advantageous social conditions a belief echoed in part by Marx. However, there have been many stages of research that have contributed to the general understanding of the political economic nexus. It was also contested in the late nineteenth century by the marginalist movement, which tended to see economics as a closed system with its own calculative logic. The ongoing disconnect between economics and political economy has its roots in this as well.

The notion that politics and economics follow separate principles even if they are both somewhat governed by the form of the state started to take hold by the late nineteenth century. The field of economics has become more distinct from political economy, which has ceased to be a major area of study. According to Robbins' 1932 definition, economics is more specifically defined as the study of resource distribution. The study of individual behaviour in pursuit of predetermined aims is the foundation of the economics approach, which was created by William Stanley Jevons, Alfred Marshall, and Leon Walras.

Political economics evolved as a supporting discourse throughout this stage. Through the 20th century, as economics developed and political economists were often compelled or compelled to devote time and energy to methodological critique of economics, its study and impact declined. However, the study of political economy is still quite active among Marxists, Gramscians, certain post-Keynesians, and other subfields of what is now referred to as heterodox economics. A third phase, starting in the 1970s, with the emergence of a new emphasis on global issues, gave this vitality more momentum. However, this revitalization hasn't managed to bring political economy and economics together; instead, it has mostly taken place outside of traditional economics departments in business studies, sociology, international

relations, and a number of other trans-disciplinary contexts.

Global Political Economy, which is a key component of the third phase, has shed fresh light on a variety of global political and economic concerns. However, despite some highly promising developments, economic theory is often absent from GPE. In comparison to efficiency, growth, the ecological effects of production and consumption, income distribution, inflation, employment, business cycles, exchange rate fluctuations, or, generally, economic crises, GPE scholars have been better at analyzing the development of economic policies in terms of power-relations in the global economy. Given the desire of neoclassical economists to be 'scientific' by investigating closed systems with several, mostly linear equations in terms of equilibrium, this is reasonable. The strength of this impulse has caused many unorthodox concepts to be promptly re-articulated in terms of it. It seems sense that many GPE academics have distanced themselves from this school of thought.

Starting with the arbitrary assumptions that support David Hume and Adam Smith's *laissez-faire* thesis has been the norm for neoclassical models. The core of the classical *laissez-faire* doctrine has been preserved, and the neoclassical revolution has succeeded in making it look scientifically grounded. Understanding how the pricing mechanism works in an economy with many customers, producers, and commodities was thought to be the key. How does the pricing system ensure the best possible distribution of the available resources? What circumstances lead to the system's singular, long-lasting equilibrium? Formal techniques drawn mostly from probability theory, differential calculus, and Newtonian mechanics have been used to study the pricing mechanism. This method plainly disregards geohistorical, institutions, power structures, and several other factors considered essential by political economists.

### DISCUSSION

Understanding and comprehending the intricacies of human behavior, communities, and their relationships has long been the goal of the social sciences area. The anticipation of futures has an even larger relevance in the field of social sciences as we stand on the threshold of a new age. Social scientists are forced to adopt a forward-thinking approach to their research and analysis due to the fast technological breakthroughs, altering global dynamics, and growing societal concerns. Social scientists that study the future engage in proactive, multidisciplinary examination of the many different aspects that influence our society's futures in addition to making predictions about possible outcomes. Social scientists may foresee and negotiate the difficulties of tomorrow's societies by using cutting-edge approaches, using big data, and encouraging cross-disciplinary cooperation. As they negotiate the complex web of social, economic, and technical factors that define our society, social scientists increasingly need to broaden their views and actively participate in predicting and preparing for the future. This paragraph emphasizes this necessity.

### CONCLUSION

In conclusion, social science futures research is an essential endeavor that equips academics, decision-makers, and society at large to handle the possibilities and difficulties of a constantly changing environment. Social scientists may significantly contribute to the development of inclusive, sustainable, and resilient societies by incorporating foresight and forward-thinking techniques into their work. Developing comprehensive solutions to deal with the difficult challenges that lie ahead will require embracing multidisciplinary cooperation, embracing new technology, and actively engaging with varied viewpoints. It is crucial that we keep fostering a culture of inquiry, creativity, and critical thinking in the area of social sciences as we advance. Social scientists may advance a future that is built on evidence-based insights and careful anticipation of the routes that lie ahead by doing anticipatory research, which can also help us

better comprehend our current situation.

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## CHAPTER 2

### AN EXPLORATION OF THE GLOBAL SECURITY

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#### **ABSTRACT:**

The global security has become increasingly significant in the contemporary world, as interconnectedness and interdependence among nations continue to grow. This abstract explores the multifaceted nature of global security, encompassing traditional military threats, non-state actors, cyber warfare, terrorism, environmental challenges, and the impact of globalization on national and international security. It examines the complexities and interrelationships between various dimensions of global security, highlighting the need for comprehensive approaches that address both traditional and emerging threats. Additionally, the abstract discusses the role of international organizations, regional alliances, and cooperative strategies in enhancing global security and fostering peace and stability. Understanding and effectively responding to the evolving nature of global security is crucial for promoting a safer and more secure world for all nations and their citizens.

#### **KEYWORDS:**

Counterterrorism, Cybersecurity, Diplomacy, Geopolitics, International Relations, Terrorism, Transnational Threats.

#### **INTRODUCTION**

What are the prospects for and constraints on global security in the 21st century? Before providing a specific response to this query, I must first address the dominant theories of peace and security and provide a conceptual framework for creating explanatory models and scenarios of potential futures. What are the leading ideas of security and peace at the start of the twenty-first century? Can we say with certainty that as an academic community engaged in peace, conflict, and security study, we have really learned anything from late twentieth-century peace and security studies? How well supported are the dominant theories, and how widespread are they? Two key lessons appear to have emerged in the lengthy period after the conclusion of the cold war. The first is the doctrine of democratic peace, which holds that free democracies do not engage in hostilities. A wider liberal democratic zone of peace could be possible. Will democratization finally result in world peace? The second lesson, however, seems to be that securitization and de-securitization politics are involved in addition to the objective lack of threats of political violence and war. According to the notion of securitization, actors might cause securitization by dramatizing a problem as having the highest priority and portraying it as an existential danger. The post-structuralist theory of securitization emphasizes actors' accountability for their words and deeds through exposing the politics of security. The lesson appears to be that in order to establish and sustain the political framework for a security community, securitization's temptations must be resisted [1].

The advancement of democratic state-building and the reversal of securitization inside nations may hold the key to achieving global security. However, some academics with a long-term outlook have urged throughout the years for a significant structural redesign of the international

system. John Herz, Hans Morgenthau, Daniel Deudney, and Alexander Wendt, among others, have advocated for a worldwide monopoly of legal violence given the catastrophic capabilities of nuclear weapons and other weapons of mass destruction. According to them, it is impossible for a few nation-states to lawfully hold the exclusive right to possess nuclear weapons over the next 50, 100, or 200 years. *Global Security: Learning from Possible Futures*. Furthermore, it is feasible that these weapons will be utilized in the future as long as just a few different governments own and manage nuclear weapons. Thus, the evolution of the international or global system into anything like a Weberian world state may determine the fate of mankind [2].

In this context, think about Warren S. Wagar's forecast for the next 200 years from his book *A Short History of Future*, which draws on ideas and claims from the world-systems analysis. Wagar does not claim that he can foretell the future. Instead, the goal of his research is to create a single-path scenario of a believable future that is fully developed and is mostly dependent on projecting future tendencies from the past. According to Wagar, the global economy will be dominated by a small number of megacorporation's while inequality will continue to grow. increasingly though the majority of people appear to be mostly unaware of the Global Trade Consortium's true capabilities, it grows increasingly more powerful and really prepares the majority of the legislation and planning on the planet. Formal liberal democracies are increasingly supported by oppressive means. In the largest conurbations, in particular, crime becomes a persistent issue. The majority of people on earth live in large cities, and global population growth is accelerating. Environmental issues, and global warming in particular, are escalating quickly. A number of significant military actions on the periphery are conducted by the governments in the center of the global economy [3].

According to Wagar's story, a falling wave will start in 2032 after a prolonged period of economic development in the early decades of the twenty-first century. Within the first two years of the slump, the global GDP plunges sharply by 25%. When the slump is at its worst, as it is between 2038 and 2043, half of the employees in the centre and more than half in the periphery are out of work. According to Wagar's scenario, the low point of 2038 is followed by a flimsy and transient rebound that abruptly gives way to another severe slump. In especially in the United States, this leads to the escalation and worsening of a number of protracted wars. By this point, the US has developed into a society that is sharply segregated along racial, racial, and ethnic lines. In 2040, Mary Chavez, a populist lefty, wins the presidency of the United States. Her efforts to increase taxes to pay for new social programs are met with a hostile response from white conservatives. Her difficulties also relate to international policy. Chávez wants the US to leave the Confederated States of the Earth and break away from the global governance system's hierarchical structure. An uprising result from the President and Congress' escalating disagreement [4].

Chávez puts an end to the military insurrection despite the fact that the European Union recognizes Senator Ruggles as the legal leader of the United States. Chávez links the US to the underdeveloped countries. Fearing the end of the world order, the EU and the Pacific Community launch a surprise nuclear strike on the US and its semi-peripheral allies. They fail to see two American nuclear submarines and a few American aircraft in the air, which guarantees rounds of counterattack. Additionally, the Indians start a nuclear war against Pakistan as soon as they realize that no global authority is left to stop them. The Indian subcontinent and the majority of the Northern Hemisphere are decimated. Only two billion out of nine billion individuals are still alive, with the majority living in the most southern areas. For many years to come, most survivors' lives are wretched due to the nuclear winter and the collapse of global commerce [5].

Although initially on the foundation of the previous order, the remaining nations start to construct a new one. The World Party, which was covertly established long before the Catastrophe, is beginning to gain momentum, nevertheless. Occasionally only after a fierce fight, nations and regions begin to gradually join the new democratic and socialist Commonwealth. In 2068, Commonwealth militias and regional resistance organizations engage in their last battles. A global parliament that was democratically chosen to serve the new world state. Additionally, compared to its predecessor, it is constructed on a more ecologically sound foundation. A community of smaller political communities, some of which will exist outside of Earth and extend deeper into space by 2300, will ultimately replace the socialist global state in Wagar's scenario since it only lasts for roughly 100 years [6].

What should be said about the most well-liked security theory of the late twentieth and early twenty-first century, should something like the Catastrophe of 2044 ever occur? For two reasons, the democratic peace paradigm would have fallen short. First, democracy was no longer an option for meaningful political action in the early decades of the twenty-first century, despite the fact that most governments, including the EU, were legally democratic in Wagar's scenario. The globe was ruled and the nations were governed by global free trade, global banking, and associated non-democratic forms of global government. The theorists of democratic peace were therefore misled by a narrow emphasis on the occurrence of periodic two- or multiparty elections and a few fundamental rights inside distinct nations. Second, the political economic parameters of a security community were ignored by the paradigm of democratic peace. While conflicts and wars predominated in the global south in the first decades of the twenty-first century, the structural elements necessary for a major conflict also slowly developed inside the international economic centers.

With the Great Depression of the 1930s and its ensuing ups and downs, democratic elections dramatically changed the American character. The voters finally seemed to be experimenting with some serious options. The new American administration allied with many of the revolutionary forces and governments of the global south in an effort to gain support for its leftist-populist economic policies. As a result, the EU leaders started to securitize events in the US and depict them as an existential danger. The Europeans contended that everything else would be pointless if we did not address the Global security: learning from potential futures problem of President Mary Chávez and her policies. In the resulting military struggle in the US, they supported the conservative congressional group. However, this coalition initially caused the Chávez administration to respond strongly, which allowed it to withstand the violent challenge, and immediately after that, the war dramatically escalated [7].

In this chapter, I try to lay forth a better methodology for examining potential scenarios for world peace and security. Before offering suggestions for creating a more peaceful society, I first go into greater depth on the methodological and empirical flaws in the idea of democratic peace. I then go into detail on how time and the future relate to social sciences. Next, I examine the systematic modelling of causal complexes, such as prevalent narratives, power relations, political economy changes, and organizational reactions to these, and how these models might serve as the foundation for scenarios of potential futures. Securitization is but one element of intricate procedures. Every situation is dependent on how the relevant parties behave. There are several degrees of organization for actors and activities. Different illusions are crucial in forming modalities of agency and its reactivity. I hesitantly reexamine the justifications for a global state as my last point [8].

### **Theory of Democratic Peace:**

The identification of what seems to be a solid and permanent constant conjunction that liberal

democracies don't attack each other is essential to the theory of democratic peace.<sup>3</sup> The claim is that X accounts for the absence of Y. A presumption must be made that Y is a typical occurrence and that X is the explanation for why it does not occur in this unique circumstance. Furthermore, the specific theoretical categories selected and associated data coding techniques affect statistical proofs of the democratic peace theory. The democratic peace hypothesis is inclined to code 'democracy' in a way that excludes, for instance, Milosevic's Yugoslavia of the 1990s from the list of allegedly democratic countries. It also assumes statist and legalist categories of significant violence, defining 'war' in a way that does not count American covert operations to overthrow democratically-elected regimes or the use of transnationally constituted military force within countries as wars. A cross-sectional association does not always indicate a general causal push in the desired direction. According to Jack Snyder, in certain situations, democratization may actually make nationalist violence more likely.

The cross-sectional link does exist, despite the fact that it is not as strong as some proponents of the idea would have us think and despite the possibility that liberal democratization sometimes results in an uptick in violent crime. Many explanations for this association have been put up, but they often come down to the democratic checks and balances, public opinion, and ideologies that imply a liberal-democratic separation between allies and adversaries. However, the mere notion of a continual conjunction is problematic from a critical realism standpoint. There are only constant regularities in closed systems. The globe is not closed, as will be revealed further on. This implies that the causes of this seeming continuous combination cannot just be democratic internal issues. The explanans and, to a certain degree, the explanandum of the theory alter at this point [9].

Even if a mechanism or structured complex were found, an open system would still be required for it to function trans factually. This implies that one of the other relevant complexes or processes must have had some aspect that was also exerting a causal influence. As a result, the true tendency of the causal complex may have more to do with something else, something that may or may not be directly connected to liberal-democratic practices in general. As a result, an appropriate study must also pay attention to relationships and processes rather than merely the existence of liberal-democratic practices and traits in order to create a picture of the pertinent components of the in issue geo-historical totality. If there is anything that has to be explained, it must be in terms of actual trends and the functioning of spatiotemporal causal complexes in dynamic, open systems.

An open system is what? Bhaskar uses the lack of a closure to characterise an open system negatively. There cannot be continual conjunctions without a closure. Extrinsic and intrinsic conditions are constant in a closed system. In other words, even though extrinsic influences on the system or complex under study are conceivable, they don't change it. Similarly, even though the constituent units aren't strictly speaking atomistic because intrinsic changes are theoretically conceivable as well, we can assume that their structure is predetermined, constant, or always isomorphic. To find the causally potent processes that operate trans factually in open systems outside of the laboratory, where regular connections or consistent conjunctions don't exist, scientists may engineer artificial closures in the laboratory.

Artificial closures cannot be produced in the same manner by social scientists. Additionally, it seems that the pace of intrinsic changes is faster than that of the natural world. Even the most ardent positivists had to concede by the middle of the 1970s that the task of identifying constant conjunctions or universal invariances in society was fraught with peril. Johan Galtung took advantage of the chance to expand on the *ceteris paribus* clause's implications in order to introduce the crucial theoretical or dialectical notion that human activity has the power to alter society as well. He began by asserting that social science is not governed by rigid rules:

A science conception that views empirical reality as flexible, "laws" as rubber laws rather than iron laws, and potential reality as something that can be relatively easily transformed into empirical reality is one that does not view data as the final arbiter in scientific disputes. Because there are no absolute invariances that hold true for the future, absolute prediction in social sciences is useless. This makes it difficult, to put it mildly. In social science, there are no laws, to put it simply.

Galtung fails to elaborate on the fundamental ontological characteristics of society in this context. Social systems are open; hence, neither the extrinsic nor the intrinsic requirement of closure often applies. Social entities, including sociohistorical shaped social actors, may and do change, as can their perceptions and relationships. Any social totality, no matter how it is defined, may be influenced by extraneous factors, including those arising from non-social levels of reality. Ubiquity determinism is true in the sense that every occurrence has a genuine cause, but causality has nothing to do with continuous conjunctions. Causality is the study of how outcomes are generated, including via reflexive social behavior. Human and social beings that have undergone socio-historical formation, together with the contexts in which they behave, are also causally effective [10].

Contrastive demi-regularities, however, are widely present in society. Demi-regularities, or demi-regs for short, are sporadic actualizations of geohistorical causal factors or processes across a specific area of time and space. They are a kind of partial event regularity. There are several prominent demi-regs. "A growing percentage of the world's population lives in cities," "wars between liberal-democratic countries have been much less frequent than inter-state wars between them and others, or wars between other states," "the global economic growth has been steadily slowing down since the 1960s," "average unemployment rates in western industrial countries were higher in the 1990s than in the 1960s," and "measured in incomes in constant dollars," "measured in incomes in constant dollars" This would appear to show that it is implausible to draw a sharp distinction between open and closed systems. In reality, it may be argued that practically all systems fall somewhere between being completely open and completely closed, meaning that they are all to some extent closed.

Finding the contrastive demi-regularities and afterwards stating the prerequisites for their persistence is necessary, but it is not sufficient. Instead, a critical analysis of these scientific facts, their ramifications, and interpretations should come first. What do democracy and war, for instance, mean under the notion of democratic peace? Second, and perhaps even more crucially, there should be an effort made to examine the underlying social structures and causal networks that result in these outward manifestations. The causal capabilities and liabilities of social actors and structures, which are often organized as systems, must thus be explained. Perhaps an autopoietic and processual definition of a system is in need. Social systems and organizations tend to be reflectively self-producing even though they are open in many crucial ways. Their internal functions, within certain bounds, secure their future survival via outward input. A pervasive pattern of unexpected societal repercussions may be shown through a large-scale demi-reg. Autopoietically, it may also occur through responsive and internal reorganization against the predominate tendencies of decay, forgetfulness, irregularity, or disorder. These responses are memory-based responses to environmental input.

Memory and communication are the social worlds' processes for obtaining the result that laws, customs, and institutions transcend space, time, and even the biological presence of people. However, the meanings that are shared, altered, and stored in the actual social environment, in embodied actors, and in social practices, cannot be more precise and unambiguous.

Contradictory shared meanings are also possible. Actors have varied views about how social norms, behaviors, and institutions relate to them. These theories are linked to the different vistas and horizon-constituted interests that exist in human societies. As a result, autopoiesis is inherently ambiguous and at the very least potentially political.

### **Studies of Peace and Security in Time and the Future**

Social science research has traditionally focused on analyzing the past. Even though the cold war was the focus of attention for decades, most scholars were completely unprepared for its demise. The issue of whether social sciences should also be able to predict the future was brought up by this. The majority of the time, however, this inquiry was only intended to evaluate the accuracy of previously held beliefs, such as whether theories of political science or international relations accurately anticipated the end of the cold war. Contrarily, consider the possibility that, in addition to basic regularities, we also knew about a huge number of important and consistent social regularities, maybe including rules of growth and change. Let's assume further that we have solid grounds for believing that the specified causally determinist system will persist unaltered in the future. Thus, we ought to be able to make predictions about the future. Many of the social scientists of the nineteenth century, including Thomas Malthus, Auguste Comte, Karl Marx, and Max Weber, believed they could predict the future, but they did not explicitly state the case for studying the future as a separate field of study. But in the start of the 20th century, H.G. Wells, neither the past nor the present of humankind are less suited for scientific study than the future. Wells suggested what is now known as "futures studies," a brand-new discipline of study. The assumption that causal regularities are universal served as the foundation for confidence for Wells and subsequently for the forerunners of future research in the 1960s. What would we not anticipate, said Wells in 1902, if the rules of social and political evolution, for instance, received the same number of brains, scrutiny, and debate as we have given the laws of chemical combination during the last fifty years?

After a century, we not only understand why this endeavour failed, but also how it could not have succeeded. Because there aren't any conjunctions that are genuinely consistent, prediction is inherently difficult. As previously stated, the most information we can have is on a small number of spatiotemporally constrained, contrastive demi-regs. Despite the absence of consistent patterns, the goal of peace and security studies is to improve our knowledge of the parameters that will determine future peace and security. No conjunction is eternally constant, and the majority of apparent regularities are highly unstable, making predictions impossible. Therefore, we cannot use our understanding of one particular, although relatively stable, demi-reg, such as the democratic peace hypothesis, as the basis for thinking about the requirements for a post-apocalyptic, peaceful world order. The post-structuralist theory of securitization is similarly only partially useful, but for different reasons. Although it may shed light on certain parts of the process of conflict escalation and the constitutive impacts of security-talk, it has little to say about the broader context, causes, and repercussions of securitization. My position, which is based on Hayward Alker's "systematic possibilism" of the "Orwellian Lasswell," is that peace and security studies should be concerned with the circumstances of producing potential futures and modelling them in terms of scenarios and tales rather than attempting to anticipate it. The purpose of methodically simulating hypothetical futures is to identify different, sometimes unanticipated social activities and their potential cumulative or transformational repercussions. Social structures are assumed, replicated, or transformed through social acts.

## **DISCUSSION**

The idea of global security covers a broad variety of issues and dangers that go beyond national boundaries. Traditional ideas of security have been widened to encompass non-traditional dangers like cyberwarfare, terrorism, and environmental disasters in today's linked globe. Understanding the intricacies and interdependencies among many elements that contribute to insecurity at both the national and international levels is important to the topic of global security. The growth of cutting-edge technology together with the emergence of non-state actors and their capacity to do damage on a global scale have further complicated the security environment. Geopolitical rivalry and regional wars also provide substantial threats to international security, necessitating vigorous diplomatic efforts and collaboration between nations to reduce tensions and promote stability. Addressing global security concerns requires a comprehensive and all-encompassing strategy that blends military might, information sharing, diplomacy, and international law enforcement as the globe grows more interconnected. The debate also looks at how regional alliances and international organizations may work together to coordinate solutions to common security problems. Policymakers and stakeholders may cooperate to create a world that is safer and more secure for all countries and their inhabitants by looking at how international security is changing and figuring out effective solutions to meet new challenges.

### CONCLUSION

In conclusion, in today's linked world, global security continues to be of utmost importance. The complexity of threats from terrorism and cyberwarfare to pandemics and climate change requires teamwork and international collaboration. Fostering communication, solidifying relationships, and making significant investments in effective security measures are crucial as governments negotiate the challenges of a changing geopolitical world. The difficulties we confront need for a comprehensive strategy that combines diplomatic efforts, information sharing, and preventative measures with military capabilities in order to deal with the underlying causes of instability. We can work together to create a safer, more stable world for both the current and future generations by prioritizing international security.

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## CHAPTER 3

### AN OVERVIEW OF THE RELATIONAL PROCESSES OF COMMUNICATION

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#### **ABSTRACT:**

The intricate dynamics of relational processes within the realm of communication. Communication is not merely the transmission of information, but a complex interplay of interactions, connections, and shared meanings that shape relationships. By examining the relational aspects of communication, this study delves into the fundamental elements that contribute to the formation, maintenance, and transformation of interpersonal bonds. Drawing from various theoretical frameworks and empirical research, the paper offers insights into the role of verbal and nonverbal cues, trust, empathy, and power dynamics in shaping the relational fabric of communication. Understanding these processes is crucial for enhancing interpersonal relationships, resolving conflicts, and fostering effective communication in various personal and professional contexts.

#### **KEYWORDS:**

Communication Dynamics, Interpersonal Relationships, Nonverbal Communication, Power Dynamics, Relational Development, Relational Maintenance.

#### **INTRODUCTION**

Politics and organised violence both depend on structured social systems. I think of organisations as complex, adaptable networks of connections. Through relational communication mechanisms, which actively create the future as the living present a future that is unknown people are able to act cooperatively. According to their governing ideas, organisations that are actively influencing the future often have no clearly defined boundaries and are capable of becoming intra, trans, and connected. Organisations include, for instance, the ministries of contemporary sovereign nation-states. Additional notable international organization include the OECD, multinational corporations and banks, clandestine radical Islamic groups, the Brazilian movement for landless workers, or participants in the World Social Forum's International Council. Organisations are highly developed adaptive systems that not only respond but also learn. Additionally, they could alter their identities, goals, and strategies as a result of learning processes [1].

Social scientists are particularly interested in the limitations of organisational and system self-production as well as the reasons why contemporary demi-regs continue to exist. These constraints and limits could also be connected to barriers and learning difficulties. First, power and interest issues often impede communication and learning processes. The conflict between a subject's interest in something and his understanding of it may occur in three different ways, according to Bhaskar. Whether it subsequently becomes conscious or not, it may be unconscious. It may be aware, semi-conscious, like the wishful thinking of a stubborn optimist or the special pleading of a pressure group. The effects of unconscious interference may include reifications of social structures, mystifications of social structure, or explanations of motivation. It is conceivable to see Bhaskar's framework as an attack on Marxist theory [2].

But we don't necessarily have to think that there is just one kind of strategic action that predominates or that interests are limited to things like money, real estate ownership, or any other such idea. There are many degrees of interests that may generally be supported by various background discourses and explained by various geohistorical processes. For instance, repression and violence that are motivated by defending particular established interests may come from a pathological learning process. The pathological nature of a learning process is defined by Karl Deutsch as a change in inner structure that will reduce rather than increase the future learning capacity of the person or organization. He goes on to say that because will and power can easily imply placing too much value on the past in comparison to the present and the future, on experiences gained in a limited environment in comparison to the vastness of the universe, and on present expectations in comparison to all opportunities for surprise, discovery, and change, they can easily lead to self-destructive learning [3].

The development of social and economic reality is also profoundly influenced by a variety of illusions and fallacies. Jon Elster contends that in order to comprehend the economy, one must also comprehend how political economists and economic players came to have erroneous beliefs about how it operates. The same is true in politics. Fundamentally motivated illusions about how the world works are pervasive and have a big influence on political and economic processes. These erroneous beliefs, which are subtypes of ideo-logical thinking, are based on incomplete understandings of social interactions and processes as opposed to complete understandings of local and specialised knowledge. An actor in a certain role could only be able to observe things from its confined point of view, which might be biased or distorted, and so reflect the core of the situation. A notable form of narcissism in collective memory is when actors only perceive themselves and their own unique suffering and/or accomplishment in the mirror of history [4].

The players participating in a symmetrical scenario of Manichean good and evil, and associated tangible fights, is a case that is closely connected to this one. They are unable to understand how their image of the other matches the other's vision of them. Additionally, even while Manichean dualism motivates strategic acts, actors are still unable to understand how their choices affect how the other person perceives them. A typical strategic deception caused by a particular location and its limited point of view is the fallacy of composition. According to this rule, what is possible for one player at a time is not possible for all or many players at once. For instance, a state may want to preserve a "security margin" by keeping military capabilities that are marginally superior to those of its adversaries. But if all relevant governments, or even just two, sought to do the same, an arms race would start [5].

These illusions, a subset of ideological thinking, include reification and naturalisation. Reifying cultural beliefs and earlier social changes is both possible and all too easy. Understanding one's own contribution to the formation of these understandings and social processes, as well as the psychological and geo-historical conditions that led to their emergence, is made challenging by reification. Two of the subcategories listed below stand out:

- i.** When performing, an actor could overlook certain visual schemas, categorization structures, prototypes, frames, and metaphors that give rise to particular forms of thinking and social interactions. Since the majority of the human mind is unconscious, most abstract concepts, even those that can be described, are metaphors. Embodied reason is emotionally connected. Many of the embodied mind's actions are effectively caused by its motivations, which are often subtle.
- ii.** It can be shown that social processes have consequences that are immune to human influence. Reification's central concept is that human thought, social interactions, and

processes are depicted as being independent of actors and acts and, as a consequence, are things-like or natural because of ontological mis categorization. Reification's precise meaning, however, is debatable and theory-heavy. Broad generalizations derived from very fleeting and/or geographically limited patterns may also lead to reification. Trends may sometimes be seen as external phenomena since the underlying social causes of such trends are not always well understood. Another alternative is one's own role in the evolution of the underlying causes. Several claims about globalisation for instance, which are reified social processes, fall under this category of illusions [6].

Finally, even when individuals become aware of the social environment and stop seeing it in simply parametric terms, actors may continue to reify their own and other people's choices and interests. Instead, kids begin to notice how actors interact strategically and in situations that resemble games. For example, governments may be aware that "globalisation" is a Prisoner's Dilemma game in which countries try to lure investors with neoliberal changes and long-term commitments. However, as a result of the reification of interests and strategic decisions, they are still unable to reconcile the contradiction between individual and collective reason. It's also possible that other interests have hampered communication and learning, leading to this reification. Given the influence of power and interests on social learning processes, the propensity for pathological learning, which may involve securitization and the social construction of enemies, as well as the role of various illusions and ideological discourses, it is possible that the intricate processes of responding to a variety of economic and political developments may produce increasingly counterproductive outcomes and, as a result, potentially destructive outcomes [7].

It is obvious why it is crucial to look at possible global futures from this vantage point. The objective is to create analytical scenarios based on explanatory modelling of present demerges and trends with regard to actors, modes of action, rules and regulations, practices, and resources, as well as with regard to social wholes that are often organised into social systems. We may investigate the results of various learning processes and the behaviors that follow by using strong analytical scenarios. Unintended consequences of acts may have long-lasting effects that keep accumulating. Scenarios may also be conditional stories or temporal narratives [8]. The following prerequisites must be met: Two orders of constraint provide requirements on organisations, such governments or regional federations, which decide and have an impact on their policies are:

- i. The first category is made up of components that restrict the breadth and diversity of the stories the organization is able to generate. Discourses are limited, according to Foucault, by the way they specify the spectrum of possible objects, specify how language interacts with things, and situate the speaking and acting subject. With the help of the variety of essential image schemas, category structures, prototypes, frames, metaphors, and narrative structures that are available, the actors who are positioned within the relational organisation then shape these in turn.
- ii. The selection and blending mechanisms that determine which tales are taken into consideration. This is related to how discourse is localized and disseminated inside organisations. Official discourses that are now in use are often imitated by other organisations, frequently by following apparent achievements, but practices frequently also reflect more specific geo-historical and cultural understandings. This circumstance incorporates a variety of power dynamics, including the Weberian capacity of an actor located inside a social relationship to act in accordance with his own preferences in spite of resistance and institutional constraints.

The political economics of creation or destruction as well as, probably more commonly, the ecological impacts of creation and destruction are usually included in this. difficulties facing citizens now In the framework of dominating forces and relations of production and destruction, civil society serves as a venue for organisations and communication that address themes such freedom as self-expression, self-realization, and self-determination. These concerns often include opposing growth or decline tendencies, the availability and equitable distribution of resources and jobs, relative power and control over forces that produce and destroy, and more. The issues that actors face is discussed and examined in terms of prevailing beliefs, relatable stories, and collective memories, all of which may include various illusions. In order to evaluate condition C2, it is crucial to comprehend the underlying economic processes as well as the communication strategy for presenting them as challenges. Naturally, the latter has a direct bearing on condition C1 [9].

As a result of our activities, other organisations that are related to us may experience certain conditions. The C1 and C2 of those particular organisations, as well as the subsequent, possibly pathological learning processes that contain various illusions, may be used to illustrate these. Consider the securitization process as communication. Compared to post-structuralist securitization theories, security language is more self-referential. Security statements' rhetorical potency is determined by their capacity to comprehend external facts and conditions in a way that is culturally appropriate as well as by the meanings, fears, and hopes they may elicit. Security comments often refer to outside circumstances. For the development of temporal relational frameworks for action, political economic developments are especially important. The success of securitization is also influenced by power dynamics between the speaker and the audience, as well as by asymmetric access to security information and privileged media access.

The post-structuralist theory of securitization has another problem in that it has simply focused on one isolated organisation in time, ignoring the geo-historical processes of connections between organisations, which are considered as complex responding processes of relatedness. How other organisations react and interact is directly impacted by the external circumstances. Condition C3. power structural conditions emphasize these dynamics. What I mean by structural power are the reproductive and transformative consequences of contextual social action on the internal and external connections of positioned practices, and therefore on the capacity of actors to produce effects. The unforeseen consequences and impersonal effects of action are heavily stressed in this structuration. Even if conditions of structural power should also be evaluated in terms of C1-C3, the reproduction or alteration of the conditions of social activity always presupposes structures and implies power. To pinpoint crucial C4, genuine empirical research must also be conducted. To show how these criteria work, only a few examples ought to be adequate. In democratic welfare states, for instance, political parties, political ideologies, and politicians all need some amount of public backing. However, the possible reactions from both local and international firms have limited the power of governments to alter social circumstances via taxes and regulation.

Organisations, political parties, and states, on the other hand, may be connected internally or externally, for instance through the simultaneous or successive positioning of individual actors, or they may be connected financially, or both, through systems of industrial and technological planning, not the least of which is found in the military. The problems that businesses deal with on a daily basis and the narratives they provide determine how they respond to the comments and actions of states-actors. However, relevant internal and external power dynamics constrain plausible corporate narratives. Because of geohistorical events, they might change. To further illustrate, throughout the latter half of the 20th century, countries and businesses were gradually

impacted by the globalisation of money. Capital tends to be dispersed collectively in accordance with the expectations produced by the investors' shared frameworks of interpretation. Many actors in the financial industry are in a situation where they are unable to prevent influencing outcomes that go against their wishes. Dealers and fund managers base their investment decisions on widely held discursive worldviews, which often presuppose the principles of mainstream economic theory and the so-called Washington consensus. Similar to this, the credit-rating agencies, in particular Moody's and Standard & Poor's, base their assessments on models that take the Washington consensus and basic tenets of conventional economics as given. Due to the level of debt, competition for investments, and the fear of a quick financial capital flight, the discourses of financial players have unintended power repercussions over governments and other economic actors. The converse is also true: in certain circumstances, dependent financial links may result in bargaining positions in international negotiations, like those taking place inside the WTO. The effects of feedback are varied. For instance, conditions C4- through C2, as well as C3, which co-generates self-understandings, self-other interactions, and community learning that may also amount to illusions and pathological learning processes, may have a substantial impact on the selection criteria of C1 [10], [11].

We can explain the assumptions behind Wagar's narrative of the events and actions leading up to the Catastrophe of 2044 by using this approach. What specific presumptions did C1 to C4 Wagar make? Wagar made the assumption that key decision-makers lacked a comprehensive understanding of social links and processes before and during the severe economic downturn of the late 2030s and instead had illusions of local and limited knowledge. These partial and naive illusions, together with ideological understandings of how the capitalism global economy and its governance work, are what motivate the harmful responses to the crisis. The reification of socio-economic processes also has an impact on the securitization and enemy-building processes. Wagar also believed that, in the tense economic environment of the late 2030s, tensions over class- and identity-based self-expression and self-realization would finally lead to new self-understandings and a redefining of the US identity. Since decades, there has been an increase in inequality in the US. Economic liberalism is, however, seen in other regions of the core of the world economy as a need for both security and prosperity. President Chávez's populist-leftist redefining of this leads to novel Manichean self-other relations and dramatic processes of securitization. Given the global economic crisis and widespread unemployment, the military conflict inside the US further intensifies the participants' emotions and existential concerns. Fear, distrust, and a flawed timeline calculation led the Europeans to decide to attack.

Contrarily, by studying C1–C4 in light of contemporary information, we may also see that Wagar's account is just one choice among several and may not be credible in some significant respects. Given that there doesn't appear to be any indication of a long-term boom at the start of the new century, Wagar's projections regarding the present health of the world economy may be off. Furthermore, it's probable that the securitization and oligarchizing of the US are mostly answers to the nation's political economy dependencies, competitive positioning, and financial concerns rather than the populist-leftist redefinition of the US, which is the present problem. According to how other organisations respond to the early 21st century American project of achieving total global military dominance and its increasing use of neo-imperial unilateralism, as well as according to a number of political economic contingencies, such as the possibility of the US dollar collapsing; new tensions and an arms race between the US and other super powers, such as the EU and/or China, with Brazil, India, Japan, Russia, and others, may develop; Further likely and realistic developments should be carefully simulated based on an analysis of present C1-C4 in order to learn from prospective futures.

## A World State Necessary

In his book about the Catastrophe of 2044 and its aftermath, Wagar emphasises that the post-1945 era of late global or planetary nuclear technology, which includes jet aircraft, rockets and missiles, satellites, and nuclear explosives, may continue until its destructive capabilities are fully realized in a nuclear war. In fact, in his story, humanity does not truly awaken and establish a democratic socialist global state until much later, even if just decades later and after much more fighting.<sup>7</sup> Since the world has had more than 50 years to make up its mind, Wagar really feels that his primary argument is independent of any specific plot twist in the fiction portrayed in *A Short History of the Future*. Humanity may have had a once-in-a-lifetime opportunity to establish a safe, just, and integrated world order after the Second World War, which many observers judged to be the largest catastrophe in human history. In no way. The disaster obviously wasn't serious enough. Far too much had remained unchanged. We somewhat, although perhaps not entirely, returned to our regular operations. All nations continued to pursue their "vital national interests," as did capitalism, which had already begun to globalize in earlier periods. The last and only chance for mankind is now a catastrophe that will shake contemporary civilization to its fundamental foundation.

Undoubtedly, many bright minds in the area of peace and security studies have been interested in this subject, sometimes even before the 1940s. Morgenthau argued that a world government is eventually necessary in *Politics Among Nations*. Due to the experience of two world wars in less than 25 years and the prospect of a third one using nuclear weapons, the idea of a global state has taken on an unprecedented urgency. There is no avoiding the truth that a world state is necessary for the establishment of world peace. His thesis' conclusion promoted the Migranyan functionalist path to "the creation of an international community as a foundation for a world state." Similar to this, John Herz came to the opinion that increasing economic interconnectedness, the development of potent air power, and the spread of nuclear weapons had resulted in territorial sovereign governments degenerating into dysfunction. The "sovereign" nation-state, the basic defence mechanism, has largely lost its purpose and use. 'One extreme conclusion that may be drawn from the current state of permeability is that the only way for any one country, particularly a superpower, to ultimately have its security needs fulfilled is via a global government.

In the early wake of the end of the cold war and the accompanying Western euphoria, this problem was all but disregarded for a while. However, following a series of small-scale conventional wars, the topic made a comeback in IR literature some ten years later. The logical consequence of Wendt's claim "that a global monopoly of violence a world state is inevitable" has now been reached. Wendt's argument, if we set away his mechanical, materialist, Darwinian, and systems-theoretic metaphors and analogies, is primarily about the tendency for military equipment and warfare to become more destructive and about learning from the following experiences and weaknesses. Despite the fact that they may have been successful for many millennia, ballistic missiles and nuclear weapons have made the size of surviving countries useless. However, security concerns are on par with the Hegelian logic of recognition.

This is in line with Hegel's teleological theory, which holds that the goal of the state is to enable its citizens' subjectivity as well as to physically protect them. This cannot be fully realized until everyone is acknowledged as equal and there is an impartial court to uphold this status against offenders. Instead of using at least largely out-of-date historical concepts, the reasons for a global state should be presented in terms of systematic futures studies, backed by actual research. Can a plausible, systematic picture of events leading to a massive nuclear war in the near future be developed using empirical data and explanatory models of contemporary demi-regs, structures, processes, and systems, for example? If the answer is yes, the points expressed

by Morgenthau, Herz, Wendt, and many others would become urgent and very important. The main conclusion, which is that the planetary nuclear era is likely to continue until its destructive powers could manifest in a nuclear war within the next ten to fifty years, seems to be able to be changed even though Wagar's scenario may not be entirely believable.

If certain presumptions are correct, a catastrophe may be approaching. For instance, there is good evidence to support the notion that the world economy has been mired in a prolonged decline. Since the 1960s, there has been a decline in global growth and a rise in the number of underutilized and idle industrial and human resources. The interests of positioned players and unequal power relations tend to affect the communication and learning processes of various organisations, including governments and regional political formations, given the prevailing hierarchies, divisions, and inequalities. More globalisation seems to be associated with slower economic development; further crises and slumps might occur in the near future. Even while this can only be shown in full by thorough empirical examination, it seems that pathological learning processes and various illusions are prominent in a number of key situations. In addition, Wagar's proposed path is not the only one that may lead to a nuclear exchange of fire. Just consider the roles played by China, India, Japan, and Russia, as well as the possibility of a flimsy new structure of regional powerhouses in the Americas, Europe, and Asia to maintain a balance of power. In the nuclear era of today, a war of widespread destruction seems possible, and it may even be more disastrous than in Wagar's story.

## DISCUSSION

Interpersonal relationships are formed and maintained via the relational processes of communication. Communication encompasses a complex interplay of relationships, linkages, and shared meanings; it goes beyond the simple transactional transmission of information. For encouraging efficient communication and establishing lasting connections in a variety of personal and professional situations, it is essential to comprehend these relational processes. The function of verbal and nonverbal clues in relationship interactions is a crucial factor. Nonverbal communication includes gestures, facial expressions, and body language, while verbal communication includes the use of words, tone, and expression to communicate messages.

These clues provide insightful perceptions into people's underlying attitudes, feelings, and intentions. Understanding and interpreting these signals improves communication accuracy and effectiveness, allowing parties to build rapport and mutual understanding. Another important component of relationship dynamics is trust. Any successful relationship is founded on trust, which is developed via regular communication, dependability, and honesty. Through encouraging openness, attentive listening, and empathy, effective communication helps to build trust. People may speak freely without worrying about being judged or betrayed when there is trust between them. In contrast, a lack of trust may obstruct communication, resulting in misunderstandings, disputes, and strained relationships. Relational processes in communication are influenced by power dynamics as well. Information sharing may be hampered by power disparities because those in positions of authority may try to impose control or influence over others. Due to a lack of willingness to express thoughts or concerns, this may result in communication difficulties.

To foster an inclusive and equitable communication environment where all views are heard and respected, it is crucial to understand and manage power dynamics. Additionally, relational processes entail the creation and maintenance of interpersonal connections. Communication that increases understanding, creates emotional ties, and produces shared meaning helps relationships develop over time. Regular and meaningful conversation encourages belonging,

closeness, and bond-strengthening. Additionally, effective communication is essential for resolving disagreements and dealing with relationship difficulties since it enables people to work through their differences and come to mutually agreeable solutions.

### CONCLUSION

Finally, research on relational processes in communication reveals the complex dynamics that underpin interpersonal relationships. Communication comprises a complex mix of relationships, shared meanings, and emotional subtlety in addition to the simple transmission of information. Individuals may promote efficient communication, forge solid bonds with others, and resolve problems by comprehending and using these relational processes. The relational fabric of communication is woven together by verbal and nonverbal clues, trust, empathy, and power dynamics, among other factors. By appreciating their value, people may improve their communication abilities, create inclusive settings, and build meaningful relationships. We can build better connections, advance understanding, and create a more peaceful society by placing a higher priority on the relational components of communication.

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## CHAPTER 4

### COMPLEXITIES OF A WORLD STATE: CHALLENGES AND ALTERNATIVES IN GLOBAL SECURITY

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#### **ABSTRACT:**

The concept of a world state, as a unified global governance system, has garnered attention and debate in discussions surrounding global security. This paper explores the complexities inherent in the establishment and functioning of a world state, and examines the associated challenges and potential alternatives. The complexities lie in striking a balance between diverse cultural, political, and economic systems, while ensuring effective governance and security on a global scale. Key challenges encompass issues of sovereignty, power distribution, decision-making processes, and the protection of individual rights. Additionally, alternative approaches to global security are explored, including regional cooperation, international organizations, and multilateral agreements. By analyzing these complexities and alternatives, this paper aims to provide a comprehensive understanding of the challenges involved in pursuing a world state and presents potential pathways towards a more secure global order.

#### **KEYWORDS:**

Alternatives, Challenges, Complexities, Global Security, World State.

#### **INTRODUCTION**

Even in these conditions, the emergence of a Weberian world state is neither inevitable nor desirable, so it is appropriate to prioritize the creation of a universal security community before taking any further steps in that direction. Members of the system must stop regularly viewing one another as physical threats and expect to resolve their differences amicably. A global state as such is not a guarantee for peace, as many political scholars have argued throughout the years [1]. A world state might quickly turn into a totalitarian monster, maintained mostly by immense brutality, or it could start a worldwide civil war with equally harmful effects if there was no preexisting and underlying political security community. Raymond Aron also cautioned against adopting a rigid historical logic that assumes history will always progress to its inevitable conclusion. The fanaticism I oppose comes from the century's simplifiers and "perfectionists," who think they have the secret to wealth and justice and are willing to use whatever means necessary to achieve it. There is nothing obscene or cynical about having doubts about these models. Contrarily, it is to depend on logic that recognizes the flaws in all social structures, admits the impossibility of foreseeing the future, and denounces the vain attempt to construct the model of an ideal society [2].

As a result, Morgenthau underlined the gradual formation of a global community of moral judgements and political activities in his quest for the possible political foundations for a world state. He also emphasized the significance of peaceful change methods for resolving political issues. Morgenthau expressed his notion very carefully, yet it may be claimed that securitization involves the opening up of peaceful politics by using the language of the theory of securitization. Additionally, as I have further shown elsewhere, the processes of developing peaceful change mechanisms and opening up universally shared political spheres contribute, for the most part, to democratic reforms of world governing systems. Political conflicts and

efforts to reform laws and principles may affect not only the acknowledgement of equality and diversity but also the allocation of socioeconomic chances and resources. Democratic international politics thus entails the possibility of redistributive justice. In addition, as will be shown, finding practical, decentralized methods of democratically regulating, guiding, and planning the international economy appears to be just as crucial. This is in addition to the specific techniques for democratizing systems of global governance. The goal is also to prevent economic crises, depressions, and breakdowns that might, among other things, lead to processes of securitization, enemy-building, and widespread violence [3], [4].

The democratic peace theory cannot provide a stable foundation for international security. Additionally, the idea of securitization has very little inherent explanatory power, although being useful in analyzing certain parts of the processes that are important to global security. Since there are no reliable guarantees of peace, the notion of a world state has once again become a focal topic in academic arguments regarding international security. However, I have argued in this chapter that it is preferable to base one's responses to issues of global security on specific scenarios about potential developments of temporal relational contexts as conditional stories that are based on explanatory models of contemporary realities rather than hasty and potentially dangerous visions of a unified world state. Future-focused peace and conflict research need to be seen as a pluralist, politically astute early-warning system that is built on extensive social process and structural study. We should all be able to learn from potential calamities in the future. In order to avoid routes that are likely to lead to a catastrophe, i.e., visions of alternative potential futures, it is equally important to build credible scenarios of desired future transitions [5].

Obviously, there are other goals than preventing a serious tragedy. Generally speaking, the goal of peace and security research is to demonstrate how historical trends and actual tendencies can be changed so that action can be taken consistently to promote the transformation of potentially or actually violent situations into peaceful and democratic politics rather than to prevent the transformation of peaceful politics into violence. Despite the real possibility that a war of mass destruction will put an end to the planetary nuclear era, it must remain unclear whether a world state in the strictest sense could turn out to be a worthwhile and desirable option at a later stage in world history based on my hesitant discussion in this chapter. We and others may be able to see possibilities that we are now unable to perceive as time progresses and fresh perspectives become available. But one thing is certain: Wagar was correct to limit the duration of the global state in his fiction to one hundred years. Unless mankind is able to exterminate itself, there cannot be an end to history not in the present, not in the year 2250, and not even in the year 10,000. However, permanent the foundations of any specific set of institutional arrangements may seem to a given observer at any point in global history, the history of the human race must remain open-ended [6], [7].

This paper central premise is that the current age, which spans from 1970 to 2007, may resemble the liberal epoch, which lasted from 1870 to 1914, in several significant ways. The second Industrial Revolution, free trade, unrestricted capital movement, and rapid globalisation characterized the 44-year-long liberal epoch of a century ago; on the other hand, nationalism, the right of sovereign powers to use force, new imperialism, imperialist wars, escalating trade disputes within and outside the capitalist core, and social unrest in Europe as well as in many colonies and China. Additionally, we are aware of the tragic result of those events, the First World War.

It is required to make a number of assumptions regarding pertinent causal mechanisms, processes, and their relationships in order to provide a historical account of the First World War. The 'Great' War's' temporal history of events, episodes, and processes is also described in

an explanation. There have been and still are a variety of plausible explanations for what led to the disaster of 1914-18. None of these are self-evidently accurate or, for that matter, universally agreed upon by academics working in fields like history, peace and conflict studies, or international relations. It discusses and evaluates the relative merits of various explanations in light of the provided theoretical framework as well as presumptions about economic theories. A simple theoretical reinterpretation and appraisal is obviously insufficient, and new notions and theories are also necessary. It is also necessary to do a thorough analysis of the available empirical data. In dialectical argumentation, a researcher works through intricate cycles that traverse the same territory from many viewpoints in an effort to pinpoint weak places and seek out the best candidates among competing solutions. Therefore, he seeks a conclusion that makes the strongest and most convincing overall argument; this is not "the only correct answer," but rather the strongest and most convincing argument. Additionally, the strongest components for endorsement of the best explanatory model that is now available always stand on shaky footing. It is always feasible to discover a viewpoint that is even stronger or more tenable, that is, a model or a tale that is more accurate [8].

### **Explaining the First World War**

Imperialism was theorized by Marxists during or just after the First World War. Traditional imperialist theorists saw the roots of the conflict in terms of lengthy politico-economic processes. It discusses the factual and historical data put forward by the classical thinkers themselves and links their explanations of imperialism and the war to the theoretical framework. The key is that these theories may shed light on a number of key elements and features of the geohistorical processes that caused the conflict. Furthermore, chapter 4, which examines some of the layers and components of this explanation in greater depth and also covers more contemporary accounts of the conflict, is built on the comparative overview at the conclusion of this chapter. I do this in an effort to create my own complete explanatory model.

### **Classical theories of Imperialism and War**

From 1870 forward, why did the major nations of Europe turn to aggressive new expansionism and imperialism? Why did they begin to believe that imperial enlargement was necessary for their safety? Why finally turned this imperial expansionism into a European weapons competition between two military alliances? The traditional imperialism theorists, including Joseph Schumpeter, Thorstein Veblen, John A. Hobson, Karl Kautsky, and Vladimir I. Lenin, were primarily interested in understanding the mechanisms of imperial growth, but they also created a framework for explaining the conflict.

Pax Britannica was disrupted in 1870–1871 by the Franco-German war. The term "Pax Britannica" refers to the 50-year era that followed the 1815 Battle of Waterloo and the Concert of Vienna, which sought to restore the political order in Europe from before the French Revolution. Europe was generally peaceful during this time, though social unrest and revolutions occasionally broke out, especially in 1848, and small-scale conflicts like the Greek War of Independence, the Crimean War, and the Franco-Austrian War were fought in some regions of Europe. The British Empire had unrivalled economic and maritime might and controlled the majority of the major naval trade routes. Britain was essentially the sole industrial economy in the globe by the 1850s. Britain controlled international commerce, supported free trade, and used an unofficial colonialism policy. Without actual colonial power, it maintained control over markets like those that China's two opium wars in the 1840s and 1850s pushed open to 'free commerce'. The Royal Navy helped put an end to piracy and slavery in other parts of the globe while it was involved in the opium trade and conflicts in the East. Beyond the oceans, Britain created and provided funding for a global postal system. The unity

of Germany was achieved by the Franco-German war. Germany became a single nation-state when the German states declared their unification in January 1871 under the rule of the Prussian King. By that point, the British had begun to reevaluate their policies as a result of modifications to their politico-economic situation. Additional discursive changes in Britain were brought on by the German victory over France and the unified Germany. 'Imperialism' had a bad reputation in the middle of the nineteenth century because it was linked to Napoleon's attempts to unite all of Europe under one empire. Additionally, for many years, British liberals held the belief that the age of colonialism was coming to an end. Richard Cobden, a prominent opponent of colonial holdings, claimed that colonies were militarily and economically unsustainable and that free commerce should take their place. Nearly a century before to the United States' independence, it had been the largest market for British products. Nobody was publicly discussing an empire even after the Indian Rebellion of 1857 was ruthlessly put down and the British Crown immediately acquired control of the East Indian Company [9]. The spirit of the middle of the nineteenth century was portrayed as follows by V.I. Lenin in his book *Imperialism, The Highest Stage of Capitalism*:

- i. The leading British bourgeois politicians opposed colonial policy and believed that the liberation of the colonies and their complete separation from Britain were inevitable and desirable during the most prosperous period of free competition in Great Britain, which was between 1840 and 1860. The colonies are millstones around our necks, Disraeli said in 1852, according to M. Beer in his 1898 paper "Modern British Imperialism." Disraeli was a politician who was typically pro-imperialism. Still in 1872, liberal social reformer Charles Dilke claimed that colonies were neither rational from an economic or a military standpoint: "No-one has ever succeeded in showing what effect the connexion can have on trade." South Africa, Australia, Canada, New Zealand, and other former white colonies have developed more independent political systems. They unfairly taxed British products while relying on Britain for their defense.
- ii. In terms of the white colonies, Great Britain had both garrisons, like Gibraltar, and simple dependency, like the West Indies and Ceylon. Separation or, preferable, increased contributions from the colonies to strengthen the mother country's position were Dilke's two possibilities. But many others disagreed. There was no way to separate. Protected imperial markets started to appeal to weak segments of industry as rivalry with other industrializing nations and their manufacturers grew. Many claimed that Britain's place in the world market determined both her strength and her stability. In addition to becoming marketplaces in and of themselves, colonies offered the means for the military protection of the world's commercial network. Following his historic speech at the Crystal Palace in 1872 and the Conservative Party's electoral victory in 1874, Prime Minister Benjamin Disraeli declared that Queen Victoria would assume the title of "Empress of India" in 1876, signaling that "empire" and imperialism should, from that point on, also be viewed favorably. The empire intended to establish a customs union, a standardized defense system, and a central organisation in London to strengthen ties between the imperial administration and the colonies.

Despite the fact that the British still engaged in free trade, the French were among the first to adopt the newly stated British model. Following the acquisition of Tunis the following year, the French empire was expanded in Senegal and the Sahara in 1880. In 1884, France quickly became heavily involved in the race for Africa. French colonial purchases and expenditures were made for at least two reasons. First, the growth of the French colonial empire was seen as

a way to "rejuvenate" the nation after its humiliating loss in the Franco-Prussian War. Second, leaders like Jules Ferry came to the conclusion that protected foreign markets would help France's economy, which was struggling due to increased US rivalry in South American markets as well as German and American protectionism. The United States adopted tariff protection in 1890 after Germany did it in 1879 as a response to economic crisis. In response to British, French, and Russian imperialism, the developing industrial powers of Germany, the United States, and Japan in the east entered the race for new colonies in the 1880s and 1890s, while the Russian Empire continued to press for southerly expansion. International politics of the time were characterized by colonial wars and expansion, surprise diplomatic, realignments, secret treaties, and intricate strategic calculations. As a result, the European colonial powers split up Africa, while their colonial influence in the Middle East and Asia grew and expanded. The overall colonial and imperial territory increased from 46.5 million km<sup>2</sup> to 72.9 million km<sup>2</sup>, while the population increased from 314 million to 530 million between 1876 and 1900. In addition, Qing-China, which had a population and territory comparable to that of Europe, started to function somewhat like a colony [10].

Imperialism was a passionately contested political and scholarly topic around the beginning of the century. What are the best ways to comprehend and define imperialism? Is there a moral case for it or another logical argument? After being expelled from academia, John A. Hobson was sought out by the editor of the Manchester Guardian to serve as their South African correspondent. Hobson first developed the critical notion that imperialism was a byproduct of the growing forces of contemporary industrial capitalism while covering the Second Boer War. Hobson articulated the idea in his book *Imperialism* that the quest for new markets and international investment possibilities, along with an ongoing but cyclically increasing problem of overproduction, is what drives imperial growth. Hobson's magnum work gave many later imperialist theorists, most notably Kautsky and Lenin, a wealth of information. In some respects, Veblen's starting point was likely closer to Joseph Schumpeter's liberalist explanation of imperialism and the war even though he analyzed Hobson and other early commentators.

## **DISCUSSION**

For a long time, people have been fascinated by and speculated about the idea of a world state, which would be a governmental body that would include all states. Advocates claim that a unified system like this may improve international security and collaboration. But a deeper look exposes the difficulties and complications that come with the creation of a world state. The various cultural, political, and economic environments found all across the world are a substantial barrier to global agreement and harmonization. Furthermore, worries about a possible concentration of power and the degradation of personal liberties are raised by issues with sovereignty, governance, and power distribution. As a result, alternatives to a World State have developed, such as regional alliances, international organisations, and multilateral cooperation frameworks. These alternatives aim to answer concerns about global security while preserving the sovereignty and independence of individual countries. The complexity of these issues will be covered in depth, and the possibility of various strategies for attaining global security in a society with a wide range of viewpoints and interests will also be explored.

## **CONCLUSION**

In conclusion, the difficulties involved in creating a World State emphasize the significant difficulties it would encounter due to its cultural, political, and economic variety. In spite of the attraction of a single global organisation for improved global security, issues with sovereignty, governance, and power sharing must be taken into account. Alternatives to a World State have thus garnered support, placing an emphasis on regional alliances,

international organisations, and multilateral cooperation frameworks as workable substitutes that strike a compromise between the need for global security and the preservation of national sovereignty. As they provide a more practical and inclusive means of tackling the difficulties of global security, it is critical to keep researching and improving these alternative ways going ahead. In the end, maintaining a balance between international security and national sovereignty is still a challenge in today's complicated and linked globe.

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## CHAPTER 5

### AN OVERVIEW OF THE SCHUMPETER'S LIBERALIST ACCOUNT THE LIMITS OF CAPITALISM

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#### ABSTRACT:

The Schumpeterian perspective on capitalism and its inherent limits within a liberalist framework. Joseph Schumpeter, a prominent economist of the 20th century, argued that capitalism's dynamism arises from the process of creative destruction, wherein new innovations and entrepreneurial activities disrupt and replace established economic structures. While Schumpeter emphasized capitalism's ability to drive economic growth and progress, he also acknowledged its inherent limitations. This abstract delves into Schumpeter's analysis of these limitations, including the tendencies towards monopoly and inequality, the potential for economic crises, and the erosion of social cohesion. By examining the tensions between capitalism's dynamic forces and its constraining factors, this paper's aims to contribute to a deeper understanding of the complex relationship between capitalism and the liberalist ideals of individual freedom and market efficiency.

#### KEYWORDS:

Creative Destruction, Economic Growth, Entrepreneurship, Individual Freedom, Liberalism, Market Efficiency.

#### INTRODUCTION

Schumpeter's liberalist analysis is a good place to start since it placed the responsibility on repeating pre-capitalist processes rather than industrial capitalism itself.<sup>3</sup> In his article on imperialism, Schumpeter attempted to explain the 1914–18 conflict while also criticizing Otto Bauer and Rudolf Hilferding's neo-Marxist beliefs. According to Schumpeter, imperialism is the state's object-free inclination to forceful growth without set boundaries. According to Schumpeter, the outdated non-democratic governance practices of the European great power's princes, pre-capitalist practices, and the absolute monarchical state were the primary drivers of imperial contestation [1]. He said categorically, "Imperialism is an atavism. The late nineteenth-century empire had no overtly economic justifications. Before the Industrial Revolution, imperialist wars may have been financially successful, but since then, conflicts are no longer rationally cost-effective. Schumpeter agreed with those British liberals from the middle of the nineteenth century who had argued that foreign colonies are too expensive and associated rationality with the instrumentalist logic of homo economicus. Therefore, both imperialism and warfare must have been illogical since none of them could have anything to do with the overarching goals of capitalist society or the fundamental rules governing its growth. A completely capitalist society can therefore provide no fertile soil to imperialist impulses because of the processes of democratization, individualization, and rationalization that follow the rise of capitalism and liberalism. Furthermore, "capitalism is by its very nature anti-imperialist, and where free trade is the norm, no class has an interest in forcible expansion as such [2].

The illogical impulse to "surrender to a concrete and familiar super-personal cause" may have contributed to nineteenth-century nationalism and imperialism. More significantly, "that large



group of surviving features from earlier ages that play such an important part in every concrete social situation are what led to imperialism. However, a number of supporting elements made it easier for imperialistic attitudes and systems to endure. Particular economic interests were able to dominate policy-making in particular because of the non-liberal and non-democratic political regimes. Cartels, monopolies, and initiatives to establish protected markets were all criticized by Schumpeter. However, as trusts, cartels, and monopolies can only achieve their main goal via protective tariffs, their establishment also necessitates governmental intervention. Monopolies do not develop in competitive marketplaces by themselves. The authorities have often been eager to impose tariffs in order to raise money at the behest of certain groups [3]. According to Schumpeter, a company had "expanded beyond economically justifiable limits" if it could not continue without politically secured markets. The establishment of new businesses is effectively thwarted by cartels, thus foreign investment channels are also sought. The concept of using military force to lower international customs barriers and "secure control over markets" occurs when export-hungry monopolists from many governments want the same markets. The result is either a formal or informal empire. The automated nature of the competitive system can never be used to explain trusts and cartels. They result from government policy. The straightforward application of liberal economic and political ideas was Schumpeter's chosen response to the issues of war and imperialism [4].

It is crucial to emphasize that Schumpeter assumed the fundamental ideas of neoclassical economic theory when he examined imperialism. Free markets with perfect competition are stable and highly effective, according to the main thesis. The 'Say's law,' which holds that the supply of any good inevitably generates an equal demand for goods, is a corollary of this.<sup>4</sup> Schumpeter also used Ricardo's comparative advantage justification for free trade, which Eli Heckscher and Bertil Ohlin eventually developed into a neoclassical standard model. As a result, Schumpeter's analysis of war and imperialism was theoretically based and heavily influenced by the liberalist notion of a balance of interests in free-market competition: "Under a system of free trade there would be conflicts in economic interests neither among different nations nor among the corresponding classes of different nations [4], [5].

E.H. Carr notably cited the liberalist harmony of interest theory as one of the reasons of the First World War and a significant contributor to the problems of the interwar period at the time of the Second World War. Carr argues that the classical political economics' harmony of interest theory referred to a tiny producer and merchant economy that vanished with the Industrial Revolution. However, the concept was somewhat supported by the unmatched increase in productivity, population, and affluence that defined the century that followed the publication of *The Wealth of Nations*. However, no system of purportedly universal laws, like the invisible hand of free markets, can ensure local or global peace. Because universalist utopias often misrepresent certain identities and interests as universal, i.e., as inevitably shared by everyone, actions based on these assumptions often contribute to causing, sustaining, or escalating conflicts. According to Carr, there would need to be political processes for addressing actual problems via peaceful reforms as opposed to assumptions of inevitable concord [6], [7].

### **Thorstein Veblen**

Like Schumpeter, Veblen heavily attributed the dynastic tendencies of state leaders and the entrenched interests of businessmen for his explanation of contemporary imperialism.<sup>6</sup> Veblen's view, however, departs from Schumpeter's in at least four significant ways. Veblen was less confident than Schumpeter that only conventional democratic institutions, such as recurring multiparty elections, would be sufficient to thwart aggressive and expansionist foreign policy since he had first-hand experience with American politics. Veblen believed that

contemporary imperialism had shown how little there may really be between citizens of ostensibly autocratic regimes and those of constitutional democracies. Veblen watched American democracy, where no absolutist or monarchical institutions were still in place and where the majority of male people had the right to vote in a time when political corruption and economic power abuses were widespread and openly acknowledged. During this period, the US practised imperialism, especially in the Caribbean and the Pacific, and finally joined the First World War. Second, Schumpeter based his argument on the experiences of British liberalism in the middle of the nineteenth century, which seemed to be against both empire and warfare. However, Veblen believed that the capacity for ordinary people to wander into calm mental patterns was a significant factor in the formation of free institutions in England. In other words, Veblen argues that conflict itself often strengthens or reorganises forms of agency, social norms, and relationships, as well as moving them in a more nationalist and combative direction. On the other side, a long-lasting calm and lack of conflict may open the door to novel procedures and institutional opportunities [8], [9].

Third, Veblen rejected Schumpeter's assertion on the harmony of interest. Although increased productivity and per capita output have been made possible by modern equipment and methods, it is a fallacy to think that property owners' accumulation of wealth inevitably benefits society as a whole. The issue is that by creating the impression that acquisition rights are in the "general" interests of society and a country, this illusion might be used to justify rights to acquisition via ownership agreements and financial transactions, including acquisition from other countries. Veblen makes a rigorous distinction between a large, contemporary corporate firm and an early capitalist enterprise: The institutional animus of ownership, as it developed under the early modern handicraft discipline, grants property ownership to the worker who created it. By construing the acquisition of property to entail the creation of wealth, this philosophical edict is transformed to match the conditions of later competitive business, and a businessman is seen as the supposed creator of whatever money he obtains. Because of this complexity, the acquisition of property by any individual is seen to be praiseworthy as an activity furthering the interests of society as a whole, in addition to being advantageous to the owner. A person is considered to have neglected not just an opportunity but also a responsibility if they fail to negotiate wisely or amass more commodities than they have personally created. The pecuniary conscience, of course, rarely insists that everyone acquire more than a small portion of the total wealth available, but it is generally believed that the person who, other things being equal, diverts the larger portion of the total wealth to his own possession best serves the common good. He is the putative producer of it once he has a defensible right to it.

Thus, government actions that support and defend the rights of excessive company acquisition, whether domestically or overseas, are often justified by the ideology of the harmony of interests. The excessive riches of the upper class sometimes feed into a system of ritualistic display and spending to demonstrate one's rank and accomplishments. Conflicts might readily arise since this kind of acquisition has no reasonable or natural limit. Thus, the entrenched commercial interests' pursuit of profits may also result in interstate rivalry. "War and a focus on warlike endeavors breed a warlike enmity." After adopting a strategy of governmental militancy to encourage opportunistic economic initiatives, the goal end inevitably changes from corporate benefit to dynastic supremacy and courtly honor. Excessive money has a greater impact on behavior than normal riches. In a stratified, unequal, and generally rich society, ceremonial elitism may develop. In other words, Veblen maintained that rather than only being an unexpected and unexplained resurgence of primitive qualities, as claimed by Schumpeter, the inclination towards a return to dynastic and ceremonial practices might also be endogenous to the capitalist market economy [10].

It is obvious that Schumpeter lacked an explanation for the shift to new imperialism from the 1870s forward from a Veblenian standpoint. If capitalism is typically as anti-imperialist and pacifying as Schumpeter believed, then there must have been particular conditions as well as an agency that stoked patriotic fervour and disrupted the relative tranquilly of the mid-nineteenth century. According to Veblen, the 1870s mood shift was caused by a number of intellectuals, particularly journalists contributing to the yellow press, in addition to the interests and agency inherent in the contemporary corporate enterprise structure. Additionally, Veblen stated that businesses really controlled the mass media sources and that they generally wouldn't give any views that went against their interests any traction. However, tensions and annoyances brought on by changes in the global backdrop may also be used to understand the motivations and impact of these thinkers and journalists. These, according to Veblen, included advancements in technology, the depletion of "unoccupied" space on the earth, the decline of England's competitive advantage in international markets, and the rise of social unrest and unrest in most Western nations.

### **Imperialism**

One study, Hobson covered a wide range of topics related to empire and conflicts. Although the core of Hobson's thesis was somewhat in line with cosmopolitan liberalism, he also made the case that the late nineteenth-century new imperialism was partly a result of internal industrial capitalist dynamics. Hobson began his work by refuting some of the usual economic justifications for imperialism, arguing that it is not a solution to the alleged overpopulation issue in Britain, and demonstrating experimentally that commerce does not follow the flag. Only a very tiny percentage of Britons leave the country each year, and by the turn of the century, the population growth had already started to halt. In addition, as the century came to a close, the percentage of emigration actually decreased. Most importantly, a negligibly tiny portion settled in the nations that the new Imperialism conquered. In that order, the majority of Britons who emigrated went to the US, Canada, Australia, or South Africa. The new imperialism had a similarly low level of economic worth. The percentages of imports from and exports to British possessions as a share of total value between 1855 and 1903 varied somewhat but were generally between 20 and 25% and 25 and 37%, respectively. The group of industrial countries that we consider to be our economic adversaries, and whose political hatred we were in risk of provoking by our expansionist policies, France, Germany, Russia, and the United States, saw the biggest rise in our international commerce. Thus, the traditional economic justifications for modern imperialism were false.

Hobson, however, created a hypothesis outlining an economic process that helps to partially account for the emergence of modern imperialism. The idea of the trend towards underconsumption and over saving or overproduction is Hobson's major contribution to economic theory. According to the notion of underconsumption, consumer demand is insufficient in relation to output, which leads to recessions and periods of stagnation. Hobson asserts that socio-economic inequality significantly contributes to underconsumption since high-income groups have lower marginal propensities to consume.<sup>9</sup> Less technically, those from the affluent classes who often benefit the most from economic surplus can and will legitimately use just a portion of their income and tend to preserve the remainder. In these conditions, there is no assurance of any type of "equilibrium" or balance in the money markets; that is, saves do not always transfer into domestic investments or consumption. The rate of saving is thus generally independent of the rate of interest. Production is anticipated to surpass the actual demand of the domestic markets since modern technology and power approaches simultaneously boost productivity. In addition, the formation of trusts and cartels means that

businesses may control pricing, at least in part. As a result, during the new imperialist age, "the power of production far exceeded the actual rate of consumption," and in contrast to earlier economic theories, was unable to compel a corresponding rise in demand by decreasing prices. Hobson made this statement in order to refute the following imperialist claims:

- i. Imperialism was unnecessary as long as England had a virtual monopoly on the international markets for some significant classes of manufactured products. After 1870, this dominance in manufacturing and trade was significantly weakened because other countries, particularly Germany, the United States, and Belgium, advanced quickly. While their competition did not completely stop or even slow the growth of our external trade, it made it increasingly challenging to sell the entire surplus of our manufactured goods at a profit.
- ii. Hobson argued that this view is more due to a lack of local demand than it is to international competition. Domestic demand is not constant and depends on a variety of factors, including how money is distributed. Therefore, disparities and bad policies might lead to a lack of domestic demand. Given this circumstance, some players in advantageous positions typically those with partial and constrained understandings of how the economy really operates might conclude that the only way to address the lack of effective demand would be via external growth. In the latter half of the nineteenth century, Britain sought to accomplish this via imperialism. According to Hobson's statistical data, exports from Great Britain to British possessions increased from a low of 25.6 percent in the early 1870s to 37% in 1900–1903, suggesting that the new imperialism of the late nineteenth century may have, in some ways, benefited Britain. Hobson made it clearer in the late 1930s that because to the fast advancement of technology, "each country is afraid of being flooded by foreign goods in its own markets." For others, colonial endeavors and imperial commerce provide a practical alternative to such rivalry. Furthermore, this not only explains imperialism but also the rivalry between superpowers since "if several advanced nations engage in the same process, as in India, collisions of interest, partly political, partly commercial, are likely to arise. Over saving at home indicates a surplus of private money. The same manner, a concentration of sectors has an impact by simultaneously reducing the amount of capital that can be successfully used and raising the percentage of earnings from which new savings and new capital will emerge. Today, the propensity for excessive saving leads to speculative financial capitalism. Hobson also argued that finance capitalists are especially susceptible to imperialism and, as a result, often have an interest in promoting militarism based on his experiences during the Second Boer War. Hobson contends that the reason financiers and other investors are drawn to imperialism is because they need an external outlet for excess that is often unproductive at home. Imperialists 'insist that his government should aid him achieve lucrative and secure investments overseas' at tax payer cost. 'To achieve this, war, militarism, and a "spirited" foreign policy are required. Thus, capitalism is often forced to turn to the national state, an integral component of the capitalist socio-economic system, for assistance in order to retain its lucrative nature. There is a potential slide "towards a growing parasitism once this course is taken."

- iii. Hobson attempted to avoid both economic reductionism and determinism in his explanation of empire and wars to some degree in empire, and maybe more so in his subsequent writings. I'm not making the argument for contemporary wars being caused primarily or even solely by economic factors here. It is not necessary to argue that capitalism as an economic system benefit from war, only that some sectors of capitalism with political clout favor aggressive foreign policies that increase the risk of war. This is a fundamental problem with capitalism because it is a decentralized system that frequently prioritizes the short term over the long term.
- iv. As a result, Hobson shared the worry expressed by Schumpeter and Veblen about the influence and strength of certain entrenched interests in European and North American nations that persisted after constitutionalizing and democratizing to varied degrees dictatorial, undemocratic, or corrupt. Imperialism's propensity to increase state debt is one of its political aspects. According to Hobson, it is harder to impose expenses of basically private benefits on the general public the more democratic a nation is or the more social discontent and dissent there is inside a state. Public debt accumulation aids in masking the actual economic costs of imperialism. Additionally, imperialism and wars, as well as assertions that national unity is essential and that 'high politics' has immediate objectives, have anti-democratic effects. The military often becomes the top budgetary priority regardless of the views of the populace, the executive subordinates the legislative, and parliamentary procedures are often ignored or minimized. Imperialism and war also impact players and their roles: The South of England is full of men of local influence in politics and society whose character has been formed in our despotic Empire. Therefore, imperialism as a political process tends to be self-reinforcing to the degree that non-democratic stances actually enable and promote it.

Politics involves making public comments and discussions as well as concealing things. Hobson devoted the majority of the second chapter of *Imperialism* to a critical examination of the scientific and ethical justifications for imperialism. Policies and actions must be justified in language that are universally accepted. Hobson periodically discussed how "economic interests masquerading as patriotism, civilization, and the like," but he also noted that the moral and ideological convictions of intellectuals, journalists, politicians, and others who conduct foreign policy may also play a separate part in social causation. As a result, motivating factors are important. These strata of imperialist discourses were examined by Hobson. Natural history, seen as Darwinism, served as the foundation for late nineteenth-century imperialism's defence. The country that can defeat and subjugate other races is more effective and strong, and here is where the argument for imperialism shifts from being descriptive to being normative. here nation is thus entitled to govern in the name of evolutionary progress. As a result, the theory quickly transcends natural history and assumes a rich complexity of ethical and theological finery. We are thus carried into an exalted atmosphere of "imperial Christianity," a mission of civilization, where we are to impart the virtues of good governance and the dignity of work.

Hobson examined the grounds for imperialism via an extensive and critical exploration of Malthusian economics, race theories, moral philosophy, and global political theory. He assumed that dominant discourses mattered much in politics and took them seriously. The main finding of Hobson's critical examination is that imperialist ideologies ultimately rest on a

number of socially constructed fallacies, illusions, and reifications. Imperialist ideals were pervasive not just among the governing elites but spread like wildfire practically everywhere in politics. Jules Ferry said that "the superior races have a right because they have a duty; they have a duty to civilize inferior races" in the 1880s in France. The phrase "white man's burden" was being used to popularize the same concept in Britain. European socialists and labor parties discussed colonialism in the Second International's Stuttgart Congress two decades later. Eduard Bernstein's slightly imperialist argument that civilized people must exert some kind of guardianship over uncivilized peoples was backed by a number of figures.

### **Karl Kautsky**

Kautsky discussed imperialism and anticipated like many other critics of militarism in the decades preceding 1914 a full-scale world war in some of his early writings, including *Socialism and Colonial Policy*. Here I focus on Kautsky's well-known and controversial article 'Ultra-imperialism', which was completed several weeks before the outbreak of the war, but was published in September 1914 in *Die Neue Zeit*. In the revised version of the paper, Kautsky saw the European arms race as an inevitable result of competing imperialisms. His point was to pose a new question about the future, formulated in the summer of 1914 as follows:

- i. With the result that the arms race which was previously only a race for land armaments has now also become naval arms race, and that the long-prophesied World War has now become a fact. Is this side of imperialism, too, a necessity for the continued existence of capitalism, one that can only be overcome with capitalism itself?
- ii. Kautsky answered his own question by arguing that there is no economic necessity for continuing the arms race after the World War, 'even from the standpoint of the capitalist class itself. Kautsky argued that capitalism itself is threatened by the contradictions between capitalist states. Thus, he declared that every far-sighted capitalist today must call on his fellows: capitalists of all countries, unite. Kautsky saw a growing opposition to imperialism from North Africa to the Middle East, from India to Eastern Asia; as well as a growing opposition at home from the working class. He proposed that the next phase of capitalism would be 'ultra-imperialism', based on the 'translation of cartelization into foreign policy' and creating, in effect, 'a holy alliance of imperialists. In other words, capitalist states could begin to cooperate in the future and govern the world in a concerted manner, thus preventing anti-imperialist forces from becoming too influential. According to Kautsky, there are many different modes of expansion of capitalism.

However, Kautsky's 'ultra-imperialism' is interesting also because it tells a distinctive story about the transformation of the free trade arrangements into competing imperialisms. Kautsky reasoned that free trade came to dominate after the Napoleonic wars because of the superiority of England's industry. Britain was the industrial workshop of the world and imported agricultural goods and raw materials. The division of labour was unambiguous and all sides were supposed to benefit as Ricardo's theory about comparative advantage indicated. 'But this sweet dream of international harmony quickly came to an end. Over time, it became clear that it was much better to specialize in industrial production, with productivity gains that were increasing exponentially. While Britain thrived, states that remained agrarian decayed and tended to lose their pre-industrial manufacturing sector. Thus, the United States and some states in Western Europe such as Belgium, France and Germany soon followed by Japan developed strategies to create autonomous heavy industry. They imposed protective tariffs against English free trade and invested in science, technology and education. At that time came to the new

methods of the second Industrial Revolution. With new competitive industries emerging, Britain ceased to dominate the world markets in the 1870s. The new industrial states proposed that the great industrial States divide those zones of the world that still remained free, as long as the latter could not resist them. England reacted to this. This was the beginning of Imperialism.

## **DISCUSSION**

The discussion surrounding the Schumpeterian perspective on the limits of capitalism within a liberalist framework is both nuanced and insightful. Joseph Schumpeter, a prominent economist of the 20th century, offered a unique account of capitalism that emphasized its dynamic nature and role in fostering economic progress. Central to Schumpeter's analysis was the concept of "creative destruction," whereby the relentless pursuit of innovation and entrepreneurial activities continually reshapes the economic landscape. However, alongside the benefits, Schumpeter acknowledged the inherent limitations of capitalism. One significant concern he highlighted was the tendency towards monopoly, as dominant firms can stifle competition and hinder innovation. Moreover, Schumpeter recognized the potential for economic crises arising from imbalances and the cyclical nature of capitalist economies. Another critical aspect he explored was the potential erosion of social cohesion, as capitalism's emphasis on individual pursuits and market forces can exacerbate inequalities. The discussion on the limits of capitalism in a liberalist context also encompasses the tension between individual freedom and the broader societal implications.

While capitalism champions individual liberty and free markets, there are inherent trade-offs, such as the unequal distribution of wealth and resources. Schumpeter's analysis provides a framework to understand these dynamics and raises questions about the role of government intervention and regulation in addressing the limitations of capitalism. Furthermore, exploring the Schumpeterian perspective on the limits of capitalism contributes to ongoing debates regarding the sustainability and inclusivity of market-driven economies. By delving into the complex interplay between capitalist dynamism and its potential constraints, researchers can gain a deeper understanding of the long-term viability and desirability of capitalism as an economic system. This discussion opens avenues for exploring alternative economic models and policy frameworks that aim to mitigate the identified limitations and foster a more equitable and resilient society. Overall, the discussion surrounding Schumpeter's liberalist account of the limits of capitalism enriches our understanding of the complexities inherent in economic systems and informs ongoing discourse on shaping a prosperous and just society.

## **CONCLUSION**

In conclusion, the Schumpeterian perspective on the limits of capitalism within a liberalist framework offers valuable insights into the inherent tensions and challenges associated with market-driven economies. Joseph Schumpeter's analysis of capitalism's dynamic forces, including creative destruction and entrepreneurial innovation, highlights the system's capacity for driving economic growth and progress. However, Schumpeter also acknowledges the limitations that can arise, such as the potential for monopolies, economic crises, and social inequality. The discussion surrounding these limits provides a deeper understanding of the complex relationship between capitalism and liberalist ideals, particularly regarding individual freedom and market efficiency. By critically examining the constraints and trade-offs inherent in capitalism, researchers and policymakers can seek ways to address these limitations and create a more inclusive and sustainable economic system. Ultimately, understanding and navigating the limits of capitalism contribute to ongoing debates and efforts to shape economies that promote prosperity, social cohesion, and individual well-being.

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## CHAPTER 6

### AN OVERVIEW OF THE EFFECTS OF MONOPOLIES, AND SPECULATIVE ACTIVITIES

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#### ABSTRACT:

The multifaceted effects of monopolies and speculative activities on economic systems and market dynamics. Monopolies, characterized by the exclusive control over a particular industry or market, have long been subject to scrutiny due to their potential to stifle competition and limit consumer choice. Furthermore, speculative activities, such as excessive speculation in financial markets, can introduce volatility and uncertainty, with the potential to disrupt economic stability. Through a comprehensive analysis of relevant literature and case studies, this research sheds light on the various consequences of monopolies and speculative activities, including their impact on market efficiency, consumer welfare, innovation, income inequality, and systemic risk. By understanding these effects, policymakers, economists, and stakeholders can devise strategies to mitigate the negative consequences and promote a fair and sustainable economic environment.

#### KEYWORDS:

Monopolistic Practices, Market Concentration, Antitrust Regulations, Competition Policy, Market Efficiency.

#### INTRODUCTION

Additionally, Kautsky highlighted the consequences of railroads. Railways were first exclusively constructed in highly industrialized and densely inhabited areas, but starting in the 1870s, they allowed for the opening of new regions to vast and intense global commerce and investment. 'As a result, the desire to increase capital export from industrialized nations to rural regions of the globe develops along with the propensity to impose state authority on these regions. 'Agrarian zones' railroads were often constructed with foreign funding. However, according to Kautsky, capital exports might also have a different but equally significant impact. Foreign capital may help or speed up the growth of local industries under appropriately regulated and other advantageous circumstances [1]. As a result, a new generation of "newly industrialized countries" may soon start to compete with the established ones in global markets.

Lenin's 1917 pamphlet, which he wrote in reaction to Kautsky, was titled Imperialism as the Highest Stage of Capitalism. Lenin developed the idea that imperialism and the First World War constitute the final historical stage of the development of capitalism, which is characterized by parasitism and decay, while Schumpeter was on the other side of the political spectrum, assuming that market capitalism had little to do with either imperialism or war. Lenin began by examining cartels, trusts, and manufacturing monopolies. Lenin stated that, in contrast to Schumpeter, the trends towards economic concentration are consistent with Marx's theory of the evolution of capitalism [2]. Marx, who used a theoretical and historical study of capitalism to show that free competition leads to production concentration, which, in turn, eventually leads to monopoly, was attacked by the official scientific establishment. Monopoly is a reality now.

Lenin understood that while the government may influence the process, capitalism's fundamental tendencies nonetheless prevail. He contrasted England, which relies on free trade, with Germany, whose industries are protected by tariffs and freight rates, and said that in the latter, concentration also leads to monopoly, although later and maybe in a different form. Lenin claimed that modifications in governmental policy only produce slight variances. A broad and essential rule of capitalism's current stage of growth is the concentration of production. Lenin, however, used the word "monopoly" and other similar concepts quite loosely. As a result, a company with more than ten thousand employees is referred to be "giant," and a market with twelve companies is seen as monopolistic. Lenin was essentially illustrating the rise of production units and the oligopoly of markets. The United States Steel Corporation, Standard Oil, and the dominant cartels in the German chemical sector served as the principal examples for Lenin of circumstances that were close to becoming actual monopolies in the first ten years of the twentieth century [3]. The fact that this process had distinct stages and was geohistorical is also crucial. Most industries enjoyed open competition prior to the 1860s. The second Industrial Revolution's lengthy worldwide downturn, which began in the 1870s and lasted until the first part of the 1890s, coincided with the emergence of the tendency towards concentration, trusts, and cartels. Lenin makes his point by citing lengthy passages from a 1914 study about the great revolution that began with the crash of 1873, or rather, the depression that followed it and marked twenty-two years of European economic history, as well as the unusually violent but fleeting boom around 1889.

The period from 1870–75 to 1890–96 was often referred to as "the Great Depression" up to the slump of the 1930s.<sup>14</sup> According to Lenin, monopolisation started during the Great Depression of the late nineteenth century. However, "cartels became one of the foundations of the entire of economic life" specifically once a fresh upward surge started. Lenin gave many justifications for cartelization and monopolisation, including economies of scale, bigness itself, technological advancements, efficiency, and the potential to acquire patents from other parties. Lenin considered the expansion of speculative activity and the function of banks to be the second key aspect of capitalism's most recent era. Large industrial capital concentrations lead to the need for large-scale investments, an accumulation of savings in banks, and a shift in the economic system's priority from financing organisational developments to financing speculative investments in ownership structures. The stock market's movements and tendencies also started to dominate the economic system. In this sense, the banks play a very significant role. While banks are also affected by the trend towards economic concentration, they are able to influence industrial growth via their control of financial resources. However, banks themselves might often turn into the target of speculative operations. The eventual effect is that banking and speculation become more and more necessary to the "industrial capitalists." Additionally, governments become engaged in financial developments, which also influence state policy. Lenin discussed "personal unions" among several institutions, including the state, and used Germany as an example [4], [5].

What Lenin referred to as "financial oligarchy" emerges in an economy based on the hegemony of finance capital. Once a small group of individuals have significant financial power, their influence will inevitably spread to every aspect of public life, regardless of the kind of government or any other specifics. In close cooperation with the state, the propensity to export money and look for lucrative enterprises overseas results in undertakings that often have long-lasting effects on inter-state relations. Lenin endorsed research that blamed Britain's intention to "isolate Germany and surround her with an imperialist anti-German alliance" in part on the German-Ottoman building of the Baghdad railway in the early 20th century. Lenin also mentioned other cases in which internationally based trusts, cartels, and banks came to agreements "by which they divided the world between themselves," designating geographical

areas for each to exploit without much market competition. However, conflicts over the global redistribution of territory were occurring virtually continuously due to shifting capacities. Additionally, governments sometimes actively participated in setting such state monopolies. Lenin saw a variety of potential causes for wars between imperial superpowers, including a probable lack of raw commodities and a dispute over them [6].

The fact that political and economic growth followed geographical logic is crucial to understanding Lenin's depiction of capitalism in the late nineteenth and early twentieth centuries. External state sovereignty was seen as being comparable to private property rights in seventeenth- and early eighteenth-century Western and Northern Europe, according to subsequent studies. This granted the sovereign body ownership or total authority over everything within.<sup>16</sup> Monopoly capitalism, as defined by Lenin, is essentially the same as state sovereignty in that it refers to the exclusive control or ownership of everything "inside," but only in those markets or regions of commerce and industry where a certain monopoly genuinely predominates. As a result, the logic of growth for both monopoly capitalism and state sovereignty is geographical. Lenin acknowledged that there had been earlier waves of colonial expansion and that capitalist world markets had a long history, but it was conceptually logical to believe that the most recent phase of capitalism amounts to a colonial policy of monopolistic possession of the world's territory that has been completely divided up. Lenin easily admitted that throughout the early and middle of the nineteenth century, the dominant liberalist thinking in Britain rejected colonialism and imperialism. As far as I can see, Lenin does not assert that freely competitive markets would inevitably follow the same geographical logic. Lenin allowed leeway, at least in theory, for a variety of capitalist growth strategies despite his scathing and necessary polemics against Kautsky. Therefore, Lenin's justification could not logically rule out the prospect that territorial imperialism would ultimately prove to be only a step along the way to capitalism rather than its culmination.

Lenin, however, contended that the tendency towards economic concentration, monopolies, and the domination of finance over production were intrinsic to the capitalist market economy and that the inevitable result of this process was the emergence of rival imperialisms. The logic of monopoly capitalism also includes the concept of territorial annexation since imperialism, in turn, "is striving towards violence and reaction." Additionally, a key aspect of imperialism is the competition among the Great Powers for hegemony, or the conquering of territory, less for their own interests directly than to weaken and destabilize the rival's hegemony. Lenin went so far as to assert that the current presence of competitor nations and competing imperialisms is a key distinction between the old and modern forms of imperialist. He did not or was unable to support this assertion only in terms of Marxist economic theory. According to Lenin, the presence of several independent sovereign nations and rival imperialisms continued to be an unaccountable geo-historical truth [7], [8].

### **Conclusion Towards an Explanatory Synthesis**

In addition to trying to explain imperialism in general, Schumpeter, Kautsky, Lenin, and, to some extent, Veblen as well, did the same for the First World War. However, most remarkably, it was Hobson who, more than a decade before the summer of 1914, meticulously identified links between imperialism, nationalism, militarism, great power conflicts, the arms race, and the possibility of a big war. Hobson was one of many who believed a great conflict was imminent. Hobson first suggested that aggressive imperialism often leads to hostilities between rival imperialisms. While producing doctrines of national destiny and imperial missions of civilization for public consumption, the race for Africa and Asia sparked new alliances, forced all the concerned states to spend an ever-increasing portion of their resources on military and naval equipment, and sparked "a calculating, greedy type of Machiavellianism, entitled

realpolitik in Germany." All of this resulted in what Hobson referred to as "the sliding scale of diplomatic language" with a distinctive new cynical lexicon of terms like protectorate, sphere of influence, suzerainty, and others. It was a two-way process. Since these other countries are not only willing to contribute, but also regularly threaten to destabilize the peace in Europe due to their activities, Imperial Britain was inciting hostility in other governments. Hobson offered a simple and, in a sense, quantitative, method to account for this result. The fundamental reason for the massive weapons that have depleted the resources of most European nations, apart from France and Germany's animosity, is their competing objectives in territorial and economic growth. Where there was one sensitive area in our relations with France, Germany, or Russia thirty years ago, there are now twelve; diplomatic tensions between Powers with African or Chinese interests occur almost monthly, and the fact that national enmities are primarily commercial in nature makes them more dangerous because governments' policies are influenced by clearly financial junctoes. The number of sensitive areas increased as a result of imperial expansion. Hobson saw these developments as a serious danger to the peace in Europe, despite the fact that it had been decades since a conflict between major countries. Additionally, he presented a clear case against the arms race. In essence, Richardson's model of arms races which is itself a specific form of fallacy of composition was presupposed by Hobson's reasoning. The fallacy of composition is a common strategic illusion brought on by a specific position and its constrained point of view: what is often not achievable for all or many actors at once is what is possible for one player at a given time. By maintaining itself somewhat better equipped than its military rivals, a state can aim to maintain a security buffer. However, an explosive arms race would occur if all relevant governments, or even just two of them, sought to do the same. Hobson, in a way, tested the limits of this reasoning. If logic applied in these situations, the idea that the more prepared a nation is for war, the less likely it is that it will occur could very well be seen as a *reductio ad absurdum* of militarism because it implies that the only way to guarantee an unbroken world peace is to focus all of a nation's resources on the art of war, which is then rendered incapable of practice. Imperialism often leads to militarism and small-scale imperial conflicts in the periphery rather than war. A significant conflict symbolizes this policy's failure more than its achievement. So far as providing an explanation for the First World War, imperialism theories are quite helpful.

However, the essential causal mechanisms and processes are described differently in different imperialist theories. summarizes the justifications and associated ethical and political visions of the early imperialist thinkers. In my conclusion to this chapter, I make the case that they are all complimentary narratives because they each shed light on a different but equally significant component of the causal chain that led to the event known as the First World War. Due to their disparate ethical political objectives and worldviews, Schumpeter, Veblen, Hobson, Kautsky, and Lenin each suggested a different causation hypothesis and provided a distinct narrative about imperialism and the conflict. Their scientific explanations were future-oriented in the sense that they were creating arguments and narratives that also supported their preferred political alternatives, even though they were referring to the same natural and social realities and were broadly in agreement about some of the processes and mechanisms. The contrast Warren Wagar makes between "Pollyannas" and "Cassandras" aids in explaining these various future-oriented perspectives. In order to convince readers that a certain favoured future is in the cards and should, therefore, get all possible support, futurist Pollyannas often predict joyful futures.

### **Full Implementation of Economic and Political Liberalism within Nation-states.**

Replace large corporations and elitist ceremonialism with technocratic planning of otherwise decentralized and egalitarian system; also, a Kantian league of democratic nations. Veblen

frequently used satire and evaluative terms to criticize existing realities, but did not always try to formulate specific policy alternatives. In order to increase domestic demand for products and services, social reforms or democratic socialism inside nation-states are necessary; yet, in the end, global reforms are also required, including fair international trade regulation and European and global federalism. Within the capitalist international order, ultra-imperialism multilateralist imperialism of Great Powers is a potential answer; nevertheless, in the long term, the goal must be to build more fair and balanced growth as well as democratic socialism, perhaps meaning global democracy [9].

Once the conditions are right, ultra-imperialism, bourgeois reformism, and pacifism, as well as visions of global democracy, go against the objective laws of history in the hopes of inciting enough fear in the public and in decision-makers to prompt the implementation of the necessary countermeasures. However, liberal and Marxist theories of imperialism were primarily Cassandras, foretelling future exploitation, oppression, and big conflicts in the absence of better, more sustainable socio-economic and international conditions. The First World War and other movements of the twentieth century, such as anti-colonial efforts and decolonization, moved the onus of evidence on the Pollyannas. Openly imperialist beliefs were essentially outlawed for many years after 1945, up until the 1990s [10].

### **Schumpeter's Story Was of Incomplete Liberalist Modernization**

His normative worldview thus called for liberal- democratic institutions of representative democracy to take the place of antiquated royal systems. Veblen partially disagreed with Schumpeter, believing that the rise of authoritarian militarism and ceremonial elitism was a plausible and probable course for contemporary industrial capitalism. Thus, Veblen's aim was to replace the ruling class of commerce and dynastic militarism with a system of egalitarian and decentralized production that combined technocratic planning of industrial processes. Veblen was likewise in favor of a Kantian league of democratic countries, particularly during the war. Liberal modernization inside territorial states was insufficient for Hobson as well. Hobson advocated the notion that social, democratic, and cosmopolitan changes were also required, as will be discussed in further detail in chapter 8. He promoted a federation of civilized countries capable of averting interstate conflict by policing commerce and international relations, as well as democratic welfare states. By the period of "ultra-imperialism," Kautsky had switched from being a Marxist who first believed in the Marxist narrative of historical phases and changes leading eventually to a socialist revolution to one who took a more Hudsonian reformist posture. Lenin, however, continued to be a genuine revolutionary who was anti-pacifist and statist, following the example of the French Revolution. Lenin was basically seeking for historical indicators that the Marxist apocalyptic myth about the end of capitalism would be approaching its ultimate phase when he wrote *Imperialism as the Highest Stage of Capitalism*.

The classical theorists of imperialism shared many of the same views in their explanations of how imperialism came to be, including the importance of a particular elite mentality, along with related practices and institutions, as well as specific capitalist vested interests. Schumpeter concentrated on the conservative political order of nineteenth-century Europe, which often utilized oppressive and dictatorial methods to maintain aristocracy and hereditary monarchy in the wake of the French Revolution. Along with these points, he emphasized how capitalism in the late nineteenth and early twentieth centuries was affected by cartelization, monopolizations, and associated special interests. However, Veblen claimed that constitutional democracies may act in a similar manner. The corporate enterprise system may also be a source of the mechanisms that support or simulate traditional dynastic ascendancy, courtly ceremonial, and honor. Veblen also asserted that the development of an authoritarian and dynastic tendency

must result from a variety of significant activities, emphasizing the importance of intellectuals and journalists in this process. Additionally, Veblen and Schumpeter both understood the broader background in which the British-dominated free trade system gave way to rival imperialisms starting in the 1870s. Protectionist and developmentalist policies were essential for setting the stage for industrialization in Germany, the US, and other countries. The fall in British competitiveness was linked to this. Lenin, in turn, emphasized the effects of the slump that lasted for a long time in the late nineteenth century, which likely strengthened the feeling of heightened rivalry despite ongoing growth in commerce and production. While Hobson's prediction of inadequate domestic demand in Britain was probably accurate, the extended slump and the combination of diminishing competitiveness may also have influenced the development of pro-imperialist attitudes in both France and Britain. Finding new markets for British and French products, services, and money was seen as necessary.

Thus, in many respects, the perspectives of Veblen, Hobson, Kautsky, and Lenin are complimentary. The phase of slower development between 1873 and 1895, the relative lack of domestic demand, and England's declining competitive advantage in the 1860s and 1870s global markets were likely related. Widespread socioeconomic gaps led to a decrease in demand for products and services as well as an increase in social unrest and volatility, which fed the views of the commercial, aristocratic, and dynastic elites about a "surplus population."<sup>18</sup> The processes of securitization in France and Britain, as well as maybe others, began about the same time as the German unification wars, or at the very least they played a role in them. The Franco-German War of 1870–1871 served as a stark example of Germany's growing economic might. Rapid technological advancements boosted both constructive and destructive power; the latter also exposed nations to the military might of others more easily, fostering a feeling of unease. The availability of food and raw materials, access to markets, and the inviolability of private property rights all tended to become increasingly securitized in a way they were not, at least not to the same extent, under the earlier free trade regime once the slide towards competing imperialisms and militarisms had started by the early 1880s. The spatial spread of industrial capitalism was made possible by governmental intervention.

The depletion of unoccupied space was caused by competing territorial imperialisms. This led to the development of the new "science" of geo-politics, which offered hostile criteria for military-territorial control of either continental or offshore regions of the earth's surface. Although Friedrich Ratzel first proposed the idea of *lebensraum* in the 1880s, A.T. Mahan developed his influential accounts of military control of seaborne commerce in the 1890s, and Harold Mackinder developed his theories of the heartland in the early 1900s, all before Rudolph Kjellén even coined the term "geo-politics" in 1916. Geopolitics is a distinctive byproduct of this age since it co-constituted state-governance practises. Geo-politics, a 'theory' of territorialized and securitized understandings that seems to be universal, co-generated and justified the foreign policy activities that ultimately resulted in the First World War.

Causal complexes never have just one cause; instead, they are made up of many different factors, including efficient as well as material, final, and formal causes. The interrelated social activities of multiple individuals established the global historical framework of global commerce and finance as well as rival imperialisms. Many of these players were conscious of the elements of their global historical context and reflective of those elements. However, at any one time throughout these geohistorical processes, a number of its constituent parts particularly the mechanisms and causal processes that gave rise to them constitute unrecognized or incorrect conditions of action. While imperialist theorists worked to create comprehensive models of these circumstances, current players were more and more convinced that they knew something specific and local.

### Using historical counterfactuals in constructing open-system explanations

What explains the 1914–18 war, which resulted in unparalleled levels of social and economic mobilization, the deaths of 10 million people, and some of the most astounding military and political revolutions? Numerous academic and lay publications have been written on the Great War. Many well-known historical histories of the First World conflict, however, concentrate more on the arms race of the decade before to the conflict than they do on the background of the war's outbreak, escalation, strategy, battles, negotiations, and results. The *Struggle for Mastery in Europe, 1848–1918* by A.J.P. Taylor, *The Origins of World War I, 1871–1914* by Joachim Remak, and *The Long War* by Eric Hobsbawm are three examples of longer-term historical narratives. In reaction to the Great War, the academic field of international relations was formed in 1919. As a social science, IR has traditionally been expected to look for causal explanations and generalizable theories. Its first mission was to identify the causes of war in order to avoid a repetition of the calamity of 1914–18. Within a short period of time, the calamity was repeated or, in a crucial sense, continued in the shape of the Second World War. The First World War eventually lost its unique significance for IR in the context of the Cold War. For instance, the start of the First World War is merely cited as an example of theory-derived and straightforward lawlike regularities in international politics in both neorealist and neo-Marxist theories of hegemonic stability and succession. These studies do not contrast various explanatory theories or evaluate critically the factual data about the trends and events that contributed to the start of the conflict. The First World War's roots have often only been treated as an actual instance of one war among many conflicts, even in the more accepting empirical studies of war and peace. The lateral pressure hypothesis has been a prominent exception to this propensity to overlook detailed study of the origins of the First World War. Nazli Choucri and Robert C. North created this in order to combine historical accounts of the long-term trends that led to the 1914-18 conflict and, at the same time, evaluate quantified theories against the available facts. Late twentieth-century IR has not really challenged the long-term accounts of the classical theorists of imperialism, with the exception of the lateral pressure theory and a few notable articles, and with a partial exception of works like Richard Hamilton and Holger Herwig's *The Origins of World War I* that focuses on the summer 1914 decisions.

As a result, the beginning of this chapter is the explanatory tale that I drew at the end of chapter 3. To summarize, the conservative elites of Europe gradually adopted explicit imperialist policies in the 1870s and 1880s, following Prime Minister Disraeli's new line for Britain at a time when it was losing its unique position as the world's industrial center and when the unification of Germany in 1871 was also perceived to signal the military significance of competing industrializations. Later, the US and Japan also adopted European neo-imperialism. The shift to rival imperialisms occurred at the same time as the protracted declining trend of 1873–1995 that included deflation and recurrent economic depressions and crises. The industrializing nations had substantial population expansion, as well as some per capita increase, although in fits and starts and sometimes at a slow rate. The new rising surge started in the latter part of the 1890s, when territorial competitive logic was already in place. The main components of the geo-historical complex that sparked the arms race and, eventually, the outbreak of conflict also included shifting power dynamics, market forces, democratization, nationalism, and the function of the media.

### DISCUSSION

Monopolies and speculative activities have far-reaching effects on economic systems and market dynamics. Monopolies, characterized by a single entity's exclusive control over a particular industry or market, have been a subject of concern due to their potential negative

impact on competition and consumer welfare. When a monopoly emerges, it can restrict market entry, manipulate prices, and limit product diversity, ultimately reducing consumer choice and innovation. Furthermore, monopolistic practices can result in higher prices and lower quality for consumers, leading to a decrease in overall economic efficiency. Speculative activities, particularly in financial markets, introduce a different set of effects. Excessive speculation can create volatility and uncertainty, increasing the risk of financial instability. Speculators often engage in high-risk transactions with the intention of making quick profits, which can distort market prices and exacerbate market bubbles. When speculative bubbles burst, they can have a cascading effect on the broader economy, leading to financial crises and systemic risks. Moreover, monopolies and speculative activities can contribute to income inequality.

Monopolistic firms, enjoying market power, can accumulate significant profits and wealth, often at the expense of smaller competitors. This concentration of economic power can lead to unequal distribution of resources and opportunities, widening the wealth gap. Similarly, speculative activities tend to benefit those with access to substantial capital, reinforcing existing disparities in wealth distribution. Addressing the effects of monopolies and speculative activities requires a comprehensive approach. Governments and regulatory bodies play a crucial role in implementing and enforcing antitrust regulations to curb monopolistic practices. They can promote fair competition, encourage market entry, and protect consumers from price manipulation and limited choices. Additionally, financial regulations and measures aimed at curbing excessive speculation can help mitigate the risks associated with speculative activities. Efforts to foster market competition, promote innovation, and ensure economic stability are essential. Encouraging entrepreneurship, supporting small and medium-sized enterprises, and creating a level playing field can help counteract the negative impacts of monopolies. Similarly, implementing robust financial regulations, monitoring market activities, and promoting transparency can help mitigate the risks posed by speculative activities.

## CONCLUSION

In conclusion, the effects of monopolies and speculative activities are profound and wide-ranging, impacting economic systems, market dynamics, and societal welfare. Monopolies can stifle competition, limit consumer choice, and impede innovation, leading to inefficiencies in markets. Speculative activities, on the other hand, introduce volatility, financial instability, and exacerbate income inequality. Addressing these effects requires a comprehensive approach involving robust regulations, antitrust measures, and financial oversight. By promoting fair competition, supporting entrepreneurship, and implementing measures to mitigate excessive speculation, societies can strive for more equitable economic environments. It is crucial for policymakers, economists, and stakeholders to continue studying and understanding the effects of monopolies and speculative activities in order to develop strategies that foster sustainable and inclusive economies. Ultimately, by addressing these issues, we can strive for fairer markets, improved consumer welfare, and greater economic stability.

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## CHAPTER 7

### UNRAVELING THE COMPLEXITY AND REVISITING CLASSICAL THEORIES OF IMPERIALISM

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#### ABSTRACT:

This study delves into the intricate web of classical theories of imperialism, aiming to provide a comprehensive analysis and reassessment of their explanatory power. Despite offering valuable insights, the works of Schumpeter, Veblen, Hobson, Kautsky, and Lenin often presented contradictory perspectives, constrained by the limitations of their era's resources and conceptual frameworks. Additionally, crucial aspects of imperialism and the First World War remained unexplained. This research critically examines the assumptions underlying these theories, seeking to construct a theoretically sound and empirically plausible explanatory narrative. By exploring the outbreak and duration of the war, the role of military, the nature of the territorial state, and the interplay between capitalism, imperialism, and war, the study sheds light on the complex connections among these factors. The chapter adopts a reverse temporal order, progressively unearthing deeper geo-historical layers and evaluating the significance of different conditions and processes. Moreover, it evaluates the lateral pressure theory of Choucri and North while highlighting its strengths and limitations. Utilizing counterfactual scenarios, critical nodal points are identified, culminating in the formulation of an original explanatory model and story of the origins of the First World War. Through this endeavor, the study contributes to a more nuanced understanding of classical imperialism theories and their relevance in deciphering the complex historical dynamics of imperialism and war.

#### KEYWORDS:

Classical Theorists, Complexity, Imperialism, Origins, Reassessment, Revisiting.

#### INTRODUCTION

The descriptions of Schumpeter, Veblen, Hobson, Kautsky, and Lenin were in many respects at odds with one another, despite the fact that classical imperialist theorists seemed to provide a rudimentary sketch for an appropriate explaining tale. Additionally, they were limited by the Edwardian era's availability of materials and conceptual resources. Furthermore, key elements of both imperialism and the 1914–18 conflict were left unexplained by the classical thinkers. While they acknowledged that industrialization implied a rapidly growing increase in the destructive and war-making powers of the states, they failed to explain how imperialism and the war can also be seen in terms of long-term trends of modernization in Europe [1], [2]. They also failed to explain why the war eventually lasted for more than four years. The classical thinkers had varying presuppositions on the function of the military, the existence of the territorial state, and the origins, fundamental structures, and operating processes of capitalism. They engaged in a disorganized and unfinished discussion on how industrial capitalism's mechanics contribute to the development of imperialism and war. I will explain and critically evaluate these presumptions in this chapter in order to provide an explanation that is both theoretically and empirically sound.

Thus, the explanatory tale constructed initially is deepened, recontextualized, and in some ways even revised in this chapter, which also discusses the pertinent elements and geo-historical strata in reverse chronological order. I'll start by attempting to explain why the war did turn out to be so great. Second, why was the beginning of the conflict the way it was? What direct circumstances led to the start of the war? Even in the era of the 1910s, would it have been feasible to prevent the war? Third, what precisely were the linkages between wars, the state, dynastic institutions, and aristocracy as we advanced towards deeper geo-historical layers and higher degrees of abstraction? What about the globalizing features of the capitalist market economy and sovereign territorial states? How much of the 'Great War' was caused by the workings of industrial capitalism? How much of an explanation for imperialism and the war can be given by unequal industrial growth and overall economic imbalances? After succinctly addressing these significant issues, I will summaries and talk about Choucri and North's lateral pressure hypothesis. Although their explanation leaves out crucial layers, mechanisms, and processes, it also makes it possible to evaluate various situations and processes in terms of how they contributed to the onset of the 1914–18 conflict. By using the methodology of counterfactual scenarios, I will attempt to find crucial geo-historical nodal points in order to explain my own explanatory model and account of the First World War's beginnings [3], [4].

### **Why did the war did become so 'Great'?**

The connection between resources and land ownership was made more difficult and disguised by the Industrial Revolution. The conflict before 1914 known in English as the Great War continued the millennium legacy of warfare between military-agrarian civilizations and empires, despite a number of military breakthroughs, like the wars of the French Revolution and Napoleon. However, the Franco-German War (1870–1871) and the American Civil War (1861–1865) were already significant with relation to contemporary industrial battles. Because Europe had extended periods of relative peace for the first time in centuries, the nineteenth century was remarkable. Despite a few conflicts, Europe was no longer racked by constant conflict. The period of 1689–1815, known as the inter-dynastic period, was marked by almost continual conflict in both Europe and European colonies; the contrast to this period was clear. The contemporary world's centre seems to have attained a reasonable level of peace. Thus, the war in 1914 came as a huge shock to the majority of Europeans, despite the fact that authors and intellectuals had predicted a big conflict but only a small number had warned that it would be unparalleled in its destructiveness and likely to expand to imperial peripheries. In addition, when the war started, the general belief that it would end quickly persisted. This error in judgement helped some of the choices to start or enter the war. From their political superiors, the more knowledgeable general staffs often kept their reservations to themselves [5], [6].

The First World War's prolonged nature and unprecedented devastation must thus be described as the first item. The first few months of the battle were characterised by manoeuvres and movements, however the pace of these movements was still limited by the physical mobility of people and horses. The initial trenches were excavated and secret machine gun stations were only constructed in fall 1914, after unsuccessful efforts to rapidly finish the war. All sorts of counterfactual scenarios are possible, especially in the early months of the war in 1914. The German strategy was to quickly win the war with the intention of trapping the French and Belgian armies in a conflict that could not be won on either front. At initially, it was planned to launch the major military onslaught against France, with the assumption being that Britain would stand back. The Germans believed that their invasion of Belgium would not prompt the liberal British administration of Herbert Asquith to declare war on Germany. The facts seems to support Great Britain's continued practise of keeping a distance. The evidence, however, was false. The decision to enter the war was made by the British when they learned of the German

ultimatum to Belgium. However, the British continued to be a minor player in the continental land battle until early in 1916.

Initial indications suggested that the Germans, working in tandem with the Austro-Hungarian empire, had a good chance of winning the war, at least against France and later also against Russia. In order to defeat France in less than two months, the German army planned to invade Paris from the northeast. Despite several modifications and failures, the Germans were already approaching the outskirts of Paris in August and September 1914, which meant they were reasonably near to achieving their goal. The impetus was quickly lost, and trench fighting started. It's possible that this was in part because the initial plan, which was in some respects considered excessively hazardous, was compromised in favor of a more conservative approach that included dispersing the German troops over the Western and Eastern fronts.

Germany had Europe's largest industrial economy and was the most populated nation in 1914. Germany had a population of 65 million in 1913 compared to France's 41 million and the United Kingdom's 46 million. Germany was also larger than France and almost the same size as Britain in terms of its national output. Germany already produced more coal and steel than France, and a lot of its goods were of a very high caliber. In the late 1890s, German output exceeded that of Britain. Additionally, the Prussian-inspired requirement of mandatory military service came with the universal male franchise in federal parliament elections. The vast, well-trained German army was able to be mobilized, transported, and, to a certain degree, supplied thanks to the thick German rail network. However, supply lines became a significant issue as a result of the quick incursions into France in the early days of the conflict [7].

It turned out that Germany was unable to quickly end the war after the impetus of August and September 1914 was gone. The deadlock on the Western front resulted in a steady escalation of the war, especially once the British chose to enter the conflict. Only 80,000 British soldiers were initially sent to France. In the end, the war claimed the lives of roughly a million British soldiers, and significant portions of the British Empire were enlisted to fight in Europe. Even though German and Austro-Hungarian forces advanced on the Eastern front and in the Balkans, the conflict remained unresolved. Italy, Japan, and Ottoman Turkey were among the nations that entered the conflict. The addition of Turkey transformed the whole Near East into a brand-new theatre of combat. The battle had both sides enmeshed.

The drama would now play out without a screenplay going into it. The war plans had been attempted and failed, with the result that hundreds of thousands of people were killed and injured. With its suggestion that the deceased had died in vain, this fact alone effectively barred a negotiated restoration to the status quo. As new military and industrial developments like tanks, poison gas, and military aircraft were made, more people died and suffered, yet neither coalition made any military breakthroughs. Over a million people died in the Somme combat alone in 1916. Women at home created supplies and weapons while men were murdering one another. Despite Russia's loss on the Eastern front in 1917, the scales eventually tilted in favor of the Anglo-French-Italian coalition. Germany had already lost some of its foreign territories, supply routes, and economic opportunities by 1914. This gradually began to have an impact on its capacity for industrial production and combat. Time was working against Germany, despite the fact that it seems that in some of the major engagements, like the Somme, Germany most likely lost less soldiers than the Allied Powers. As more soldiers from the British Empire began to arrive in the Western Front, it gradually lost the best-trained components of its army and was forced to mobilise fewer physically fit men with less time to train them. The posture taken by Germany and Austria-Hungary became unbearable in 1917 as a result of the USA's decision to gradually enter the conflict. Summer 1918 saw the loss of the last German effort to grab a military initiative.

The conflict and its conclusion had significant aftereffects. The aristocratic and conservative elites of Europe, headed for decades by Austria's foreign minister von Metternich, had viewed war as a possible catalyst for revolution, which they fought diligently to avert. However, by 1914, some of the lessons learned from the French Revolution and Napoleon had been forgotten. Elites had started to advocate for war as a potential solution to at least some of the current political issues. Nevertheless, it was commonly believed that a protracted and violent conflict would most likely result in societal unrest and uprisings. Even while there were divergent opinions regarding important national interests in every nation, the ruling class at least shared the idea that the current politico-economic systems needed to be maintained. A short war would enable Germany to prevent harm to its economic and financial institutions, as well as what Count Alfred von Schlieffen referred to as the "red ghost," or potential worker uprisings and revolution. This was the concept of his controversial battle plan for the German army. Therefore, the German choice to risk going to war and its plan to win the war by invading France via Belgium both sprang from the realisation that time is everything.

But it was this dangerous approach that drew Britain into the conflict. The concerns of conservative leaders proved to be accurate gradually but certainly after von Schlieffen's scheme had failed. After Russia's defeat by the Japanese, the Russian Revolution of 1905 established a pattern for the years 1917–18. Mutinies, coups d'états, nationalist splits, revolutions, and civil wars spread across Europe, especially in the vanquished nations, in response to the October 1917 Revolution in Russia<sup>2</sup>. Germany submitted to the Allied Powers in November 1918 with the demise of the Dual Monarchy and the resignation of Kaiser Wilhelm II that followed. The official end of World War One had occurred. The number of soldiers that could be used in trench warfare and the industrial capacity of each nation to produce weapons of mass devastation ultimately determined the result. Thus, the first century of the global economy's industrialization had ended in a sad tragedy. A century that would turn out to be much more devastating was set in motion by this calamity and the Versailles Treaty that followed. The Soviet Union, the result of Lenin's revolution, finally fell apart in 1991, but the war and its aftermath had immediate, far-reaching impacts that at least continued until then [8], [9].

### **Why did the war break out?**

Europe saw a period of unrest between 1900 and 1914 that was characterised by rival imperialisms, an arms race between the main powers, and a high level of state leaders' readiness to employ organised violence against other nations. Would it have been feasible to prevent the war even under these circumstances? At least nothing about the exact moment, the battle started was predetermined. Archduke Franz Ferdinand of Austria, the heir to the Austro-Hungarian throne, was assassinated at Sarajevo on June 28, 1914, and it only happened by pure accident. Furthermore, the murder may have resulted in yet another major diplomatic problem among many others. There have previously been comparable occurrences. It may have been simpler to turn to acts of violence if there was an assumption that crises could be resolved peacefully, which was not only conceivable but also probable. For instance, in the summer of 1911, a dispute over Morocco's future came perilously near to escalating the Anglo-German conflict: In the middle of August 1911, Churchill spent a few days in the countryside. Later, he remembered, "I could not think of anything else but the danger of war." However, Germany made the decision to retreat after reaching an agreement with France. German Cameroons received a portion of the French Congo, while France was given free rein in Morocco. In the latter part of November, the Panther was taken out of Agadir.

Despite widespread war apprehension, the diplomatic conference system persisted so long as no sovereign head of state was eager to risk a serious conflict. Fear, meanwhile, might sometimes increase one's willingness to take on further risks. By the summer of 1914, Germany's and the Dual Monarchy's leaders had both come to the conclusion that time was against them for various reasons. The most pressing issues facing the multinational and multicultural Austro-Hungarian Empire were domestic, but the suggested answer was a probable conflict with Serbia. The war strategists in Vienna were aware that an attack of Serbia would increase the likelihood of conflict with Russia, yet they were inclined to pursue this strategy. Germany was prepared to defend its key ally despite knowing the dangers because German authorities were worried about Russia's quick military comeback from the 1905 war against Japan. Germans believed that if a conflict should start, it would be best to seize control as quickly as possible. In addition, the Russian leadership mobilized its force without taking into account the military-strategic repercussions for Germany, even under the conditions of June 1914, and supported Serbia despite the possibility of a catastrophic conflict. Despite political criticism, France remained steadfast in its commitment to its relationship with Russia. At the same time, many European nations felt as if time was running out [10].

Despite these factors, a number of events in June and July 1914 were uncertain. Austria-Hungary sent an official letter to the Serbian government after completing a criminal inquiry and confirming that Germany would uphold their military partnership. It was deliberately worded in such a way that conflict was all but certain. Following Austria-Hungary's declaration of war and army mobilization on July 28, 1914, a number of hasty choices were taken in line with the then-current decision-making processes. The decision-makers in the main cities of Europe were overcome with uncertainties, anxieties, feelings, and even terror as they thought through their options and made their decisions for war. Any of these choices may have been different, but ultimately, they were in accordance with the formalized, if flimsy and fragile coalitions' pledges.

The assassination attempt on June 28th, 1914, may have failed. Additionally, Germany may have chosen to convince Austria-Hungary to look for a true diplomatic settlement in July 1914 in order to save face. If Russia had known that the Serbian secret service was responsible for the killing in Sarajevo, it may have chosen not to back Serbia. As a result, there are many conceivable counterfactual scenarios in which the First World War may not have started in 1914. Could the world have avoided the First World conflict if this conflict had been avoided in the summer of 1914? For instance, Robert Cowley makes a convincing case that if not in 1914, then at some time in the future, "some kind of outbreak was bound to happen." The risk of a big conflict in Europe would have remained high for years to come in the absence of fundamental changes.<sup>5</sup> A significant conflict may have been started by one more occurrence anywhere.

However, no one historical event or occurrence can be completely avoided. If the war had been delayed long enough, could bottom-up social and political reforms have enough altered the situation to reverse the inclinations and trends towards a big conflict in Europe? Even though there was intense international tension in the summer of 1914, David Stevenson believes that "details matter because a general war was not inevitable and if one had not broken out then it might not have done so at all." Timing is crucial. Multiple historical courses of growth are accessible at particular controversial historical turning moments; some of them may be equally probable, and even the unlikely may occur. The strategic environment was continually shifting

throughout the first two decades of the twentieth century. Small Balkan conflicts and diplomatic crises had not until the summer of 1914 resulted in a major European or global conflict, and they were not expected to do so in 1916 or 1917 either. Europe would have had more time to make the necessary social and political changes if the war had not broken out in 1914. However, if a big war had started later, say in the 1920s, the military result and its political and economic ramifications may have been quite different for a variety of reasons.

### **Aristocracy, the State and War**

Actors and acts result in historical episodes and processes, but structures are a required and pre-existing need for action. So it's time to shift our attention from deeds, occurrences, and technology resources to the fundamental social ties. The classical imperialism theorists identified certain elite mentalities, practises, and institutions, as well as the resulting vested interests, as the main elements in the causal complex that gave rise to opposing imperialisms and, in turn, prepared the world for the 1914–18 war. The political arguments and conflicts of the eighteenth and nineteenth centuries are at the heart of this causal explanation's deep historical origins.

In Europe throughout the eighteenth century, the liberalist critique of the aristocracy and its upper class of violent professionals first appeared. Early liberals tried to justify capitalism by demonstrating that commercial endeavours, including banking and financial money-making ventures, are not only helpful but also honourable, as Albert Hirschman has shown. The concept of the "invisible hand" and the theories of free trade and the civilising effects of business were created in the eighteenth century. A new viewpoint provided by liberalism made aristocracy and war-making governments look more suspect. The majority of the states' revenue in the eighteenth century came from taxes on commerce and other commercial operations, which accounted for around two-thirds of all expenditures on war-related activities. Liberals questioned whether logical people, engaged in commerce across Europe or the globe and working for society's common benefit, should truly foot the bill for the aristocracy's privileges and the costs associated with maintaining armies that only serve to prolong pointless conflicts. Why would controlling little slivers of land be so crucial if prosperity was based on production and global trade?

In the 1790s, Kant added that rational lawmaking was important for peace; as a result, he promoted republicanism and the idea that the conduct of interstate relations should be governed by a league of countries that adhered to a set of universally legitimate norms. This logic gave birth to the first peace movement after the Napoleonic Wars and the advent of industrial capitalism. Liberals with a pacific outlook felt that the issue of conflict might ultimately disappear in a society built on free trade and the logical spirit of business. Since then, the fundamental liberalist tenet has been that the rule of rational citizens which, in the nineteenth century, meant propertied persons capable of independent reasoning can and should replace the arbitrary and war-prone control of dynasties and aristocracy.

Teleology was the central tenet of liberal thought. Rational people will finally seize control after the age of ancient empires and mediaeval feudalism, as well as the associated strong and tyrannical authority of dynasties and aristocracy. In keeping with this teleological understanding of history and the early twentieth century belief that this process should have been finished, Schumpeter used the term "atavism" to describe the idea of dynastic imperialism. An organism that exhibits unexpectedly primitive qualities, a return to or reappearance of a trait that was once present in a lineage but had vanished in subsequent generations are all examples of atavisms. Atavisms may also refer to organisms that exhibit true or alleged

evolutionary throwbacks. According to Schumpeter, the anachronistic authority of the princes, the lingering elements of the absolute monarchical state, and the persistent customs of a pre-capitalist environment were the root causes of the new imperialism of 1872–1914 and the 1914–18 war. These were backed up by monopoly capitalists' entrenched interests.

### DISCUSSION

The exploration of classical theories of imperialism and their subsequent reassessment represents a significant endeavor in unraveling the complexities underlying this historical phenomenon. These theories, put forth by scholars such as Schumpeter, Veblen, Hobson, Kautsky, and Lenin, have played a pivotal role in shaping our understanding of imperialism. However, the inherent contradictions within these works, coupled with the limitations imposed by the resources and conceptual frameworks of their time, have left important aspects of imperialism and the First World War unexplained. By critically examining the assumptions made by classical theorists, we can construct a more comprehensive and theoretically robust explanatory narrative. This process involves delving into the outbreak and protracted nature of the war, the role of the military, the nature of the territorial state, and the intricate interplay between capitalism, imperialism, and war.

Through a reverse temporal order, we peel back the layers of history to reveal deeper geo-historical connections and assess the significance of different conditions and processes. Moreover, this study engages with the lateral pressure theory proposed by Choucri and North, which provides a valuable framework for analyzing the conditions and processes that set the stage for the First World War. While recognizing the theory's limitations, it allows for a systematic assessment of various factors contributing to the war's outbreak. Additionally, the utilization of counterfactual scenarios enables the identification of critical geo-historical nodal points, offering insights into alternative paths and reinforcing the development of an original explanatory model. By undertaking this comprehensive exploration and reassessment, we aim to shed new light on classical theories of imperialism and their relevance in deciphering the complexities of historical dynamics. Ultimately, this research contributes to a deeper understanding of imperialism, enabling us to unravel its intricacies and glean valuable insights for future studies of this pivotal era in human history.

### CONCLUSION

In conclusion, the endeavor to unravel the complexity and revisit classical theories of imperialism has proven to be a fruitful and enlightening pursuit. Through a critical examination of the works of Schumpeter, Veblen, Hobson, Kautsky, and Lenin, we have recognized the contradictions and limitations that accompanied their explanations. By delving into the outbreak and duration of the First World War, the role of the military, the nature of the territorial state, and the intricate connections between capitalism, imperialism, and war, we have embarked on a journey through the intricate layers of history. By adopting a reverse temporal order and evaluating the significance of different conditions and processes, we have unearthed deeper geo-historical layers and shed light on the multifaceted nature of imperialism. The lateral pressure theory of Choucri and North has provided a valuable framework for assessing the conditions leading to the war, although acknowledging its inherent limitations. Through the use of counterfactual scenarios, we have identified critical nodal points and developed an original explanatory model. In our efforts to unravel the complexity of classical theories of imperialism, we have contributed to a more nuanced understanding of the historical dynamics that shaped this era. By reassessing these theories, we have expanded our knowledge and laid the foundation for future studies in this field. Through this comprehensive exploration,



we have gained valuable insights into the complexities of imperialism and its connections to the First World War, deepening our understanding of this pivotal period in human history.

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## CHAPTER 8

### DYNASTIC RULE, NATIONALISM, AND LIBERALIST PERSPECTIVES ON JUSTICE AND CAPITALIST MARKETS

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#### ABSTRACT:

The intricate relationship between dynastic rule, nationalism, and liberalist perspectives on justice and capitalist markets. Drawing on interdisciplinary approaches, the study delves into the historical and contemporary manifestations of dynastic rule and its impact on nationalistic sentiments and liberal ideals. It explores how dynastic rule can shape the development and functioning of capitalist markets, influencing notions of justice, fairness, and economic opportunities. Additionally, the paper analyzes the interplay between nationalism and liberalist principles, investigating how these ideologies intersect and potentially conflict within the context of dynastic rule. Through a comprehensive analysis of theoretical frameworks and case studies, the research sheds light on the complex dynamics that arise from these interconnected concepts, contributing to a deeper understanding of the challenges and possibilities inherent in societies where dynastic rule coexists with nationalism and liberalist perspectives on justice and capitalist markets.

#### KEYWORDS:

Nationalism, Perspectives, Political Power, Socioeconomic Systems, Wealth Distribution.

#### INTRODUCTION

Before the 1914–18 conflict, the rationale and actual choices made by state heads, generals, and diplomats demonstrate that Schumpeter's theory is supported by the data.<sup>9</sup> Dynastic monarchs sometimes found it advantageous to turn to the grandeur of the state, nationalism, external expansionism, and wars to justify their authority in the face of opposition from democratic, socialist, anarchist, and feminist movements, as well as nationalist separatist and other pressures [1], [2]. Franz Joseph, the Emperor of Austria and Hungary, was thus inclined to heed the general staff chief's counsel in the summer of 1914. Von Hutzendorff believed that a conflict with Serbia was the wisest course of action due to the Dual Monarchy's internal issues. Austria and Hungary have previously undergone a democratization and liberalization process in part. A portion of Vienna's elite started to believe that a conflict represented the final opportunity to address calls for more changes because distinct ethnicities want greater linguistic and self-government. Balkan nationalism posed a special danger to the multinational Dual Monarchy [3]. As a result, the determination of its dynastic leaders and the aristocratic elites to stave off inclinations towards disintegration seems to have been the driving force behind Austro-Hungary's choice to react to the murder of June 28, 1914, via war. However, their efforts to maintain imperial unity were unsuccessful. The Dual Monarchy fell and split into several nations after four years of brutal fighting [4], [5].

The difficulty with the liberal perspective is that it assumes that capitalism markets are always efficient and fair, despite the fact that it offers significant insight into the causes of the conflict. The underlying premise is that open markets and free trade are advantageous to all parties.<sup>10</sup> The viability of a certain economic theory and an associated theory of justice are necessary

conditions for the plausibility of liberalism's notion of a natural harmony. The scalar distribution concept of justice wherein the more you put in, the more you get has formed the foundation of a capitalist market economy [6], [7]. This mentality was supported by John Locke's labour theory of value. Everyone has a right to their personality and their own labor's fruits. Private property may also grow in value through generations and with time. Locke first believed that everyone was working alone, in opposition to nature. Like Robinson Crusoe or, maybe more accurately, some of the British colonists in the North American wilderness of the seventeenth century, all value is created by unequalled, self-sufficient labour. This assumption is reasonable if it is assumed that human abilities and reason are instinctive, that is, unaffected by socialisation, communication, and learning. The assertion that this account of the causal origin of value in undifferentiated original labour also applies to a highly organised and fully monetized market society that assumes private property that can be passed down through inheritance and other means, social classes, and an advanced distribution of labour has perplexed commentators. What may support an individualist interpretation of the production and its distribution if we assume the social character of human abilities and the intricate social division of work and cooperation?

One approach has been to insist that procedural distribution is what counts and that everyone wins when everyone plays by the market's competitive norms. In his book *Anarchy, State, and Utopia*, Robert Nozick summarised the libertarian answer to John Rawls' *A Theory of Justice*. Nozick argued that if property is justly obtained and freely transmitted, no governmental authority not even the taxing authority may interfere with it without the owner's agreement. Since its inception in the late nineteenth century, orthodox neoclassical economics has always had a view of justice that is similar to Nozick's theory. The two core ideas of neoclassical economics, which came into being in the latter part of the nineteenth century, are marginal productivity and Pareto-optimal equilibrium. Pareto-optimality states that no arrangement can make one person's situation better without making another person's position worse. This indicates that redistribution cannot advance justice or general well-being. Economists often utilise

Pareto-optimality as a normative benchmark when assessing various potential institutional setups. The marginal product of a factor is also referred to as a factor's contribution in the theory of marginal productivity. A mathematical theorem may be used to demonstrate that the total of the contributions, as described, will equal the precise amount generated if we make sufficient assumptions about rationality, the nature of transactions, the substitutability of inputs, declining returns, and other considerations. It may be shown that the market price of each element will match its contribution if we make extra assumptions to assure "perfect competition." John B. Clark stated in 1899: "It is the purpose of this work to show that the distribution of income to society is controlled by a natural law, and that this law, if it worked without friction, would give to every agent of production the amount of wealth that that agent creates." This interpretation of the ethic-political essence of marginalist economics has since become famous and contentious. This amounts to a theory of justice that holds that everyone receives what they deserve in competitive marketplaces, assuming the scalar distribution model [8], [9].

The issue is that a variety of alternative tenable notions of justice are left out by this view of justice. Furthermore, there is still debate on how the mechanics of the capitalist market economy function according to classical and neoclassical views. For instance, much as Keynes and his supporters contended that redistribution and countercyclical public expenditure on civilian projects are important for a well-functioning market economy, the social democratic parties of the 20th century were devoted to redistributive theories of justice. More extreme

Marxists have argued that inheritance of private property and the accumulation of that property is a necessary cause of the unjust use of resources, exploitation, and violence. Marxists support more basic and profound social transformations. What is the reality about the pertinent political-economic structures and processes, then? What are the actual workings of the capitalist market economy? What effects have the global economy's systems and procedures had on international security?

### **Capitalism, State and War**

Although other opponents, such as Veblen and Hobson, generalized the critique of old privileges and inequities and extended it also to property-owners and managers, they nevertheless maintain that capitalism is not much to blame for imperialism or wars. Tensions in inequitable societies were brought on by the democratization movements of the nineteenth century. For redistribution, socialists and social liberals disagreed and fought. Hobson concluded that these conflicts had resulted in the collapse of the Liberal party and its founding principles. They are battling to stop the masses from attaining the substance of this power and utilizing it to build economic equality after giving in to pressure and granting the people the form of political power in the form of electoral institutions and a broad franchise. Liberals have not outright rejected traditional values and practices; rather, they have made them irrelevant by dabbling with an imperialism that they have naively and fruitlessly attempted to separate from the more steadfast type of their political rivals. This capitulation to imperialism shows that they have put liberalism's cause ahead of the economic interests of the owning and speculative classes, to whom the majority of its leaders belong [10].

### **DISCUSSION**

Dynastic rule, nationalism, liberal attitudes on justice, and capitalism markets are some of the many areas of political, economic, and social philosophy that are intersected by the complex and multidimensional theme of dynastic rule. Critical concerns about power relationships, political systems, national identities, justice, and the influence of markets on society outcomes are at the centre of this conversation. Dynastic authority, which is often linked to hereditary succession, creates issues with the concentration of power, the possibility of nepotism and favouritism, and the maintenance of unequal social structures. The concepts of collective identity, shared values, and the pursuit of common objectives are present in nationalism, which has consequences for economic protectionism and political self-determination. Liberalist viewpoints, on the other hand, urge an equitable distribution of resources and opportunities while emphasising individual liberties, rights, and the necessity of open markets as sources of economic progress and success. Dynastic rule, nationalism, and liberal ideals on justice and capitalism markets mix and conflict to produce a complex tapestry of ideas that influence our perception of political structures, economic systems, and social advancement. In the goal of a just and successful society, exploring these ideas encourages us to critically explore the complex interactions between power, identity, justice, and economic organisation.

### **CONCLUSION**

The debate over dynastic authority, nationalism, and liberal views of justice and capitalism markets, in particular, emphasises the intricacy and interaction of concepts that influence how we see political structure, individual identity, fairness, and economic systems. Concerns regarding equality and the possibility to sustain unfair regimes are raised by the concentration of power that comes with dynastic leadership. While emphasising collective identity and shared objectives, nationalism may provide both possibilities and obstacles for advancing social cohesion and the economy. Liberalist viewpoints stress the significance of individual liberties and free markets as drivers of economic prosperity, but they also call for a fair distribution of

opportunities and resources. It is essential to understand and navigate the interplay between these factors in order to pave the way for a just and successful society. We may attempt to create a balance between the pursuit of individual desires, the preservation of cultural identities, and the promotion of justice and fairness within capitalist marketplaces by having intelligent and inclusive dialogues. The end result should be to develop a society that values both economic dynamism and social well-being by using the benefits of these many views while minimizing any possible negatives.

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## CHAPTER 9

### AN OVERVIEW OF THE MARX'S ANALYSIS OF THE STATE, VIOLENCE AND PROPERTY

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#### ABSTRACT:

This paper examines Karl Marx's analysis of the relationship between the state, violence, and property. Marx argues that the state is a key component of society's class structure during the liberal-capitalist era, criticizing Hegel's idealization of the state. He contends that the state's monopoly on violence is utilized to uphold property rights and perpetuate economic exploitation. Furthermore, Marx highlights the historical connection between organized violence, state development, and inequality. He suggests that the emergence of property and abstract value through agricultural advancements led to social stratification and exploitation. However, while Marx's analysis offers valuable insights, his theory of the state assumes a particular conception of justice and an associated economic framework. The abstract also examines Marx's categorization of historical stages and critiques his oversimplification of British society. It concludes by emphasizing the complex interplay of deep structures, mechanisms, and historical events, challenging the notion that these factors alone can account for specific geohistorical phenomena. Overall, this abstract critically evaluates Marx's analysis of the state, violence, and property, shedding light on its strengths, limitations, and relevance in understanding societal dynamics.

#### KEYWORDS:

Economic Exploitation, Historical Materialism, Marxism, Property Rights, Social Inequality.

#### INTRODUCTION

Marx and his allies moved on with the following action. They maintained that throughout history's liberal-capitalist era, the state has been a crucial element of society's class system. Its objective was Marx's critique of Hegel's rationalized theology of the state. Marx said that Hegel imbued the state with idealized human traits after first imbuing God with them. The result was a state that approximated that of God. The mysterious deed of Hegel has two ideological ramifications. First, actual and potential human features were mistaken for social interactions and practice traits. Second, historical fights and disputes were hidden by doing this. In contrast to the actual repression by the state that perpetuates and produces property, exploitation, violence, and injustice, Hegel regarded the state as a harmonious, idealized, godlike human person. The practice of presenting the state like a person, idealizing it in various ways, and depicting it as eventually a cohesive and relatively harmonious creature was born out of this perplexing ideology. Marx argued that the true purpose of the state's use of force was to defend property rights and unequal outcomes of economic processes [1], [2].

Marx was probably more historically correct than his liberalist colleagues, at least in one important respect. Foraging societies had to be egalitarian since they existed more than 100,000 years before the Neolithic agriculture revolution. Human nomadic tribes were unable to generate or store surpluses that would cause obvious economic inequalities. Even the earliest Sumerian state-formations, which formed about 3500–4000 bcE, leave little to no record of significant social stratification or economic differences due to their large communities and

organised religious and ceremonial activities. However, the emergence of more intense and organized types of agriculture led to an evolution of a sense of community and family property. Storage was required between harvests, which, owing to jointly organized agricultural systems, allowed for the accumulation of surplus and the supporting of non-farmers [3], [4]. It also became conceivable at this time to steal from others' production and stockpiles to satisfy one's immediate needs. Violence that had previously been ceremonial or driven by arousal of the emotions gradually gained in utility. Growing social complexity and the division of labour brought to the emergence of new abstract ways of thinking about religion and social structure. At first, the temple and religion provided power and controlled the whole territory, but soon, different responsibilities and holdings were at least informally split. New non-farming groups also emerged, including merchants and craftsmen. Another group of men, specialists in violence, were able to support themselves without having to provide the food and other items they consumed. These modifications broadened the definition of property, made it more distinct, and gave rise to the concept of abstract value, which facilitated more organized trade, work division, and inequality and exploitation. New forms of organized violence, including as human sacrifice, slavery, and opposing forms of warfare, also emerged as a result of these shifts [5], [6].

Therefore, I agree with Marx that historically there has been a link between inequality, property, state growth, and organised violence. Marx did make a crucial point, but his theory of the state presupposes that a certain idea of justice and a related economic theory are applicable. Whether Marx considered that capitalism's exploitation is unjust and, if so, why, have been hotly debated topics. Marx never stated a theory of justice openly, but he often conveyed the idea that morality is simply an ideology devoid of any independent critical force. The notion of freedom, the alienation theory, and the postulation of historical phases were only a few of the grounds Marx offered for his hostility to capitalism. Marx's immanent critique of capitalism's moral ethos was, in my judgement, the focus of *Capital*, and it was predicated on Locke's theory of justice, which maintains that effort is the source of all value.

Marx argued that in a system of classes, the wealthy class benefits from the excess value created throughout the production process. Without adequately contributing to the social process of production, one class of people gains. The underlying ideal of the argument is scalar distribution. Marx contends that, at least when seen as "abstract labour," all real work is basically homogeneous for many purposes. Marx made the case that the monetary quantification of the value of work hours in the labour markets entails the presence of an abstract, quantifiable, and so uniform labour material. This hypothesis, which appears to turn a metaphorical abstraction of worth into a literally real substance of the outer world, has also been made plausible by the notion that human talents, powers, technologies, and machines have been generated by earlier labour. Despite historical, basic, and future fluctuations in the real productive capacity of labour, human labour is continuously more or less the same. Socialism will first put an end to the exploitation of the lower classes, and people will be paid according to how much they create and how much time they spend working.

In addition, a bigger portion of the funds generated will go towards meeting necessities like healthcare and education. However, as noted in the 1875 Critique of the Gotha program a classless and stateless society that has finally eradicated scarcity and material conflict will allow need-based justice to prevail more thoroughly [7], [8]. The narrow horizon of bohemia can only be realized in a more advanced stage of communist society when the oppressive subordination of the individual to the division of labour, along with the opposition between mental and physical labour, has disappeared; when work has become not only a means of survival but also the primary want; when the productive forces have also increased with the

overall development of the individual; and when all the springs of cooperative wealth flow more abundantly. Marx agreed with liberal thinkers such as Locke, Hume, and others that the main objective of the capitalist state is to enforce via violence the observance of private property rights and contracts, such as employment contracts. Some of the early waves of globalization would not have been possible without universalist ideals, standards, and principles, such as those of justice.

The cornerstone for the development of the capitalist market economy in Britain, in particular, was the Lockean universalism of private property rights and contracts. John Locke believed that a significant chunk of the planet's land mass was unoccupied and so open for Europeans to annexe. It's possible to use force to drive out the local non-agrarian population as well. David Hume, who lived a century later, thought that justice was connected to private property and ownership, and that a just person obeys the rules governing such things. Stability of ownership, transfer by agreement, and keeping commitments are the three fundamental and universal principles of justice. These principles were natural laws, and obeying laws necessitates the use of force. Thus, free trade and foreign investments required the deployment of military might throughout the planet. Since he had first-hand experience with state repression throughout the nineteenth century, Marx was convinced that governments were sustaining and producing capitalist exploitation, brutality, and injustices in the colonial nations as well [9].

But in my opinion, Marx severely misclassified the idea of historical phases. Many historical layers of social realities still function causally and as a fundamental component of social settings today. As a consequence, Marx and Engels misrepresented British politics and society, for instance, in the Communist Manifesto. By depicting Britain as a society of classes, they oversimplified it. Instead of being divided into two distinct and exclusive groups large-scale capitalists and industrial factory workers British society really contained a wide range of diverse estates, classes, and professions. The aristocracy and gentry continued to have an excessive amount of influence in Parliament for many years after 1832, despite the Reform Act of 1832 greatly increasing the representation of northern industrial towns like Manchester in the House of Commons. Long after the British Representation of the People Act of 1884, gentry and aristocracy may have played a variety of significant positions in the British state, administration, and army, particularly in the colonial administration of the British Empire.

Even if geo-historical facts are nearly always more intricate and multi-layered than what Marx, Engels, and many of their disciples have been willing to admit, it is clear that private property provides vital linkages between the state and violence in a capitalist market system. It would be wrong to assume that a specific concrete geohistorical event, like the 1914–18 war, could only be produced by these underlying structures. For instance, the industrial capitalist boom of the nineteenth century, which started in the 1870s, was not necessarily territorialized. Although many aspects of the securitization and territorialization of economic development seem to have relied on the overlapping and mutually reinforcing consequences of other mechanisms and processes, Lenin argued that neo-imperialism was a stage of capitalism that could not be avoided. As highlighted by Schumpeter, Hobson, and several others, if free trade had prevailed, it would have been possible to freely buy food, raw materials, or any other necessary products from the international markets.

Free trade would also have expanded the size of the markets for the products produced by each country. Additionally, late 19th-century imperialism was an unrealistic endeavor, according to Kautsky. According to trade statistics, he came to the conclusion that no matter the size of your empire, you would still need to buy a lot of necessary items in large quantities from international markets and sell your products largely in the markets of other imperial powers [10], [11]. What additional layers, elements, and mechanisms were required for these processes



if the aristocracy's contribution could only be a partial explanation and if the deep structures of industrial capitalism and the states-system were also insufficient for the creation of competing imperialisms in the late nineteenth century and, as a result, for co-generating the circumstances leading to the 1914–18 war?

### **Economic cycles, unequal growth, and the role of leading states**

Complex state structures have existed for 5000–6000 years. Although the concept of property may be a bit older, it became more diversified and concrete when states were formed. Money has existed for almost as long as states as an abstract unit of measurement, a repository of value, and a medium of exchange. Since the earliest state formations, conflicts and battles over the state have also included laws and ideologies controlling industry, commerce, and money, as well as the rights of subjects or citizens. In the classical period of military-agrarian empires, land was the basis for production, prosperity, and power; in the modern era, the links between state resources and territorial control have grown more complicated and ambiguous. It is inappropriate to compare industrial capitalism to earlier modes of production.

Since the development of the capitalist market economy in Europe and Britain, particularly in the seventeenth century, the disputed idea of self-regulating markets has been at its core. However, as the *laissez-faire* system is a geo-historical social construction rather than a natural system, it requires significant agency formation, control, and even planning. Comprehensive social life management is necessary if one is to create and genuinely sustain the illusion of self-regulating markets for labour and products. The capacity of states to evolve is also influenced by their administrative prowess. As a consequence, the conditions that led to the industrial revolution included the expansion of governmental powers. Modern European countries, and maybe most notably Britain, were responsible for creating the conditions and institutions that gave rise to an industrial market economy. Similar processes were taking place in China and other countries centuries before the European industrial revolution of the eighteenth century, and in some ways even before the Renaissance Italian creation of new judicial forms of industry and money. The states were able to increase their resource base thanks to trade, banking, and industrial activity.

## **DISCUSSION**

Marx's examination of the relationship between the state, violence, and property provides important new understandings of the dynamics of capitalist societies and how they affect societal and economic systems. His criticism of the state as a tool for maintaining economic exploitation and property rights provides insight on the underlying power dynamics at work. Marx draws attention to the ways in which violence is used to uphold and strengthen existing social structures by exposing the link between organized violence, state growth, and inequality. Marx's analysis of the historical evolution of property and abstract value also offers a strong justification for the development of social exploitation. Changes in property relations brought about by the shift from foraging societies to more intensive types of agriculture allowed excess to accumulate and non-farming groups to be established. As a result, circumstances were set up for inequity and labour exploitation. Marx's analysis should be evaluated critically, especially in light of his beliefs on justice and economic theory. Marx's theory of the state is predicated on a distinct, although not officially stated, notion of justice. This offers opportunity for interpretation and calls into question whether his points can be made in light of various theories of justice. Marx's approach also has the potential to be criticised for oversimplifying complicated social realities, despite the fact that it does capture significant parts of society processes. His depiction of British society, for instance, as a straightforward class system ignores the presence of many estates, classes, and professions within the framework of

capitalism. It fails to take into consideration the intricate power relationships and nuances seen in many communities. The idea that Marx's analysis alone can adequately explain specific geohistorical occurrences is also called into question by the interaction between deep structures, processes, and historical events. While certain fundamental elements are clarified by his approach, it is important to take into account the many other influences and interactions that are also at work.

### CONCLUSION

Finally, Karl Marx's examination of the relationship between the state, violence, and property provides important insights into the workings of capitalist society. His criticism of the use of the state to defend property rights and continue economic exploitation draws attention to the underlying power relations at work. Marx clarifies the processes that uphold and maintain class-based societies by highlighting the link between organized violence, state growth, and social inequality. However, it's crucial to evaluate his theory cautiously, taking into account the assumptions he makes about justice and the possible oversimplification of nuanced social reality. Marx's theory offers a framework for comprehending how the state, violence, and property interact with one another, but it has to be supplemented by a nuanced knowledge of the larger context and other influencing elements. In the end, studying Marx's approach may aid us in better understanding the complex interrelationships between social dynamics, property, and power under capitalist systems.

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## CHAPTER 10

### AN OVERVIEW OF THE LEADING STATES AND FREE TRADE LIBERALISM

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#### ABSTRACT:

The relationship between leading states and free trade liberalism, focusing on the dynamics and implications of their interaction. It examines how leading states, often characterized by their economic power and political influence, have played a pivotal role in shaping the trajectory of free trade liberalization throughout history. The abstract analyzes the motivations and strategies employed by leading states to promote free trade, while also examining the challenges and resistance they have faced. By examining key case studies and historical examples, the paper highlights the intricate interplay between leading states and the advancement of free trade liberalism, shedding light on the complex dynamics that have shaped the global economic order.

#### KEYWORDS:

Economic Power, Global Economic, International Trade, Leading States, Liberalization.

#### INTRODUCTION

The state is a dynamic, open, interactive system. The state and its policies may provoke conflicts and fights of many types. In a capitalist market economy, actors may promote their interests through influencing the state, its guiding principles, and its policies. Any action the state takes has an influence on the outcomes in the "self-regulating" markets. According to Wallerstein's perspective, the importance of international markets for goods and services cannot be overstated. Entrepreneurs often ask for government assistance in both domestic and foreign markets in the form of subsidies, price controls, trade restrictions, tariffs, guarantees, etc. Similar to Robert Gilpin's neorealist theory of hegemonic cycles, he explains how competing imperialisms developed in the late nineteenth and early twentieth centuries based on a claim about a few fundamental trans-historical regularities [1], [2].

Britain had advantages in trade, banking, and industry simultaneously from 1815 to 1873. According to Wallerstein, hegemonic nations during their hegemony often favour global liberalism, which means support for the free movement of people, goods, and capital and sometimes and in certain circumstances, even labour. Liberal thinking is said to promote parliamentary institutions, the rule of law, and civil liberties as the basis for self-regulating markets. Wallerstein contends that since the companies based on its territory are more competitive than those located elsewhere, the hegemonic state benefits from global liberalism and has less to lose.

Nothing should be exaggerated in this. Hegemonic powers were often willing to interfere in the political processes of other countries in order to secure their own interests. When it served their interests, hegemonic nations routinely disregarded their anti-mercantilism. Hegemonic forces may utilise severe domestic repression if required to uphold the national "consensuses." But by 1873, Britain had already given up its industrial edge and was contending with growing competitors in world trade. When hegemony is lost, especially when the global economy is going through a Kondratieff downturn, the ability of the large countries to grab surplus via

unfair trade is compromised. This chapter is extensive and chock-full of debatable theoretical presumptions. Kondratieff cycles describe the rate of rise rather than absolute growth. Despite the fact that competition between states may seem unfriendly during a protracted downturn, the general 'pie' was still growing, for example, in the late nineteenth century [3], [4]. In other words, rather than being a negative- or zero-sum game, economic competition between states in the 1870s or 1880s remained theoretically a positive-sum game. Long-term historical analysis shows that in the late 1890s, a new prolonged boom with very high economic growth started.

Furthermore, Wallerstein seems to take Arrighi Emmanuel's contention about unfair trade as gospel. Unfair commerce is seen as the root source of the geographical inequities that have persisted since the Industrial Revolution. Throughout recent eras of industrialization, these gaps have expanded often, even while they have lessened in certain places, or at the very least countries. Marx's theory of value, which contends that because human labour is, for the most part, consistently fairly uniform, economic value is produced equally across the world, serves as the theoretical underpinning of Emmanuel's model. According to the notion of unequal exchange, comparative advantage does not benefit all trade agents, and free trade does not lead to wage equality across states. Despite the fact that globalization led to a decline in price disparities for comparable goods between 1870 and 1913. However, because of the ongoing or widening pay gaps between the core and the periphery, which in Emmanuel's original concept were caused by labour immobility, though alternative reasons have also been offered, the trade of goods between core and peripheral countries involves the exchange of unequal values. Due to wage disparities, more labour is exchanged for less work, which causes a surplus to be transferred from peripheral to core countries [5], [6].

Despite shedding light on regional differences, the theory of unequal trade nevertheless ignores the crucial causal effects of uneven industrialization and the cumulative effects of advances in productivity and economic growth. Production has increased dramatically worldwide since 1815 as a result of the usage of new energy technologies and outside energy sources.<sup>19</sup> Technology's innovative industries have contributed significantly to both per capita growth and population expansion. Innovative industries have profited, particularly when they need input from other sectors that are based in the same state or area. The simple extraction of raw materials or specialization in the production of simple or standardized goods, which often results in reduced terms of trade, do not, however, result in the same levels of per capita growth. A structured worldwide division of labour thus tends to increase inequities, but maybe not necessarily for the reasons Wallerstein thinks are true.

### **Uneven Developments and the State**

Leading countries often experience a loss of economic and technological competitiveness. Both Gilpin and Wallerstein think it is difficult to limit the spread of technological knowledge as a result of liberal globalisation. In addition, technological diffusion often leads to advancements in new areas that are relatively unhindered by past substantial investments in older technologies, as well as by accompanying established practises and entrenched interests. As a result, it is nearly a given that businesspeople that start later will have access to the most profitable markets together with the most advanced technologies and younger plant. This, however, does not happen automatically; rather, it requires a firm, discreet, and intelligent organization of the entrepreneurial effort by the state-machinery" with the intention of improving inch by inch its long-term competitiveness." Given that businesspeople often call for governmental interference in international markets, the notion of state-led industrial development may have originated from the group of present or future capital owners and managers [7], [8].

In reality, this is a crude depiction of what happened in the USA, Germany, and other industrializing countries in the nineteenth century. While free trade and European imperialism destroyed the proto-industries in Persia, India, China, and other countries, certain European governments, English-speaking colonies, and Japan quickly embraced and advanced modern industrial technologies. Friedrich List is the clearest example of the nineteenth-century movement in favour of the thesis of state-led economic development. Before being briefly named a professor of politics and administration in Württemberg, List worked as a public servant. Soon he will be oppressed and sentenced to prison.

As a consequence, he left his own country and moved to the US, where he resided from 1825 to 1832. He originally worked as a farmer before transitioning to journalism. While residing in the USA, he was influenced by Alexander Hamilton's ideas and went on to become a political economist while retaining a strong interest in politics and history. The national economic programme was built on the basis of Alexander Hamilton's American School. Early nineteenth-century statesman Henry Clay coined the term "The American System." It was developed to increase American industry's ability to compete with British manufacturing. American industry is centred mostly on the east coast. List served as the US consul in Leipzig in 1832 and subsequently brought these concepts and influences back to Germany. He was a staunch advocate for developing Germany's rail system. It is often said that his passion and advocacy helped to establish the Zollverein, which aided in the economic unification of Germany. In 1841, List was given the post of editor of the *Rheinische Zeitung*, a brand-new liberal journal in Cologne. Due to what seems to be poor health, he was unable to accept the job, which finally went to Karl Marx.

List reacted strongly to the unique power and prosperity of industrialised Britain, which also posed a potential military threat, similar to that of his American ancestors. He expressed disapproval of both the adamantly cosmopolitan principles of classical liberalism and the rigid ideology of free trade. In his main work, *The National System of Political Economy*, List 21 famously questioned the sincerity of calls for free trade from developed countries, particularly Britain, and he insisted on the special requirements of each nation according to its circumstances and especially to the degree of its development. 'Coverting the true policy of England in order to encourage adjacent nations not to follow that approach,' he said, was the goal of the 'cosmopolitical' free trade theories championed by liberals like Adam Smith.

Any nation that has developed its manufacturing and navigation to the point where protective duties and navigational restrictions prevent other nations from freely competing with it cannot do better than to give up these rungs of greatness, preach the benefits of free trade to other nations, and apologise in a contrite tone for having previously chosen the wrong path before finally succeeding. List was a republican philosopher who developed ideas for personal freedom, democracy, and societal wealth during the industrial revolution. Since the Renaissance, when Italian city-states were first established, freedom and industry have been inseparable allies. But internal conflict and a "lack of national union and the power which springs from it" rendered Italian city-states powerless. They were therefore vulnerable to meddling and hegemony by outside forces. Their eventual fragility stopped them from developing further and contributed to the opportunistic elites' pervasive corruption. Based on his understanding of the historical lessons of modern Europe, List concluded that only political communities of a certain size could endure and thrive. City-states are too small, and although liberal cosmopolitan ideals aren't wholly wrong, they often serve to disguise the interests of the most advanced nations and governments. Therefore, List anticipated that the nation-state would offer the required scale [9], [10].

Additionally, List supported systematic economic planning and a long-term perspective. The "invisible hand" theory put forward by Adam Smith does not adequately or generally describe the activities conducted by the British government. According to List, it often occurs that the individual members of the community have previous private interests that are not in the best interests of the community as a whole. By enacting the Corn Laws, which served only their immediate needs and not those of a rapidly industrialising Britain as a whole, the landed nobles represented their interests even in Britain. In actuality, the protectionist Corn Laws pushed the Continental nations to seek out strategies for growing their local industrial sector.

Instead of the quantity of actual trade values it presently has, List views wealth as the long-term increase of its productive capacity. Politicians should be prepared to take the long view and take legislative and administrative action to establish the conditions essential for the nation's industrial success, notwithstanding the need to solve matters of immediate urgency. Protective tariffs during the early stages of industrialization, active colonialism modelled after the British in India, concentrated efforts to raise the general level of education, and other conditions for scientific research and technological development were all examples of this. What Wallerstein depicts as the unstoppable, orderly development of the world economy was really a historical description of the particular ethical political attempts of Clay, List, and others in the nineteenth century. From inside the state apparatuses developed their active state policy initiatives for promoting national development. These programmes were partially a reaction to the problems and threats posed by Britain's hegemonic position, but they were also motivated by the nation's glaring industrialization successes.

Democratic plans to create a German Federation from the ground up were derailed by the 1848 uprisings, which took place at a period when Europe was going through a lengthy and severe economic crisis. Twelve years later, during a lengthy period of economic expansion in Europe, a dispute over army reforms sparked a constitutional crisis in Prussia. Wilhelm I of Prussia appointed Otto von Bismarck as his prime minister in 1862. Bismarck sought to put an end to the constitutional crisis and establish Prussia as the dominating power in Germany by triumphs abroad. From 1866 on, the National Liberals served as Bismarck's main backers. As a consequence of Bismarck's military and political achievements, a conservative-liberal, Prussian-dominated German state was constructed in a few of years.

List's national-republican objective was, in a sense, a resounding success, but it was also militarized by Bismarck's foreign policy and wars, in part because the earlier, more democratic and peaceful road to national unification was failed. Furthermore, Germany's industry contributed to its victory even if France may have lost the 1870–1871 war as a result of inept leadership. Due to the concurrent US goals of industrialization and federal nation-building, a civil war broke out in the early 1860s between the industrializing north-east and the slave-dependent agrarian south. The Franco-German War of 1870–1871 in particular concerned Britain, which at the time was also facing increased economic competition on global markets.

### **Economic Cycles and Crises**

The word "economic cycle" refers to the cyclical fluctuations in economic activity that revolve around its propensity for long-term growth. By industrial era standards, the pace of economic growth before to 1815 was low. Effective industrialization in the early nineteenth century encouraged growth and may have also made economic cycles steeper.<sup>23</sup> Regarding economic developments, the 1840s seem to have been a particularly gloomy decade, not just in Britain specifically but also elsewhere in Europe and North America. In industrial cities like Manchester, which was at the time perhaps the most industrialised city in the world, the living conditions of the working class declined in absolute terms. Manchester's working-class life

expectancy was the lowest at only 17 years, which was lower than at any time before or after the 1840s. More than 60% of working-class newborns in Manchester died before they were five. However, a long-lasting rising wave and boom began immediately after 1848 and lasted until 1873. Even while the wealthy were becoming richer, this long-lasting wave of social reforms and improved living conditions in Britain and other areas of Europe and North America could also have been accompanied by widening income gaps. After the years of slow growth from 1873 to the 1890s, depressions, and uncertainty, a new rising trend gradually began in 1890-1996. This serves as a generic example of a long wave. A falling wave may sometimes contain years of negative growth, although these are rare. An ascending wave involves positive growth every year, but at varying rates. Within these supposedly long waves, additional cycles with shorter durations may be found:

- i. The Kitchin inventory cycle.
- ii. The Juglar fixed investment cycle.
- iii. The Kuznets infrastructural investment cycle.

The concept of under-consumption served as the foundation for several nineteenth-century theories of economic cycles. According to the under-consumption theory, there is a general trend towards oversaving and inadequate aggregate demand, but it also allows for cyclical swings and crises. The British slump of the late 1880s served as the initial backdrop for the creation of this idea. Classical economists at the time had no idea how to explain the vicious economic cycles that kept happening. Although the idea of oversaving or underconsumption had been put out in the past in various forms, it emerged as a viable alternative and had support from economists like Hobson, who also used it to explain the emergence of new imperialism.

Keynes rose to prominence as the de facto leader of a new generation of economists in the 1930s. John Maynard Keynes' emphasis on the importance of expectations for an uncertain future and investments may be what sets him apart most from prior thinkers of economic cycles and repression. Business cycles are partially explained by income distributions and changes in consumption, but investment decisions are also crucial. Interest rates and expectation horizons both influence investments. Keynes also offered a different perspective on how to interpret changes in consumption. awareness many changes in a market economy requires an awareness of the unpredictability and uncertainty of the future. In the case of the public's preference for liquidity, people's desire to hoard cash rather than spend or invest their money is a result of both the usage of currency for trade and the future's inherent unpredictability. People are more comfortable spending money and making investments when they have faith in the future.

Following theories of economic cycles have always placed a greater emphasis on investments than on consumption. Schumpeter, for example, emphasised the importance of clusters of technological discoveries and the cyclically varying financial opportunities for funding them in his later economic theories. However, Keynes also recognised the vital importance of finance and the ways in which the growth of financial markets alters the functioning of the capitalist market economy. It is possible to speculate on credit about the future, changes in interest rates, and currency exchange rates in established money markets. On the other hand, the marginal productivity of capital is influenced by future income projections as well as the cost of capital products. For instance, rising prices enhance expectations, which in turn boosts the marginal productivity of investments and capital. The impact of investments on other economic activity are multiplicative.



First, the notion that economic changes often have cumulative and compounding consequences, both upwards and downwards, and second, the concept that the 'growth' of financial markets introduces new sources of uncertainty and disruptions, are at the core of Keynes' general theory. The growth of financial markets has complicated and contradicted the dynamics of saves, investments, and interest rates. Thus, little calculation mistakes or unanticipated adjustments may quickly render certain financial players bankrupt; small issues or changes may thus lead to a huge catastrophe. When this kind of speculation is prevalent, financial markets become more unstable and prone to crises. Future expectations are impacted by increased uncertainty and crises, which often result in a decline in the marginal productivity of capital and, therefore, investments. Other economic activities are negatively impacted by this in multiplicative ways.

A thorough explanation of why precisely the rate of economic development decreased after 1873 and why different economic crises and depressions were so common in the next two decades is beyond the purview of this chapter. It is sufficient to mention that this period started in 1873 with bank and stock market collapses in Austria, Germany, the United States, and other countries. This was followed by a profound and long-lasting decline in output and commerce, as well as an increase in unemployment. In a short period of time, this circumstance resulted in protectionism and the development of cartels, first primarily in Germany. The same event occurred again in 1882-1844, after a short period of recuperation. These crises had negative effects on Great Britain, including greater market rivalry, slower industrial output, lower prices, and a surge in unionized worker unemployment. According to Schumpeter, 'some English sectors were starting to develop extremely sensitive to the dumping techniques utilised by German and American exporters' in the 1870s and 1880s global economic backdrop. Additionally, there was a belief in both Britain and France that the American and German markets had closed their doors to their exports while oversaturating them with cheap products. The overall result of the global trend towards slower development and increasing global competitiveness was the sense of a more difficult position, maybe notably from the perspective of Britain. The British conservatives put up their "Imperial Federation" proposal, which included protective tariffs, militaristic emotions, and the idea of a single "Greater Britain," in this environment. Other nations used the "Imperial Federation" plan as a template for their own policies, despite the fact that it was never completely realised. Because of this, by the time the second upward wave started in the 1890s, economic rivalry among the main powers had largely been securitized and militarist and imperialist viewpoints had taken hold.

### **The Theory of Lateral Pressure**

The theory of lateral pressure, which Choucri and North first devised to explain the First World conflict, has as its premise that some of the most significant causes of conflict have their roots in the processes of national expansion. Choucri and North concentrate on the four decades (1870–1914) that came before the war, the first half of which was in fact a period of rather sluggish and erratic development. Their basic argument is that a state that is significantly expanding is likely to produce expansion, competition, rivalry, conflict, and violence, ignoring the variations within this period. Their main argument, which is based on a thorough examination of the years 1870 to 1914, is that as more governments diversify their activities and objectives, the likelihood of conflicts across spheres of interest increases. As a result, a developing country may quickly find itself involved in international crises, conflicts, and wars. Indeed, they draw the conclusion that "growth can be a lethal process" based on their examination of political economy trends between 1870 and 1914.

Given the prevalent patterns of responsiveness and the actual reactions that led to competing imperialisms amongst European great powers during the period of 1870–1914, the theory of lateral pressure offers a comprehensive empirical explanation of the entire setting. In other words, rather than focusing on general invariances, Choucri and North's analysis focuses on contrastive demi-regularities of a specific politico-economic setting. A metaphor that originates from the physical world and engineering practices forms the basis of the lateral pressure hypothesis. Latitudinally, as opposed to vertically, earth pressure is defined as pressures that are 'to the side'. In light of this, the theory of lateral pressure views economic development as a physical expansion of space described in terms of containers that exerts pressure on other physical containers, or at the very least on their extended space containers. The metaphor of "lateral certainty" is potentially deceptive since it presupposes what has to be conveyed and readily transfers into an implicit territorial knowledge of geopolitics. The work of Choucri and North, however, stands out for its endeavor to systematically compile and evaluate many theories of the 1914–18 conflict [11].

## DISCUSSION

The discussion on the relationship between leading states and free trade liberalism is crucial in understanding the dynamics and implications of their interaction. Leading states, with their significant economic power and political influence, have played a pivotal role in shaping the trajectory of free trade liberalization throughout history. One key aspect of this discussion is the motivations behind leading states' advocacy for free trade. These motivations often include economic benefits such as increased market access, lower costs of production, and enhanced competitiveness in the global economy. Additionally, leading states may view free trade as a means to bolster their geopolitical influence and promote diplomatic relations with other nations. However, the discussion also encompasses the challenges and resistance faced by leading states in promoting free trade. Domestic industries and interest groups that perceive free trade as a threat to their livelihoods may lobby against liberalization efforts, leading to protectionist measures and barriers to trade.

Moreover, not all leading states have embraced free trade to the same extent, and geopolitical rivalries can complicate efforts to achieve global free trade. These factors highlight the complex nature of the relationship between leading states and free trade liberalism. To further enrich the discussion, it is important to examine key case studies and historical examples. For instance, the role of the United States as a leading state in advancing free trade through initiatives like the North American Free Trade Agreement (NAFTA) and the Trans-Pacific Partnership (TPP) can provide valuable insights. Similarly, the European Union's influence on regional free trade agreements and the rise of emerging economies like China as advocates for free trade also warrant analysis. Overall, the discussion on the leading states and free trade liberalism offers a nuanced understanding of how influential actors shape the global economic order. By exploring motivations, challenges, and historical examples, researchers can gain valuable insights into the complex dynamics that underpin the advancement of free trade and its impact on the world economy.

## CONCLUSION

In conclusion, the relationship between leading states and free trade liberalism reveals a complex interplay of motivations, challenges, and historical dynamics. Throughout history, leading states have utilized their economic power and political influence to promote free trade as a means to enhance their own economic benefits, geopolitical standing, and diplomatic relations. However, this pursuit of free trade has not been without obstacles. Resistance from domestic industries and interest groups, as well as geopolitical rivalries, has presented

challenges to the advancement of liberalization efforts. Nevertheless, by examining case studies and historical examples, we gain valuable insights into the intricate dynamics that have shaped the global economic order. The role of leading states like the United States, the European Union, and emerging economies like China have significantly impacted the trajectory of free trade. Understanding the complex relationship between leading states and free trade liberalism is crucial for comprehending the current and future state of global trade and the potential implications it holds for the world economy. Moving forward, it is essential to continue studying and analyzing the evolving role of leading states in shaping the contours of free trade, as it continues to be a key driver of economic growth, development, and global interconnectedness.

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## CHAPTER 11

# UNCOVERING THE INTERDEPENDENCY OF VARIABLES AND THE ROAD TO VIOLENCE

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### ABSTRACT:

The intricate interdependency of variables and their role in the emergence of violence. In today's complex world, various factors contribute to the escalation of conflicts and the manifestation of violent behavior. This study investigates the dynamic relationships between these variables, encompassing social, economic, political, and psychological dimensions. By comprehending the interplay between these factors, we gain a deeper understanding of the processes that lead to violence, enabling the development of effective preventive measures and interventions. Through a multidisciplinary analysis, this research illuminates the road to violence and offers insights into fostering peace and harmony in our societies.

### KEYWORDS:

Interplay, Relationship, Road to Violence, Variables, Complexity.

### INTRODUCTION

Choucri and North discovered a complex interdependency between a number of factors, including development, expansion, competitiveness, national interest conflicts, alliances, and violence. Additionally, they came to the conclusion that given these "variables," various combinations of them and various distinct causal chains would have produced a roughly similar result, namely creating violent interaction patterns, arming the participants, and preparing the ground for the First World War [1]. According to the Choucri and North model, commerce per capita, national wealth, and population density all had a role in colonial development throughout the period of global history between 1870 and 1914. The growth of colonialism and, indirectly, widespread violence had significant domestic and international socio-economic origins. The intensity of crossings and both of these characteristics were also influenced by the growth of colonial territory [2].

#### **i. Dynamics of international violence: the model of Choucri and North.**

prompted military spending. Military spending in turn accelerated the establishment of alliances and further enhanced the severity of intersections. Violence was ultimately a result of the severity of intersections, military spending, and intense alliance development. The statistically significant relationships varied a little bit among nations and weren't always valid between 1870 and 1914.

Despite complexity, the overall result would have often stayed same regardless of a number of potential changes to the amounts of "variables." Furthermore, several coefficients for different systems showed much higher sensitivity to upward rather than downward oscillations in the period between 1870 and 1914. Choucri and North draw their conclusions based on their examination of how responsive the results are to various factors. Our study has supported our claim that military investments and alliances often result in hostilities between opposing nations. This reaction prompts the first nation to act violently in return. This action-reaction

cycle, so typical of interactions between big powers, both partly confirms and somewhat changes Richardson's theory [3].

If taken at face value, the positivist approach of Choucri and North involves the reification of not only acts but also conflicts over and changes to the geo-historical situation over the years 1870–1914. However, if Choucri and North's analysis is simply seen as an analytical description and systematic evaluation of some of the contrastive demi-regularities of the 1870–1914 period, it reveals how many elements of this environment tended to reinforce one another. It also sheds light on how they created a historical causal chain that, in a matter of decades, led to the triggering of the First World War.

### **Aspects, Buildings, and Nodal Points**

I have now covered the same material from other viewpoints in an effort to understand late nineteenth-century new imperialism and the First World War. A more abstract study of the layers of geo-historical reality that created the circumstances for the First World War has taken the place of my earlier empirical level analysis. Additionally, I have attempted to find weak areas in opposing arguments and the most qualified individuals among them. I could have examined the empirical and theoretical data for much longer, but I am now in a position to draw a conclusion with what seems to be a workable model. However, determining plausibility may be challenging. It is always feasible to discover a viewpoint that is even stronger or more logically sound, that is, a model or a tale that is more accurate. The fact that specialists in international politics have a particularly bad track record when it comes to changing their opinions based on new information may be even more startling. This is partially due to the methodological issues in describing the results of open systems [4], [5].

Any effort to explain a significant event, such as the First World War, must take into account several causative circumstances and processes due to the abundance of relevant conditions in an open system. Additionally, it must place them in time and provide an explanation by doing so. Even if their exact understanding may be hazy, conflicting, or contentious, actors often recognise and keep track of a number of conditions before doing action. However, many circumstances go ignored in many cases. A claim that C is the cause of a result X involves a counterfactual assertion that without C, that specific geo-historical complex would not have generated X since cause is an essential component of a given complex situation. The plausibility of the lack of C in a certain geo-historical setting is a distinct problem, therefore this counterfactual conclusion might just be a thought exercise.

The relevant result may rely on a variety of activity- and concept-dependent variables and diverse actions, as a number of components of a causal complex may be required for a complex to create it. Thus, the strongest and most convincing explanation of the 1914–18 conflict must describe a number of counterfactuals, some of which may potentially be tenable in light of the facts at hand. It is also crucial to take into account the chance that other suitable circumstances may have existed and led to a comparable outcome. Although some results may seem to be very dependent, it is feasible that other aspects of the relevant complex might have operated independently to produce results that were comparable. Deeper explanations should take into account the likelihood of equivalent or comparable structures and processes across a broad range of environments. Whether they do so in reality or not, these structures and processes may have the ability to produce results that are comparable [4], [6].

Openness to certain counterfactuals seems to generally depend on the particular ideological sympathies and antipathies sparked by specific issues. The need of doing explanatory work in an open system environment without the ability to repeat experiments is a characteristic of social sciences, which contributes to this situation. Therefore, it is crucial to draw conclusions

that can be tested against the real historical reality and other falsifiable arguments from counterfactual statements. For instance, researchers might throw light on how near Austria was to starting a war with Serbia before the summer of 1914, against the advice of certain military advisors, or how close Germany got to winning the war in August and September of that year. In the sections that follow, I shall systematically describe the layers of pertinent social realities, beginning with agency and acts, moving on to structures and processes, and finishing with an explanation of the important nodal points.

### **Actors**

Social systems do not exist independently of actors or their knowledge, as Anthony Giddens emphasizes. The existence of knowledge as memory traces of 'how things are to be done' on the part of social actors, the organization of social practises through the recursive mobilization of that knowledge, and the transformative capabilities, i.e., power, that the production of those practices presupposes are all presupposed by society. I explain the various levels of agency and forms of action that were prominent in the 1870–1914 period and are key elements in my explanatory narrative about the reasons behind the First World War in this section [7]. During the period of 1870 to 1914, dynastic rulers who were often members of the hereditary class of military generals continued to play a significant role in setting foreign policy. They also influenced the opinions of the general public via comments and newspaper interviews, for example.

Since the first state creation five to six thousand years ago, various kinds of dynasties have ruled most nations and empires; the only exceptions being periods of republican city-states in ancient India, Hellas, Rome, the Hansa League, Renaissance Italy, and a few other locations. However, contemporary science and scientific ideas, as well as many modern republican experiments and the Enlightenment effort, called into question absolutist monarchy and in particular power derived from God in modern Europe. The French Revolution served as the pinnacle of these advances. Europe underwent constitutionalizing and democratization in the eighteenth century. However, dynasties continued to hold positions of power and influence across Europe in 1914, in keeping with the traditional principles of the Concert of Vienna system. The new constitutions of European nations somewhat outlined the role and authority of dynastic monarchs. Their authority was partially founded on conventional ideas of honour and glory as well as on the regulations and tenets of territorial military control and power balance, such as interdistrict unions. Four of the European dynastic leaders in 1914 were related [8].

Early state formations led to the emergence of organised crime professionals. The word "aristocrat" comes from the Greek terms "aristos" and "kratein," which originally denoted the valour of military commanders. From 3000 bc until the French Revolution, most sophisticated political systems, including many republican systems, had broadly equal concepts and social classes. Although the idea of aristocracy includes inheritance of property and privileges, which also permits responsibilities other than those involving military command, the term's core military connotation persisted until 1914. The European aristocracy of the nineteenth century were not only significant landowners but also often held positions as army commanders, ambassadors, colonial administrators, and governmental officials. Aristocrats used to have an exclusive privilege to hold state posts in many different locations. The fact that gentlemen who, for the most part, had their origins in aristocracy-controlled banking is crucial in understanding both imperialism and the circumstances that led to the First World War. Hobson's opinion that finance is especially prone to imperialism had this as at least one possible explanation. In the nineteenth century, political disputes often focused on the activity of dynastic rulers and aristocracy. The assumption that aristocracy constituted the "best" of society was challenged

during the American and French Revolutions, and this issue reappeared in Europe in the 1830s and 1840s. Europe's appearance in the 1870s, 1880s, and of course the 1910s would have been different if the transformation attempts had been successful, say, in 1848. What degree would this have altered state responsiveness and, in turn, global history? According to Schumpeter, the lack of dynastic kings and the aristocracy would have made a significant impact; liberalist ideas should have been fully implemented to avoid imperialism and the war. However, concepts and behaviours may and often do transcend their social contexts, although in somewhat modified form. The balance of power system, which first appeared in the early eighteenth century after Newton's theory had gained widespread acceptance in European courts, serves as an example. The Third Law of Newton, which stipulates that there is an equal and opposite response to every action, appeared to make sense in the context of inter-dynastic conflicts and alliance-building practises. Additionally, in a Newtonian system, a system can only be stable when all of the forces impacting its constituent elements are in equilibrium. The Peace of Utrecht was the first time that this concept of stability became the accepted societal norm. On the other hand, any perceived shift that any party interprets as increasing the power of one or more of these forces would seem to be a danger to stability, as was the case with the unification of Germany. The balance of power plan contributed to the meaningful framework of "how things are to be done" by defining how Britain responded to the unification of Germany [9].

Following many republican initiatives, especially the Glorious Revolution in Britain, political parties and more or less professional, initially non-aristocratic gentleman politicians arose. Suffrage increasingly expanded to include bigger portions of the population as democratization continued in the nineteenth century, which was usually accompanied by upheavals, revolutions, or wars. Additionally, as a result of per capita economic development, more individuals, for example in Britain, became eligible to vote, especially in the years before to the war. The democratic election was followed by the democratic election of candidates. Political parties changed and grew. These reflected the views and ideals of the emerging democratic, socialist, feminist, and nationalist groups in addition to those of the land-owning nobility, military, businesspeople, and middle class. These movements often evolved into political parties or at least began to define their platforms. Between 1870 and 1914, industrialization increased the popularity and vibrancy of the labour movement. Foreign policy decisions were still made by a small group of elites, but there was much discussion of these topics in the press, in the parliament, and among politicians from various political parties [10].

A clique of six, eight, or ten people, typically the king, the prime minister, the foreign minister, the war minister, the army chief of staff, and maybe the finance minister, decided to go to war in the summer of 1914. George V, the king of Britain, didn't participate much in the debates, and Emperor Franz Joseph ultimately played a minor role. Although the army chief of staff and many of the ministers were typically from the nobility, anybody could make a decision. Additionally, the controversial choices of the socialist and labour legislative groupings to support their respective nations' war efforts had a big impact on what happened afterwards. Although similar earlier practises and formations had existed in various ancient civilizations and did exist in the contemporary Islamic world, India, and China, double bookkeeping, capital accounting, and new legal forms of enterprise, property rights, and contract emerged first in Renaissance Italy. Early colonial endeavours were often coupled with trade in shares. The Netherlands saw the first real development of financial markets in the seventeenth century. Midway through the nineteenth century in the US, the joint stock company was adopted, creating a stricter division between private and corporate property. European nations soon followed and enacted similar laws.

New kinds of agency, such as Schumpeterian entrepreneurs, Marxian capitalists, and Veblenian technocratic administrators of businesses, emerged during the course of this protracted historical process. In theory, anybody with a potentially successful idea or project and enough venture money may become an entrepreneur in the Schumpeterian sense as a result of the liberalisation of production, commerce, and finance. Anyone with significant money and possessions, including, of course, nobility and members of dynastic families, may potentially become a capitalist in the Marxist sense by investing some of their monetized property in company shares. Additionally, a new class of professional managers formed in the late nineteenth century as a result of economic concentration and rising technological complexity. The new business schools were where they learned "how things are to be done."

Entrepreneurs and businessmen, along with aristocracy, many of whom had become bankers or, in certain instances, entrepreneurs, predominated in parliaments until 1914. They controlled the majority of presses and publications, giving them the power to control what was written and debated in public. Additionally, although being somewhat democratic, nations seem to be become more and more capitalist. States began to use extensive borrowing in the seventeenth and eighteenth century to generate money for wars and other endeavours. The development of financial markets was also aided by state initiatives and new legislative frameworks. Particularly in the nineteenth century, persons in control of or in possession of significant capital concentrations were more and more active in managing governmental bureaucracy and formulating public policy. Additionally, the definition of "national interest" now includes safeguarding business and financial interests.

The concept of a republic and elected representatives is as old as the state itself; it first appeared in the city-states of ancient India, Greece, and Rome. Later, it reappeared in the European Renaissance and the Seventeenth Century. Finally, it did so again during the French and American Revolutions. Republicanism has been combined with nationalist, socialist, anarchist, and feminist ideologies since the French Revolution. The criticism of long-standing privileges and the attempt to realise the notion that everyone has the same potential for political deliberation, public reasoning, or work understood as self-development were shared characteristics of these contemporary social movements.

Many members of these groups believed that societal issues like poverty, inequality, exploitation, imperialism, and conflicts could and should be eliminated via concerted effort. They had different ideas about how to solve the primary issue and how to realise what they saw to be the inherent potential of all people. Nationalism-inclined people focused their transformational efforts on their own "nation," which was often supported by the institutional environment at the time. Repression was experienced by many activists, which had an impact on how the movements developed afterwards. Some people took this lesson to heart and even began to foster the notion that peaceful change is not possible. The counter-revolutionary suppression of political activists by dynasties, aristocratic state and army personnel, and certain capitalists may have been unavoidable to some degree given the geo-historical levels of agency. Aristocratic self-perceptions as "best suited to rule" and their sense of "how things are to be done" made them vulnerable to violent retaliation in the face of any calls to democratise society. The result of these conflicts was not as inevitable.

In the wake of several conflicts and the progressive democratisation of the nineteenth century, some members of the emerging groups had become career politicians by 1914. Journalists and intellectuals often took part in contemporary social movements' organised actions, but their influence could not be reduced to these movements. In the late eighteenth and early nineteenth centuries, the prerequisites for a national public sphere and therefore for nationalism as an ideology were fostered by print capitalism, growing levels of education and reading, and the



expansion of regularly published newspapers. Moreover, a growing number of young men were educated by scientific clubs and colleges, some of which were liberal and free. Many of them went on to become government employees, business owners, managers, and so on. However, others took on the role of professional intellectuals, penning books on political and economic theory as well as newspaper pieces. Some people were fortunate enough to be accepted into reputable colleges. Others, often the more radical and unconventional ideas, were forced to flee tyranny in another suitably liberal state. Schumpeter, Veblen, Hobson, Kautsky, and Lenin were all academics and prominent imperialist theorists. The fundamental concepts underlying contemporary social and political revolutions, particularly those that occurred between 1917 and 1920, were formulated by journalists and intellectuals. International law and many journalistic and practical political discourses informally define the contemporary state as a person. However, collective actors such as businesses, institutions of higher learning, media outlets, or governments are not actors in the same sense as individual agents. The state is a genuine social system since its causes and consequences can be seen. The state has the power to create a will, express objectives, and carry them out as an organisation. Speaking about a state's ideas, intentions, and acts in certain situations may be acceptable, but in reality, they are only anthropomorphic manifestations of the institutions and routines that make up a state's mode of response. Despite having a legal identity, the state is not a person. The state-is-a-person metaphor's credibility is based on the widely held belief that external sovereignty is analogous to exclusive private property and that a sovereign state is, therefore, a possessive individual. However, a state, as a collective actor, is constantly forming its identity, interests, and foreign policy. Many tangible human actors are involved in this process in one way or another.

## **DISCUSSION**

Understanding the intricacies of violent behavior and its root causes requires an examination of the interdependency of factors and the path to violence. Violence is often the outcome of a complicated interaction between a number of factors rather than one single element. Inequality, marginalization, and social discontent are examples of socioeconomic variables that might lead to a violent atmosphere. Conflicts may also be significantly fueled by economic issues such as resource scarcity, unemployment, and poverty. Further escalating tensions are political issues such as autocratic governments, political instability, and a lack of participatory governance. Individual ideas, attitudes, and experiences are only a few examples of psychological factors that influence the risk of violent behavior. It is crucial to understand how these factors interact with one another and how this leads to violence. The existence of one component may often increase the impact of another, starting a vicious cycle. Economic troubles, for instance, may cause societal discontent, which then may exacerbate political tensions. Additionally, psychological elements like grievances or feelings of unfairness might drive someone to use violence as a form of expression or vengeance. Policymakers, academics, and practitioners may create successful policies and interventions to avoid and lessen violence by thoroughly researching and comprehending the interaction of these elements. This knowledge makes it possible to pinpoint crucial leverage points and create all-encompassing strategies that tackle the underlying causes of violence. It emphasises the value of cross-disciplinary cooperation and comprehensive strategies that take into account the connections between diverse aspects. In the end, by making such efforts, societies may endeavour to create inclusive, peaceful settings that promote social harmony and understanding.

## **CONCLUSION**

In conclusion, the interdependency of variables on the road to violence emphasizes the intricate web of factors that contribute to the emergence and perpetuation of violent behavior. This

discussion has highlighted the complex relationships between social, economic, political, and psychological variables, demonstrating how they interact and influence one another. By recognizing these interdependencies, we gain a deeper understanding of the underlying causes of violence and the importance of addressing multiple factors simultaneously. Efforts to prevent and mitigate violence must adopt a comprehensive and multidimensional approach that considers the interconnected nature of these variables. Policymakers, researchers, and practitioners need to collaborate across disciplines and sectors to develop holistic strategies that tackle the root causes of violence. This may involve addressing socio-economic inequalities, promoting inclusive governance, providing opportunities for economic empowerment, and addressing psychological factors such as trauma and grievances. By acknowledging the interplay of variables and their significance, we can pave the way for a more peaceful and harmonious future. A concerted effort to break the cycles of violence requires not only addressing the immediate manifestations but also focusing on long-term solutions that address the structural, systemic, and individual factors at play. Ultimately, by understanding the interdependency of variables, we can take meaningful steps towards creating societies that are resilient, just, and free from the grip of violence.

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## CHAPTER 12

### AN ANALYSIS OF THE BALANCING CENTRAL AND STATE INTERESTS

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#### **ABSTRACT:**

the complex interrelationship between foreign policy and Indian federalism. The multi-tiered governance system of India's federal structure presents both unique possibilities and obstacles for developing and carrying out foreign policy choices. The study looks at the dynamics of power distribution between the national government and the states, emphasizing how federalism affects India's interactions with other countries. Additionally, it examines how internal variables like regional politics and conflicting state interests affect how foreign policy is developed. This research intends to shed light on the unique characteristics and ramifications of India's approach to international affairs by exploring the intricate relationship between federalism and international relations.

#### **KEYWORDS:**

Central Government, Decentralization, Federal Structure, Foreign Relations, Governance System.

#### **INTRODUCTION**

The Indian Constitution divides the political, legislative, and financial authority between the center and the state, with the government having primary control over all areas of Indian politics. The states also have some influence over matters that are essential to the climate for foreign investment in India, even though the government has sole responsibility over matters relating to finance, defense, trade, telecommunications, and foreign investments. The system works well when the federal government's center and states work together. The present state of the politics in the federal government has a significant influence on both the domestic and external security of India. Understanding the physical and geopolitical locations of India and its states is essential before talking about Indian federalism and the development of foreign policy. India has borders with Pakistan, Myanmar, Bangladesh, China, Thailand, Indonesia, and the Maldives. Each of these countries' connections with India has a direct impact on the country's states. Gujarat, Rajasthan, Punjab, and Jammu & Kashmir are affected by India-Pakistan relations; Kashmir, Uttarakhand, Himachal Pradesh, Sikkim, and Arunachal Pradesh are affected by India-China relations. Relations between India and Nepal will affect Bihar, Uttarakhand, Uttar Pradesh, Sikkim, and West Bengal. The relationship between India and Bhutan will affect West Bengal, Sikkim, Arunachal Pradesh, and Assam. The relationship between India and Myanmar will affect Arunachal Pradesh, Nagaland, Manipur, and Mizoram. West Bengal, Tripura, Meghalaya, and M will all be impacted by India-Bangladesh ties [1], [2].

India's foreign policy during the early years after attaining independence sometimes neglected the interests of its neighbours in favour of the security and national interests of the whole country. For instance, the Sirimavo-Shastri Pact, signed in October 1964, extended citizenship to a sizeable percentage of Sri Lanka's population without taking their interests into consideration. It was also opposed by significant political organizations in Tamil Nadu. But as

soon as coalition governments were put in place at the centre when the Indian National Congress' control expired, things began to change. Regional parties inside the states provide their perspectives to the central and often have an effect on the formulation of foreign policy. The centre concurs with these recommendations and asks that, in order to keep control of the government, it continues to have backed from the regional parties. For instance, the Karunanidhi-led DMK government backed the Center's policy towards Sri Lanka during the Fourth Eelam War's latter stages. It makes sense that Karunanidhi received approval from New Delhi to use political gimmicks in an effort to portray himself as the Tamils' saviour. Because of the political support that exists inside the federating units, it is difficult for the central to disregard the wishes of the states when it comes to developing foreign policy [3].

Regional support for the national parties, which dominate the central government, is dwindling. Because it is believed that the national parties overlook and fall short of meeting their demands, it is significant that the states support their regional parties rather than the national parties. This in turn puts pressure on the national government to make sure that every state's demands and proposals are evaluated and taken into account when establishing foreign policy [4], [5]. The federal structure of Indian politics is really being restrained by this assertion made by regional parties. It might be argued that India's foreign policy has been quite non-federal ever since its independence. The states and regions were not taken into consideration while making foreign policy choices. However, the central government of New Delhi now asks the regions to participate in the creation of foreign policy, especially with respect to contacts with neighboring countries.

There is worry about how regional political parties can impact the structure of the central government and its capacity to develop foreign policy, even if the state's involvement in the creation of foreign policy reflects the true nature of Indian democracy. The opinions of the federal and state governments on how to develop foreign policy also differ significantly. For instance, Mamata Banerjee, the Chief Minister of West Bengal and a leader of the Trinamool party, postponed the Teesta water-sharing agreement between India and Bangladesh, placing New Delhi in a precarious position. The regional parties in Assam were outraged by the India-Bangladesh Land Boundary Agreement, which asks for the exchange of 161 enclaves that India and Bangladesh unjustly control in each other's territory and the revision of certain national boundaries. Situations like these often force the central government to ignore the state's wishes when making foreign policy. For instance, the central government did not consider the views of the North Eastern states while creating the Look East Policy. On the other hand, when the central government formulates foreign policy without taking the views of the state governments into account, the state governments lose interest in providing the central government with the crucial data and inputs [6], [7].

Actually, there is a lot of debate right now over how the federal states contribute to the formulation of foreign policy. Numerous allegations are being made by different scholars. One important assertion is that regional players prioritise their own interests above national interests when states engage in the development of foreign policy. The development of coalition administrations at the federal level and the regionalization of politics are mostly to blame for this. The compromises and talks the regional parties have with the state government also heavily influence the positions they take on international affairs.

It is also reported that the state and the centre often differ on foreign policy matters. Instead of the fragmentation of the political system, these conflicts are mostly the result of political and institutional inertia in a system where the centre, with a coalition government, must also take into consideration its regional parties. India's economic reforms have hampered the development of foreign policy. Economic reforms in India have corresponded with the

decentralization of political and legislative power, with regional parties and states increasingly actively participating in and negotiating with the global economy. As a result, the states are fundamental in the development of foreign policy, especially in the context of economic development. Additionally, India's states have expanded their holdings in neighboring countries as a result of becoming significant actors in the economy and growth in a globalized and decentralized world. In light of this, it is essential that the state and the center coordinate to create foreign policy. Even though the central government has exclusive control over foreign policy, many of these centrally designed foreign policies rely on the involvement of the regions to be successful [8].

### **India and Sri Lanka: Foreign Policy and the Role of Tamil Nadu as a Federal Unit in the Indian Foreign Policy**

Since the beginning of time, when Buddhist monks went to Sri Lanka to promote Buddhism, India and Sri Lanka have maintained diplomatic ties. When Tamil slaves from India were sent to Sri Lanka to work in tea plantations under the British Rule, this relationship was further solidified. Since then, successful political experiments have taken place in both India and Sri Lanka, and both countries now use a complementary approach to both international affairs and local politics. However, there were disagreements among the Tamils when the decision was made to make Sinhalese the official language. Conflicts between Tamils and Sinhalese occurred in Sri Lanka, and this led to issues in Tamil Nadu, India. The citizenship of Tamils from India in Sri Lanka was another issue. In a 1964 deal, India and Sri Lanka agreed that Sri Lanka would provide citizenship to 3 lakh Tamils and India would accept back 5.5 lakh Tamil refugees. However, 1.3 lakh Tamils continued to lack citizenship, and the situation became worse as numerous Tamils fled to India to avoid the atrocities committed by the army and the general populace. Under pressure from the Tamil Nadu state, the Indian government brought the issue up with the Sri Lankan government.

Hardline Tamils who turned to armed insurrection against the Sri Lankan government and sought to establish a separate Tamil state in the island's north founded the Liberation Tigers of Tamils in the 1980s. But this went against India's then-current foreign policy. For India, this was a test of its international relations. Both India had chosen a moral stance in accordance with its foreign policy ideals and there was rising sentimentality among Tamils in India, who pressed India to interfere in the situation. India made the mistake of sending a peacekeeping force in 1986, which resulted in the deaths of several Tamils of Indian ancestry. It increased friction between the nations and contributed to Rajiv Gandhi's murder, who was the then-prime minister. The LTTE persisted in its unrest, and Sri Lanka's Island was in an uproar. Sri Lanka was successful in destroying the LTTE in 2011. The two nations have maintained friendly ties ever since.

### **Role of States in India's Foreign Policy**

On the map of India, we can observe that several of the state's border nations outside of India. These nations have had some kind of impact on foreign policy choices. Additionally, these states have an interest in the nation's foreign policy in one way or another. States in the northeast are situated in delicate areas. All of the countries in the North East have boundaries. As a result, illegal migration is a challenging problem in this region, and these North Eastern states are particularly important for the security and development of India. These nations are also crucial to India's ties with China, Bhutan, Bangladesh, Myanmar, and Bangladesh. These nations play a significant role in India's Look East Policy, which entails interactions with the 10 ASEAN member nations. The ASEAN area might undergo a dramatic transformation thanks to the North East [9].

Few states have significant influence on international ties with certain significant nations. Kerala is significant because there are many Keralites in the Gulf area, where it plays a significant role. Kerala is significant in terms of Indian connections with Italy. Kerala's public opinion was outraged after two fishermen were killed by Italian security guards, which sparked a nationwide outcry. Jammu and Kashmir has been crucial to India's ties with Pakistan. Cross-border terrorism has made India a victim, and several infiltrations from Jammu and Kashmir's Line of Control have soured ties between India and Pakistan. Additionally, a number of states, including Punjab, West Bengal, Gujarat, Tamil Nadu, Andhra Pradesh, Nagaland, and Bihar, have inhabitants or relatives who live abroad, and as a result, they have an impact on India's foreign policy. When it comes to developing foreign policy, the different governments are accountable for the following:

- a) Promotion of international peace and security
- b) Maintenance of just and honorable relations between the various nations
- c) Fostering of respect for international law and treaty obligations
- d) Encouragement of settlement of international disputes
- e) Diplomatic, trade and consular representation
- f) Participation in international conferences and conventions
- g) Promotion of pilgrimages to places outside India

#### **Future Direction of India's Foreign Policy**

Prime Minister Narendra Modi's administration in India has been very active in international relations. The Prime Minister not only travelled to several neighbouring and foreign nations for bilateral and multilateral meetings, but he also hosted a large number of international delegations to help India gain a foothold in contemporary global politics. However, the issue that arises is what has been the impetus for India's foreign policy and if such a foreign policy is restricted to only this administration or will it continue in the same form going forward.

India is now seen as a rising global force. India has drawn attention from both its own elite and the rest of the world as a growing global and powerhouse thanks to many years of sustained high growth rate and weathering the financial crisis of 2007–2008. When it comes to India's growth, we cannot dispute the fact that its population is rising and will likely soon surpass that of China. As a result, it is impossible to predict whether India will be able to maintain the same economic growth rate, which is a requirement for India to become a superpower. With India's expanding economic and nuclear capabilities, it is certain to become one of the biggest super powers. India is investing more money on defence and making deliberate efforts to modernise its military while it continues to experience economic growth. India's current status as a global force, however, can only be assessed by contrasting it with the most developed nations in the globe.

The traditional methods of measuring and comparing powers involve counting the indicators of military, economic, and other forms of power. For military power, these indicators include: nuclear warheads and delivery vehicles; the size of armies, air forces, and navies; the number of foreign bases and power projection capabilities; space-based assets; and cyberspace capabilities. For economic power, these indicators include: absolute and relative GDP; world trade shares; foreign exchange reserves; tax revenues; military budgets; and the number of industrialised nations.

The nations may be classified as super powers, great powers, medium powers, and developing powers based on the aforementioned characteristics. A superpower, according to authors Barry Buzan and Ole Waever, is "a state that, first, has broad spectrum of military, economic, etc. capabilities that are exercised globally, that is, a power with comprehensive global reach; and, second, that is acknowledged as such by others in their calculations." According to American political scientist John Mearsheimer, a superpower must have extensive military capabilities, as well as the economic and technological foundations that support them. In addition, a superpower must be able to extend its reach and influence beyond any one region. A nation that has considerable capability but not in all sectors of influence is considered a great power. A regional power is a nation whose influence is limited to its own area, and its position as a regional power is primarily determined by its military might rather than its economic prowess. The idea of a middling power is rather ambiguous. A medium power might be thought of as a nation that is unable to overcome a great power but has the capacity to fend off their demands, albeit lacking the system-shaping and -defining capacities.

According to scholars, power transitions may and do occur throughout time, implying that a rising power may develop into a medium power and that a middle power may even develop into a great power. According to experts, this transformation is caused by industrialization, rising military and technical prowess, expanded global prowess, and a change in the power dynamics between states and nations. Additionally, this change in power raises the possibility of conflict between nations. When it comes to India, it is safe to say that it is unquestionably not a big power. Despite having nuclear weapons and intermediate-range ballistic missiles, it does not firmly dominate its own territory, has major extra-regional power projection capabilities, and is not a system-shaping force in terms of the military or economic balance. However, India is also a significant economic and political force in the globe and cannot be disregarded.

India is a medium power in the truest meaning of the term. India is a middling power and a rising power in the current world power structure. In other words, India is going through a power shift and might eventually become a major power. India's potential as a regional force is now limited by the nuclear weapons that China and Pakistan, its neighbors, have. India is consequently seen to be unable to stop Pakistan from using terror weaponry on a regular basis. Additionally, India is continuously working to modernize its military might. India cannot acquire the ability to project electricity due to the size of the Indian Ocean in the south. India is a confined power in South Asia as a result. The other nations of South Asia do not see India as the region's natural leader and do not recognize its authority over them. India is thus not the dominant state in South Asia, which calls into question its position as a regional power even if it has regional weight and influence. India is undoubtedly a developing middle power due to its burgeoning economic might.

In addition to this growing strength, India is also constrained by a number of factors. It is largely reliant on imported fuel and resources. India also has a shaky technical and industrial foundation. Additionally, it imports weapons, is highly reliant on foreign manufacturers for all key platforms, including combat aircraft, surface ships, submarines, tanks, and artillery, and has a strictly regulated nuclear arsenal. The following components would make up any future foreign policy of India as a developing middle power:

- a) **Elements of Continuity:** Constricted ties with China and Pakistan have been India's main sources of continuity for many years. There are several unsolved conflicts with these nations, and restrictions on the spread of nuclear weapons coupled with border and territory disputes have also been a concern. India has engaged in hostilities with both China and Pakistan. India's foreign policy towards these nations has been

hampered by these military conflicts. Since the disagreements have not been resolved, the situation does not seem to be changing in the future. Due to Pakistan's growing support for terrorism, relations with Pakistan are virtually at an impasse. The Line of Actual Control is a common site of confrontation with China as well, and despite growing commercial ties, security ties with China are still limited.

While China's expanding military might still pose a danger, it also poses a risk by diverting a portion of the Brahmaputra's waters in Tibet in the direction of the east and north, which will have an impact on India's North Eastern States. China has established diplomatic ties with all of India's neighbors, including Afghanistan and Myanmar. The Pakistani port of Gwadar, which is close to the Gulf of Aden, has also come under the hands of China. Two more nuclear reactors are being constructed by China in Pakistan at Chashma. As a result, India and China's ties are still far from ideal. Bangladesh is the only nation with whom India has been able to resolve border conflicts. From the perspective of future foreign policy, India's ties with its neighbors must be improved, although nothing can be done on this front.

- b) Elements of Change:** The Indian foreign policy has seen some minor changes after the end of the Cold War. Israel and India now have a different connection. The partnership, which is focused on the import of defense technology, has been constantly expanding. However, as far as Palestine is concerned, Indian foreign policy has not altered. Israel was India's second-largest weapons supplier in the 2000s. India's foreign policy has changed significantly since the Look East Policy, which is now known as the Act East Policy. Throughout the Cold War, India's foreign policy paid little attention to the South East Asian area. India has now joined the Association of South-East Nations, the ASEAN Forum, and the East Asia Summit due to changes in foreign policy. Free trade with ASEAN nations was also made possible by a shift in foreign policy, and now, this commerce makes up a significant chunk of India's trade share when compared to China. India has actively engaged in these forums, as well as the extended ASEAN Maritime Forum and the ASEAN Defense Ministers Meeting. India and Japan have gotten along well. Japan has now committed to provide India with dual-purpose amphibious aircraft technology. Additionally, India is aiming to forge long-term ties with Africa, a continent that is abundant in natural resources like oil and gas. Four summits between India and Africa have taken place since 2008 in an effort to forge friendly and enduring connections. Saudi Arabia and the United Arab Emirates have both made investments thanks to the current administration. India is requesting their assistance in order to build its infrastructure and energy. This aspect of the foreign policy shift is seen to be advantageous for India's long-term goal of increasing foreign investment. The Modi administration is aware of how crucial increased foreign investment is to India's economic development. For India to become a market leader and maintain local and international stability, investment and development are crucial. India is attempting to obtain nuclear and defense technologies as part of its shift in foreign policy. In order to entice US businesses interested in investing in civil nuclear power production, India changed its civil nuclear liability statute. India attempted to join the NSG, but this effort was rejected in the middle of 2016 due to opposition from China and other nations with significant non-proliferation ties. However, India is attempting to join the Wassenaar Arrangement and the Australia Group and was accepted into the Missile Technology Control Regime in June 2016. Regarding defense technology, India made the extraordinary decision to allow 100% foreign ownership of its defence companies and to open up foreign direct investment. As part of the Defence Trade and Technology Initiative with the US, India has also been attempting to gradually move towards



acquiring cutting-edge US defence technologies and apparatus.

Another indicator of change in India's foreign policy is the country's involvement in a number of multilateral forums for both economic and security reasons. The Shanghai Cooperation Organization now includes India. India has also joined the New Development Bank, which is supported by the BRICS, and the Asian Infrastructure Investment Bank, which is supported by China and has its headquarters in Shanghai. Additionally, it has been crucial to the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation and the South Asian Association for Regional Cooperation. In order to transition from a growing medium power to a great power, India has also lobbied for permanent membership in the UN Security Council.

- c) **Indo-US relations:** From a long-term perspective, enhanced ties with the US represent one of the improvements in India's foreign policy. Because of collaboration between the US and Pakistan, a general tightening of US non-proliferation policy, and US support for Pakistan on the Kashmir problem, ties between India and the US had deteriorated by the early 1990s. However, due to the USSR's waning influence, India-US relations changed in the late 1990s and early 2000s. The US was not too concerned about Russia's relative fall or the fact that Russia was giving India armaments. After 9/11, ties between the US and Pakistan deteriorated. The US and India were able to reach a nuclear agreement, which in some ways allayed US concerns about India employing nuclear weapons. However, a shift in US foreign policy may have had some impact on India's foreign policy as well. Concerned about China's growing influence in Asia, the US has supported India in every way it can in an effort to restore the region's power balance. India's foreign policy of friendly relations with the US and other Asian nations has allowed India to benefit from a number of advantages, incentives, and chances that will continue to influence the country's possibilities for its future foreign policy [10].

With the changes in the Indian foreign policy, three broad scenarios can be visualized in terms of the future directions of the Indian foreign policy:

- d) **Dominance of the US:** If the US can balance China's growing might in Asia, it may achieve total supremacy. Russia's influence has been waning, and it may team up with China to counterbalance the US's growing clout. In this case, India is probably going to join forces with the US and its loose alliance of partners in Asia and abroad. However, there will be restrictions on alignment with the US in this instance as well. Despite slowing down, China will continue to expand considerably more quickly than both India and the West. Because China is a commercial partner for practically all other Asian nations, India is likewise unable to entirely isolate China. As far as India is concerned, China will continue to have control over the Indus and Brahmaputra River's headwaters and the capacity to divert the Brahmaputra's flows. Additionally, China will maintain its nuclear partnership with Pakistan. Additionally, China will continue to be India's commercial partner and prospective financing source. In the event of a border conflict with China, the US is in no way able to defend India. In other words, India cannot completely collaborate with the US by offending China. Due to the fact that Russia is India's main supplier of military technology, India is unable to significantly alter its bilateral ties with Russia. Therefore, even if the US becomes the most dominant power, India will not be able to fully align with the US in terms of foreign policy in the future.

- e) **Maintenance of Status Quo:** The continuation of current trends is the second possible scenario for India's future foreign policy. India may now proceed with its re-alignment with the US and all of its Asian friends and partners. India may also adopt a continuous, if partial, move away from Russia in favor of the US when purchasing weapons and defence technologies. For increasing infusions of cash and technology, India may also maintain and strive to forge long-term connections with Africa, the Middle East, and other nations.
- f) **Increased Chinese Ascendancy:** China will pose a serious security and economic threat to not just India but also to all other nations of the globe if a situation where China surpasses the US develops. Additionally, this situation would improve ties between China and Russia, which would again pose a serious security risk to India. Several South Asian nations may lean towards China in such a situation. Of course, the alliance between China and Pakistan also makes it possible for India to come under assault from any of its border regions. India would only be able to resist China's growing dominance if it were to have much quicker growth than China.

We may conclude from the talks of the many aspects of foreign policy that it is the responsibility and right of the central government to formulate India's foreign policy. The central government must, however, take into account the suggestions and requests of all the states while forming its foreign policy due to India's federal and democratic structure. Since India's independence, its foreign policy has also changed significantly. These developments are mostly the result of India's evolving ties with China, Pakistan, and the United States of America. When determining the future course of Indian foreign policy, it is important to keep in mind that the country is a developing middle power that must preserve friendly ties with all of its neighbors as well as other nations across the globe.

## DISCUSSION

The relationship between Indian federalism and international relations is of great academic and political importance. India's federal government, which comprises of a central government and several state governments, plays a crucial role in deciding and implementing the country's foreign policy decisions. An essential component of this relationship is the divide of authority across the government of the United States and the states. The division of effort and power in these organisations has an influence on India's ability to work effectively with the international community. The central government, which is granted responsibility by the Indian Constitution, is largely responsible for developing and carrying out foreign policy. It conducts treaty negotiations, represents India overseas, and maintains diplomatic relations with other nations. India's federal structure grants the states some autonomy, allowing them to actively participate in decisions that affect their interests. This decentralized style of governance both opportunities and challenges for India's foreign policy. The central government has to manoeuvre and strike a balance between the diverse interests and preferences of the states while deciding on its foreign policy.

Regional politics, diverse economic interests, and cultural concerns may shape state governments' opinions on foreign policy issues, which may lead to disagreement or contradicting tactics. The participation of countries in the creation of foreign policy, on the other hand, may result in the input of significant concepts and opinions. States often have specialised expertise in specific industries, such as business or investment, which may aid in the formulation of a more detailed and nuanced foreign policy. States may also connect directly with foreign parties via bilateral agreements, commercial agreements, or cultural exchanges, assisting the central government's attempts to promote India's interests abroad. Beyond only

internal dynamics, federalism has an impact on international policy. Additionally, it has an impact on India's reputation abroad. India's federal system may be seen favorably in the context of fostering diplomatic relations due to its emphasis on diversity and regional representation. India is able to portray itself as a democratic country that values the thoughts and concerns of all of its citizens because to this.

### CONCLUSION

In conclusion, the interplay between Indian federalism and bilateral relations exemplifies a complex and nuanced relationship that affects India's engagement with the international world. The split of authority amongst the federal government and the states, as well as the diversity of regional interests and dynamics, have a significant impact on the formulation and implementation of foreign policy decisions. Federalism presents challenges in coordinating the many interests and points of view of the states, but it also presents opportunities to leverage specialized knowledge and advance a multicultural image on the global stage. It is crucial to know and handle this complicated connection if India is to effectively advance its interests and objectives in the field of foreign affairs. As India continues to negotiate its federal structure and shifting global dynamics, a balanced and coordinated approach that considers both central and state considerations will be essential for a clear and successful foreign policy agenda.

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## CHAPTER 13

### AN OVERVIEW OF THE RESHAPING THE ECONOMICS CURRICULUM

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#### **ABSTRACT:**

The imperative need for reshaping the economics curriculum to address the evolving challenges and demands of the modern world. The current state of the global economy, marked by rapid technological advancements, environmental concerns, and shifting socio-political landscapes, necessitates a comprehensive reevaluation of traditional economic theories and models. This study investigates the potential areas for reform, including the integration of interdisciplinary perspectives, a focus on real-world applications, and the inclusion of topics such as sustainability, inequality, and behavioral economics. By incorporating these elements into the economics curriculum, educators can better equip students with the knowledge and skills required to navigate and contribute to a more resilient and inclusive global economy.

#### **KEYWORDS:**

Interdisciplinary, Modern World, Reevaluation, Reshaping, Sustainability.

#### **INTRODUCTION**

Gender and identity have historically been understudied in economics, from gendered unpaid care work being classified as unproductive in national accounts to discriminatory theories that ignore structural inequities. However, differences in social stratification based on gender, ethnicity, and other factors continue to be prominent across all economies. As schools shuttered due to the COVID-19 epidemic, hundreds of thousands of American women were forced to quit the workforce, and Black and Hispanic women were disproportionately affected by employment losses at the time. The curriculum of undergraduate economics programs reflects and replicates these gaps in the substance of economic research. This symposium serves in part as a reaction to the current situation. Jacqueline Strenio notes that less than 10% of professors who teach undergraduate introductory economics courses make any mention of issues relating to gender identity or inclusion more generally. This raises a concern that is expressed throughout the volume. People who don't identify as males are either absent or shown in limited positions in economics textbooks. In addition, most beginning courses depend on abstract, stylized models that hide how economics might be applied to real-world problems and ignore the influence of social norms on economic behavior. The mainstream economics curriculum seldom includes alternative economic perspectives that illuminate social injustice, such as feminism and stratification economics, further restricting its application to comprehending identity's function in the economy [1], [2].

Furthermore, who decides to become an economist is influenced by the material we teach. Marginalized students, whose lived experiences are more likely to include exposure to the financial hazards of care, employment discrimination, or racism, are unlikely to be lured to a subject that completely omits these themes from the curriculum or, at most, relegates them to

'niche' topics. Only roughly one-third of undergraduate economics students will be female by the year 2020. Along the pipeline, this underrepresentation becomes worse, reaching just 20% of full and associate professors in Economics departments at US PhD-granting institutions and 25% across a sample of worldwide universities and business schools. According to Bayer and Rouse's 2016 study, representation gaps are much more pronounced for women of color, and there is almost no information on the representation of transgender or non-binary economists who are members of gender minorities. Academic economists are likely affected by a variety of issues, such as hostile research seminar environments, stricter peer-review criteria, and occupational harassment. But at least at the undergraduate level, underrepresentation starts.

For representation, how we educate also crucial. The lecture style of teaching economics is still widely used, which creates hierarchies and leaves little possibility for student collaboration, application of economics to pressing social concerns, or experiential learning. In their presentation to the symposium, Hannah Lina Gartner and Alyssa Schneebaum discuss the data that demonstrates these pedagogical decisions further marginalize women in economics classes. Numerous of the interventions suggested in the following articles emphasize chances for students to independently investigate novel concepts and take part in the "doing economics" process. In their consumption journal assignment, which positions students as data producers and highlights their integration into the economic system, Marcella Corsi and Giulia Zacchia emphasize the latter aspect and connect it to feminist teaching. These initiatives to level up the usual hierarchies in the classroom may give students the confidence to consider themselves as economists and apply economics to solve problems in the real world [3], [4].

Thus, it is crucial for many reasons to reshape the economics curriculum from a gender-aware viewpoint. The inclusion of inequality-related topics in course material gives students the skills they need to make significant social change. Classrooms become more equal and inclusive when materials that include biased depictions of marginalized groups are rejected. All of this is significant for increasing the range of identities and lived experiences that economists represent. The essays in this symposium also rest on the post-positivist idea that it is impossible to isolate the issue of who conducts economic research from the actual and future nature of that study. The lived experiences of any profession's practitioners have a bearing on the research output of that discipline, according to feminist perspective epistemology. According to feminist philosopher of science Harding, encouraging a varied range of practitioners in a subject aids in ensuring "strong" as opposed to "weak objectivity" in a field, as Stephan Lefebvre and Lisa Giddings investigate in this book. The second kind of objectivity focuses on limited techniques that claim to prevent unique biases among researchers. The prejudices that could be prevalently held by a homogenous set of practitioners are not addressed by these tools, however. It is impossible for economists to claim to be independent of the social system they are researching. The research questions they pose and the assumptions they include in their models are influenced by their own positions. Thus, diversifying lived experiences among economists is a crucial step towards enhancing economic research, even if representation may not be adequate in and of itself.

Building on earlier studies on feminist pedagogy in economics, this Review of Political Economy symposium adds to a growing body of literature on how to incorporate gender, feminist methodologies, and inclusive practises into undergraduate economics curricula. The articles include cutting-edge techniques, conceptual frameworks, and fresh empirical discoveries. They diverge in some places and converge in others. Others advocate for

fundamentally addressing a variety of presumptions regarding economics classrooms, while other writers concentrate on particular remedies. Due to this diversity of viewpoints, these four essays will be of interest to a broad variety of readers, from experts in feminist economics to professors who are just beginning to include gender in their economics courses [5], [6].

### **Organization of the Symposium**

The symposium begins with a thorough analysis of the factors that contribute to the underrepresentation of women in economics majors by Gartner and Schneebaum. Women still make up a small minority of undergraduate economics students in the United States, and their representation has essentially stagnated since 2012. The authors' main contribution is in organizing the growing body of empirical research on the subject, both from within economics and from economics-adjacent fields, and identifying widespread agreement around four main types of interventions that could support more women enrolling in and remaining in undergraduate economics programs: enhancing the representation of women among faculty and other potential role models; giving students more information; and encouraging women to pursue careers in economics.

Gartner and Schneebaum's review is distinctive in that it pays attention to the potential relationship between pluralist curricula and representation, in addition to updating earlier summaries on equitable gender representation in economics with the most recent empirical literature. They contend that a larger spectrum of students' experiences may be addressed via the use of heterodox perspectives, such as feminist economics. The authors also emphasize the role of pedagogy in fostering an inclusive classroom, drawing on research in economics and STEM that suggests peer-to-peer interactions and active learning strategies may be more effective than lectures in fostering a sense of belonging for female students and underrepresented minority students of both sexes [7].

The second presentation in the symposium continues these topics of feminist pedagogy and economics. The authors Lefebvre and Giddings describe "feminist pedagogy in economics" as a framework for economics instruction, outline its development and connections to related paradigms, and suggest a research agenda for the future. The authors argue that FPiE should continue to be developed because it has a better chance of igniting social change than traditional economics pedagogies since it actively combats intersectional oppressions and prepares students to do so. On the other hand, they criticise what they see to be more traditional methods, such as the work done under the rubric of "diversity, equity, and inclusion," which they say is often appropriated by established institutions.

Lefebvre and Giddings acknowledge the difficulties in defining FPiE. It includes a variety of feminisms and divisive pedagogical viewpoints. They do note a few points of agreement, however. Similar to critical pedagogy, FPiE challenges classroom hierarchies. It encourages alternate forms of knowledge and learning. The normative goal of FPiE is to fight patriarchal oppression and overlapping power systems, which is maybe most important. The authors urge further research in a number of FPiE fields that build on these fundamentals, such as techniques for fending against the 'depoliticization' of economics. Contrary to what the authors refer to as a "technocratic framing" of economics, FPiE has tools for challenging the notion that economics is a field that is detached from the realm of political change and that it is a science that is neutral in terms of values, all without encouraging indoctrination. The authors also look

at how teachers might use autoethnography to engage students and highlight the often-hidden post-positivist foundations of FPiE [8].

The last two talks give novel new assignments that embrace many of the guiding concepts discussed in the symposium's first half while also demonstrating the variety of approaches that may be used to create a curriculum that is gender- and identity-aware. According to Corsi and Zacchia, the undergraduate curriculum is a natural place to begin introducing heterodox economic theories, such as feminist economics. They contend that conventional economic theory has proven ineffective at addressing the world's combined economic, ecological, and public health crises. The authors begin by providing information about modern feminist pedagogy practises, an empirical activity that supports how Lefebvre and Giddings framed such methods in the earlier study. They conducted an online poll of economists affiliated with the International Association for Feminist Economics, and the results show that there is broad agreement that feminist pedagogy should aim to level out inequalities in the classroom, rely on students' real-world experiences, and provide chances for students to interact with contemporary concerns.

After that, the authors discuss their "consumption diaries" assignment, which was inspired by Kyrk's interdisciplinary research of consumption preferences and how they are endogenous to the economic and social system. Students fill out daily questionnaires that include demographic data and questions about how much of their spending goes towards various categories of goods and services. With an eye on the variability in the average willingness to spend by gender, the instructors combine these data and utilise them to estimate short-term Keynesian consumption functions. By doing this, according to Corsi and Zacchia, students develop a sense of self as active participants in economics and are prepared to fight against the idea that preferences are exogenous and idiosyncratic.

Strenio aims to divert students' focus from learning how economics is conducted to also examining who economists are in his presentation to the symposium. Her efforts are driven by the glaring absence of talks on equality and inclusion in economics curriculum. She contends that exposing pupils to a variety of "Great Economists" might help all students feel a feeling of belonging and improve their comprehension of important economics ideas. However, the resources for textbooks that feature economists and their research disproportionately focus on white men. Students are given a list of scholars in Strenio's assignment who use different paradigms of economic thinking and who have a variety of visible and invisible identities. Students work in small groups to choose an economist, investigate that economist's life story and major accomplishments, and then present their findings to their peers while drawing parallels to their own experiences.

The justification of the list itself, which Strenio concedes is inherently imperfect and sensitive to the instructor's positionality, is not the paper's main objective. Instead, it offers broad recommendations for practice, cautions about difficulties, and arguments drawn from academic research and her own firsthand knowledge that such a task may be successful in advancing learning results. Regarding the latter, the research uses Fink's taxonomy of substantial learning, a model that breaks from Bloom's taxonomy's hierarchical structure and acknowledges learning aspects outside of the cognitive. Each component of the Great Economists assignment links to an important learning result and to research on the teaching of economics. The breadth of the tactics and the modifications they advocate are only two of the many ways the papers in these

symposia vary from one another. But they also share the same objectives, including enhancing inclusivity in the classroom, extending the study of economics, and providing students with new tools to confront imbalances. Each study clearly emphasizes that the frameworks and tactics are only beginnings, not finished products. The larger body of research on inclusive and feminist teaching in economics still has significant gaps. For instance, there are still few curricular innovations and pieces of evidence about representation that take gender minority identities into account. The goal of this conference is to stimulate more research in these and other unexplored areas and to motivate more professors to think about how they may rethink undergraduate economics instruction [9], [10].

## DISCUSSION

The reshaping of the economics curriculum has become a critical topic of discussion in response to the evolving demands and challenges of the modern world. Traditional economic theories and models no longer adequately address the complexities of today's global economy, which is marked by rapid technological advancements, environmental concerns, and shifting socio-political landscapes. Therefore, it is imperative to reevaluate and redesign the economics curriculum to ensure that it equips students with the necessary knowledge and skills to navigate and contribute to a more resilient and inclusive economic system. One key area of focus in reshaping the economics curriculum is the integration of interdisciplinary perspectives. Economics is deeply intertwined with various fields such as sociology, psychology, political science, and environmental studies. By incorporating these interdisciplinary approaches, students can gain a more holistic understanding of economic phenomena and their broader societal implications. For example, integrating insights from behavioral economics can provide valuable insights into decision-making processes and help students grasp the complexities of human behavior in economic contexts.

Another crucial aspect of reshaping the economics curriculum is the inclusion of real-world applications. Traditional economics education often relies heavily on theoretical models and abstract concepts, which can create a gap between the classroom and the practical realities of the global economy. By incorporating case studies, simulations, and experiential learning opportunities, students can develop a deeper understanding of how economic principles apply to real-world situations. This practical approach enables students to analyze and propose solutions to complex economic problems, preparing them for the challenges they will face in their future careers. Furthermore, the reshaping of the economics curriculum should also address pressing global issues such as sustainability and inequality. The traditional focus on economic growth and efficiency needs to be balanced with considerations of environmental sustainability and social equity. Integrating concepts of sustainable development, resource management, and social justice can foster a more responsible and inclusive approach to economics. By exploring alternative economic models, such as circular economy principles or inclusive growth frameworks, students can develop a broader perspective on the possibilities for achieving both economic prosperity and environmental and social well-being.

## CONCLUSION

In conclusion, the reshaping of the economics curriculum is a vital undertaking in response to the changing needs and complexities of the modern world. By reevaluating and redesigning the curriculum, educators can ensure that students are equipped with the knowledge and skills necessary to navigate the challenges and contribute to a more resilient and inclusive global



economy. The integration of interdisciplinary perspectives, emphasis on real-world applications, and the inclusion of topics such as sustainability and inequality are crucial components of this transformation. By fostering a comprehensive understanding of economics that goes beyond traditional models and theories, students can develop a more holistic and nuanced approach to economic analysis and decision-making. Ultimately, reshaping the economics curriculum is essential for preparing students to address the multifaceted economic issues of the present and future, and to actively participate in shaping a more sustainable and equitable world.

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## CHAPTER 14

### AN OVERVIEW OF THE STRUCTURES AND MECHANISMS OF POLITICAL ECONOMY

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#### ABSTRACT:

This abstract provides an overview of the study focused on the structures and mechanisms of political economy. Political economy is a field of study that explores the complex interplay between political and economic systems, investigating how these systems shape and influence one another. This research aims to deepen our understanding of the underlying structures and mechanisms that drive political and economic interactions and outcomes. The study employs a multidisciplinary approach, drawing upon theories and methodologies from economics, political science, sociology, and related fields. It examines various aspects of political economy, including the role of institutions, power dynamics, policymaking processes, and the distribution of resources and wealth. By analyzing these factors, the research sheds light on the mechanisms that determine economic development, social inequality, and political decisionmaking. The research also investigates the influence of globalization, technological advancements, and other external factors on political economy. It examines how these forces shape the structures of economic and political systems, and the subsequent implications for societies at large. Moreover, the study delves into the relationship between political institutions and economic performance, exploring the extent to which political stability, transparency, and accountability impact economic growth and development.

#### KEYWORDS:

Globalization, Institutions, Political Economy, Political Institutions, Political Stability.

#### INTRODUCTION

In this task is to explicate the layers of social structures and mechanisms that constituted or generated key aspects of the action context in 1870–1914. Although efficient, formal and final causes operate only through human agency, society is both the ever-present condition and the continually produced outcome of human agency. Although aristocratic landowners became increasingly business orientated and capitalist over time, various premodern relations and practices of state governance remained efficacious throughout the pre1914 era. For instance, at the time of the 1848 revolutions, important state positions were occupied by monarchs, princes and aristocrats; they also controlled the means of violence. In alliance with some of the wealthier parts of the middle class and emerging industrial capitalists, the premodern rulers were able to partly repress the revolutions and partly transform them into more ‘accept able’ forms of nationalism, combined with some modest reforms. Following the basic principles of the Concert of Vienna, the European dynastic rulers and aristocrats also worked together to suppress attempts to revive the ideas of the French Revolution. Although it is clear that with subsequent nineteenth century political reforms the premodern relations and practices of state governance became less important, the role of these ‘atavisms’ remained significant until 1917–18 [1], [2].

Premodern structures do not, however, suffice to explain the return to competing imperialisms in the 1870s and 1880s. Due to the Industrial Revolution, economic growth accelerated in

Europe during the first half of the nineteenth century. Industrial civilization, based on the work of machines operated with external sources of energy, was preceded by a series of innovations in China, India and, later, Europe. In some plausible counterfactual worlds, industrialisation could have also begun for instance in China, with far-reaching world historical implications. However, with the rise of industrial capitalism first at the northwestern corner of the Eurasian continent, newly acquired property and therefore more widely based representation became increasingly prevalent. At the same time, as Veblen argued, excessive acquisition of wealth in a capitalist market economy can give rise to a tendency towards a return to something resembling dynastic ascendancy and courtly honour even in a relatively democratic context. The tendency to economic concentration facilitates this excessive acquisition of wealth and gives largescale owners resources that they can translate into political influence. Moreover, as these developments may lead to the establishment of vested interests to foreign acquisition in many states, excessive concentrations of wealth can also generate a tendency towards interstate competition. As capitalists and entrepreneurs seek various forms of state interference both in domestic and world markets, powerful vested interests can also translate into favouring imperialist policies [3].

Perhaps more important, however, is the role of state in responding to uneven developments and industrialization. This response has been justified also in terms of a reaction to the military threat posed by the technologically more advanced industrialized countries. For Clay, List and others, the project of state led industrialisation was also about freedom, self-determination, democracy and wellbeing. In Germany and elsewhere, the project of state led industrialisation probably gained popularity also because it opened up state offices for newly educated young men. A developmentalist state made rapid industrialisation outside of Britain possible. However, the developmentalist state also strengthened the tendency towards economic concentration and the liability to territorialization of the competition between state-based actors in the world economy. In the period 1870–1914, also various structurally induced illusions about how the world works constituted responses of dynastic leaders and politicians, and thus shaped state interactions. The social construction of enemies that in this era often followed the quasidynastic formation of new alliances presupposed ancient Manichean meaning structures. Discourses of imperialism, in turn, exemplified various forms of narcissism of collective memory; and enabled high-minded justifications of external expansionism. The imperial expansion itself was made possible by modern industrial war making capabilities and economic competitiveness [4], [5].

Partially false, misleading and ideological economic theories and policy discourses conditioned the focal state responses to the economic problems of the 1870s and 1880s. With hindsight, appropriate domestic economic policies and collectively responsible multilateral responses could have made all parties less insecure and economically better off. In the absence of adequate collective responses, narcissism of collective memory, reification of socioeconomic processes and fallacies of composition generated shortsighted unilateral responses. In about twenty years' time, the collective outcome of these responses was an arms race between great powers, with Britain and Germany in particular. This arms race was made more severe by the second Industrial Revolution. Technological changes were turning weapons systems rapidly obsolete, accelerating the pace of the arms race and consolidating military–industrial complexes [6].

### **Explanatory Story**

It is time to summaries the explanatory story, in a reverse temporal order. Even after the First World War had commenced in Europe, a relatively quick end to it remained a genuine

possibility. Had Germany defeated France on the Western front in September 1914, an early peace treaty might have been a real historical possibility. However, given the prewar naval arms race that had occurred between Britain and Germany, both of them could have decided for different reasons – to make a peace treaty an unlikely prospect. Nonetheless, an abrupt end to the war was a possibility. There was also nothing inevitable about the precise timing of the war. The June 1914 assassination in Sarajevo could have failed, or Germany and Austria-Hungary, or Russia and France, could have responded in a different manner, as they had done before. Had Europe survived the summer of 1914 without an outbreak of a major war, the likelihood of a great war would nevertheless have remained high for years to come.

In my explanatory story, the most important geohistorical nodal point was the 1870–1890 turn to competing imperialisms. It was a jump point in a sense of creating a new imperialist horizon of possibilities, but it was also a branch point, gradually foreclosing possible lines of development towards a pluralist security community in Europe. The British, who had trading posts, military bases, colonies and dependencies all over the world and particularly in India initiated the neo imperial turn in the context of its declining competitiveness, long downward wave of the world economy, and the ‘German threat’. Britain’s global reach commercially, financially and militarily was mobilized as a resource in geoeconomic competition. The multisided and gradual turn to imperialism by the great powers of the late nineteenth century set into motion a self-reinforcing process that implied further securitization of politico economic relations inside Europe and in part also globally [7].

Industrial production involves longterm investments that are risky for the investors. ‘Unless the continuance of production was reasonably assured, such a risk was not bearable’ . The leading state’s attempt to secure its position by protectionist and imperialist means<sup>27</sup> – however halfhearted those means might have been in practice – was perceived not only as a model to be followed but frequently also as a threat to the vital industrial interests of the new industrial countries. Subsequently, some states responded in kind. The overall context was soon becoming more competitive and territorialism, as well as imperialist and militarist. These developments constituted a long-term process of mutually self-reinforcing securitization. From the 1890s onwards, this process of securitization led to a hectic process of alliance reformations, then an arms race and finally the war. The ‘German threat’ emerged from the outcome of German unification and the Franco-German war of 1870–71. As a geohistorical constituted understanding, however, it was also an outcome of the power balancing practices. It is uncertain whether the 1870–71 Franco-German war could have been avoided, although, as always, various contingent decisions and events were involved also in the episodes that led to the outbreak of this war. Given the outcome of the 1848 revolutions, expansionist France and unifying Prussia-Germany were on a collision course in the overall context of national industrial growth, nationalism and a prevailing framework of international relations. It thus seems that the most plausible counterfactual has to do with the outcome of the war. As James Chace has argued, the French were well equipped, possessing new industrial products that the Germans could not match, such as an early machine gun and a rifle that increased the rounds an infantryman could carry and substantially improved his range. ‘The French capitulation resulted very simply from poor leadership. Failure to defeat France could have prevented the Bismarckian unification of Germany in 1871 [8].

Moving towards deeper geohistorical layers, the failed revolutions of 1848 appear decisive in light of the subsequent developments. That year there were social upheavals and attempts at democratic transformations throughout Europe. The failures of these revolutions, particularly in Germany and France, had important long-term consequences. For instance, the emerging German nationalism was set into a new path and became ‘all the more dangerous for having

failed its democratic political mission. The original purpose of the revolution constitutional self-determination of unified Germany, social and economic progress, and political emancipation were in largely replaced with romantic myths about the German nation. More generally, although 1848 left a lasting impact not only in France but throughout Europe, and constituted an important turning point, it failed to transform Europe in any immediate way. As Hobsbawm summarizes it, 'the industrial revolution had swallowed the political revolution'. The massive economic advances of Industrial capitalism were not accompanied by simultaneous equally massive democratic or social transformations.

In a sense 1848 was also one of the break points of modernization, contributing in the long run to a rupture of social structures and their constellation in the globalizing Europe, since several of the democratic and social demands were gradually met in the course of the nineteenth and early twentieth centuries. However, 1848 was also a connector point, interposing social and political reforms into a process of the rise of nationalism and to the reproduction of premodern class structures, for example through symbols of nationalism. It can also be seen as a saddle point, inducing stasis or even regression compared to what could have been possible at that point [9], [10].

After 1848, German unification and industrialisation took a specific path led by Bismarck from 1862 to 1890. In France, the uprising of 1848 resulted in general elections with universal manhood suffrage in 1849. However, French men elected Louis-Napoleon Bonaparte as the President of France. Soon he declared himself the Emperor of France, took the name Napoleon III, and ruled France until the defeat of the Franco-German war in 1871. Louis-Napoleon Bonaparte tried to accelerate French industrialisation but also had a project of creating a greater France. He wanted to strengthen France by uniting the French-speaking people and by reinforcing France's 'great power' status. The French and German national projects were both expansionary and soon collided.

The German victory over France in 1871 alarmed the British, as could have been predicted on the basis of the prevailing British mode of responsiveness, particularly among the British gentlemen who dominated the state and the City of London. The conservative interpretation prevailed in the 1874 elections as well as in the intrabureaucratic struggles. This outcome explains organizational responses to the politico-economic conditions of the 1870s. Britain was the leading state and this response was in turn interpreted and acted upon by others in imperialist terms. This led to further responses in the continual process of structuring conditions of actions, many of which were subsequently unacknowledged or misidentified.

The First World War was in many ways a result of modernization in Europe. Its scale and destructiveness presupposed technoscientific planning and rationality, industrial production, mass armies of millions of men, railway-based systems of logistics and supply, and partially democratized states. Unlike in earlier dynastic wars, economic cycles, industrial competition, nationalism, militarism, newspapers, public opinion and insurgent 'masses' played key roles in the processes that led to the war. The state leaders of the remaining non-constitutional and undemocratic state of Russia faced soon a successful revolution by the men it had armed for the war.

Before 1914, a belief in the inevitable progress of humanity was dominant. After the war, that belief was thoroughly shattered, paving the way for irrationalist reactions. And worse was to follow – the 'age of extremes', as Hobsbawm aptly calls it. However, the First World War can also be seen a result of the one-sided nature of modernization and its partial failure to realize some of its potential more rapidly. For instance, had the liberalist era continued in the 1870s and 1880s, Britain could have paved a way onto another path. The labour movement and social

reformism were on the rise. The early twentieth century antiimperialists were developing multilateral and proteinemia ideas about global governance. There could have been a possible peaceful path to decolonization as well. Moreover, even with the neo imperial declarations of the 1870s, it remained possible that the third Republic of France would not have responded by taking the British declaration of a new imperial model so seriously as to follow it in practice. Moreover, other states could have decided against – or refrained from making the decision in favor of following the same pattern. Also, the earlier struggles over democratization, self-determination and various social issues are relevant. In particular, had the revolutions of 1848 been more successful, the industrializing part of the world could perhaps have drifted towards a more peaceful path, and avoided the catastrophe of 1914–18.

In the absence of the possibility of scientific experimentation, it is difficult to make satisfactorily reliable judgments on the plausibility and likelihood of largescale world historical possibilities. There are reasons to believe, however, that given the context of prevailing forms of agency, structures and mechanisms in the last quarter of the nineteenth century and early twentieth century, various processes were markedly more sensitive to swings leading to escalation of conflicts among the industrializing, capitalist, sovereign states than to swings leading to the development of a European, or a global, security community. As Hobson argued, aggressive imperialism tends to foster animosity among competing imperialisms. The scramble for Africa and Asia evoked new alliances, drove all the concerned states to consume a growing share of their resources upon military and naval equipment, and generated doctrines of national destiny and imperial missions of civilization for popular consumption.

The situation would probably have remained fairly similar despite some significant transformations of agency and structures. Although decisively different paths of world history were in all probability feasible, on the whole they were arguably somewhat less likely than those involving a violent catastrophe. This hypothesis is consistent with the finding of Choucri and North. In 1870–1914, the overall outcome would have often remained more or less the same, independently of a number of possible alterations of the levels of ‘variables. Typically, the coefficients for various processes exhibited markedly greater sensitivity to upward rather than downward swings. It is also consistent with Veblen’s argument that the response of the republican US to the developments of 1870–1914 was quite similar to those of supposedly more autocratic and aristocratic states.

Moreover, although more rapid social and democratic reforms would have been possible, there seems to have been a limit to the speed of transformations without violence involving states. Had the more radical visions succeeded at least in one or two key countries in 1848, it is possible that the violent experiences of post1789 and also post1917 would have been repeated. In the 1790s, conservative Europe turned against France; and the monarchists in France repeatedly fought against the republican government. This antagonism led to the revolutionary wars of 1792–1802; to the rise of Napoleon in 1799; and, following an assassination plot, to the recreation of a hereditary monarchy in France in 1804; and finally to the Napoleonic wars of 1803–15. A somewhat similar sequence occurred in Russia after the October 1917 revolution. Following a long and bloody civil war, a series of external military interventions and a number of violent episodes within the Bolshevik leadership, Stalin became a dictator for life. Stalin was never formally acknowledged as a monarch, but this is what he in effect became, having more powers than his nineteenth and early twentieth century predecessors. My point is that 1848 could have triggered similar reactionary developments in Europe, at the time when industrialisation was already increasing the available forces of destruction in the 1850s.

The key to understanding the limits of the nineteenth century world historical possibilities lies first, in the nature of the flow and endurance of social time and, second, in the conditions for

the absence of a security community. Major transformations do not happen overnight. Social structures presuppose, among other things, knowledge as memory traces of ‘how things are to be done’ on the part of social actors. The *durée* of the day today life intersects with the *durée* of the biological lifespan of individuals. Humans are complex living beings and well-organized systems. Living beings are structures and systems that exhibit high levels of order. An organism stays alive in its highly organized state by taking energy and information from outside itself and processing these to produce, within itself, a lower entropy, and in turn, a more organized state. It takes a considerable amount of time and energy and manifold life experiences to become a social actor with the characteristics of a particular geohistorical form of agency. Formative learning is an activity and information intensive process, always threatened by entropy.

Positioned practices are organized through the recursive mobilization of knowledge of ‘how things are to be done’. The same applies to self-producing social systems: the existence and reproduction of their organizing rules and principles depend on the knowledgeable competence of actors and their actions. Actors have an age, they belong to a context and to a generation that shares at least some experiences, and every one of them is aware that they will eventually die. Social action – including interaction within and across modern organizations also obtains its meaning via the life of each actor. A story or a ‘myth’, which is often characteristic of a specific agency, has motivating powers or charisma because it gives meaning to life. Temporal myths and stories have a structure that is based on both the general human condition on the one hand, and on cultural variations in storytelling and relatively enduring world understandings on the other. People can find it more important to do the right thing, as designated by these existentially constitutive stories and myths, than to avoid the risk of death.

Social transformations whether judged right or wrong within a given framework of evaluation – must therefore take time and always be expected to encounter resistance. Sudden attempts at thorough or radical transformation are likely to evoke resistance and violent repression. It is here that the notion of a security community becomes relevant. The key to understanding and explaining the possibility of security communities lies in the self-transformative capacity of contexts, generating dependable expectations of peaceful changes and integration. To put it as simply as possible: contexts differ in their openness to change, and this is crucial for the emergence and maintenance of a security community. One indicator is whether preparations are being made for a violent repression or war against dissident or context challenging groups or states within the global community. It also matters whether actors categorize themselves as parts of a wider whole. Among the relevant actors, is there a shared belief in the existence of a larger community?

The preparedness to use violence is typically based on the necessitarian assumption about the unchangeable essence of both oneself and the others, perhaps seen as enemies. In Manichean understandings, evil must be eliminated. This is closely related to strategic instrumentalist mode of action: only simple and unchangeable essentially atom like beings can be treated unproblematically in utilitarian terms by teaching them lessons of obedience by means of sanctions and painful experiences. Hence the self-transformative capacity of contexts is not compatible with illusions and mystifications about, or reifications and naturalizations of social realities. Conversely, the denaturalization of understandings can contribute to the openness and responsiveness of the community.

## DISCUSSION

The discussion surrounding the structures and mechanisms of political economy is multifaceted and encompasses a wide range of interconnected factors. Understanding these structures and

mechanisms is essential for comprehending the complexities of how politics and economics interact and influence one another. One key aspect of the discussion is the role of institutions in political economy. Institutions, such as governments, regulatory bodies, and international organizations, shape the rules, norms, and practices that guide economic activities and political decision-making. Analyzing the effectiveness and functioning of these institutions provides valuable insights into the mechanisms that underpin political economy. Power dynamics are another crucial element of the discussion. Political economy examines how power is distributed and exercised within societies, influencing economic outcomes and resource allocation. The concentration or dispersion of power among different actors can impact economic policies, wealth distribution, and social inequality.

By understanding the mechanisms through which power operates, researchers can identify potential avenues for promoting more equitable and inclusive economic systems. Policy-making processes also warrant discussion in the context of political economy. The formulation and implementation of economic policies are influenced by various actors, such as politicians, interest groups, and experts. Examining these processes sheds light on the mechanisms through which economic decisions are made and the factors that shape their outcomes. Furthermore, understanding the drivers behind policy choices can inform efforts to design and implement more effective and socially beneficial economic policies. Another aspect of the discussion revolves around the distribution of resources and wealth. Political economy explores how economic resources are allocated within societies and the resulting implications for individuals and groups. This analysis encompasses topics such as income inequality, access to education and healthcare, and social mobility. Examining the structures and mechanisms that govern resource distribution helps uncover the underlying dynamics that perpetuate or mitigate economic disparities.

Furthermore, the discussion of political economy is influenced by external factors such as globalization and technological advancements. Globalization has interconnected economies and societies, creating new opportunities and challenges. Understanding how globalization impacts political economy provides insights into issues such as trade, international cooperation, and the distribution of benefits and costs among countries. Technological advancements, including digitalization and automation, shape the structures and mechanisms of economic systems, influencing productivity, job markets, and income distribution. Examining these technological dynamics enhances our understanding of how political economy adapts to and harnesses technological progress. Overall, the discussion surrounding the structures and mechanisms of political economy is vital for comprehending the intricate relationship between politics and economics. By examining institutions, power dynamics, policy-making processes, resource distribution, and the influence of globalization and technology, researchers can gain valuable insights into the functioning of economic systems and identify avenues for promoting sustainable development, social justice, and well-being within societies.

## CONCLUSION

In conclusion, the exploration of the structures and mechanisms of political economy reveals the intricate interplay between politics and economics and provides valuable insights into the functioning of societies. The discussion encompasses various dimensions, including institutions, power dynamics, policy-making processes, resource distribution, and the impact of globalization and technology. By understanding these elements, policymakers, researchers, and practitioners can better comprehend the complex factors that shape economic outcomes, social inequality, and political decision-making. The analysis of institutions highlights the importance of effective governance structures and regulatory frameworks in fostering economic development and promoting equitable outcomes. Understanding power dynamics



illuminates the distribution of influence and resources within societies, offering opportunities to address disparities and empower marginalized groups. Examining policy-making processes provides insights into the drivers of economic decisions, enabling the design and implementation of more effective policies that align with societal needs. Furthermore, the exploration of resource distribution reveals the underlying mechanisms that perpetuate or mitigate economic inequalities, facilitating the pursuit of inclusive growth and social justice. The influence of globalization and technological advancements underscores the need for adaptive economic systems that can harness opportunities and mitigate potential disruptions. By delving into the structures and mechanisms of political economy, this research enhances our understanding of the complexities and dynamics at play. The findings contribute to the development of evidence-based policies and strategies that promote sustainable development, equitable resource allocation, and improved well-being for individuals and communities. Moreover, the insights gained from this exploration have far-reaching implications for societies worldwide, informing efforts to create more resilient, inclusive, and prosperous political and economic systems. In summary, the study of the structures and mechanisms of political economy provides a comprehensive framework for comprehending the intricate relationship between politics and economics. Through a multidisciplinary approach, this research contributes to our knowledge of how institutions, power dynamics, policy-making processes, resource distribution, and external forces shape economic outcomes and societal well-being. The continued exploration and understanding of these structures and mechanisms are essential for fostering sustainable, just, and prosperous societies in an ever-changing global landscape.

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## CHAPTER 15

### AN OVERVIEW OF THE STRUCTURES AND MECHANISMS OF POLITICAL ECONOMY

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#### **ABSTRACT:**

This abstract provides an overview of the study focused on the structures and mechanisms of political economy. Political economy is a field of study that explores the complex interplay between political and economic systems, investigating how these systems shape and influence one another. This research aims to deepen our understanding of the underlying structures and mechanisms that drive political and economic interactions and outcomes. The study employs a multidisciplinary approach, drawing upon theories and methodologies from economics, political science, sociology, and related fields. It examines various aspects of political economy, including the role of institutions, power dynamics, policymaking processes, and the distribution of resources and wealth. By analyzing these factors, the research sheds light on the mechanisms that determine economic development, social inequality, and political decisionmaking. The research also investigates the influence of globalization, technological advancements, and other external factors on political economy. It examines how these forces shape the structures of economic and political systems, and the subsequent implications for societies at large. Moreover, the study delves into the relationship between political institutions and economic performance, exploring the extent to which political stability, transparency, and accountability impact economic growth and development.

#### **KEYWORDS:**

Globalization, Institutions, Political Economy, Political Institutions, Political Stability.

#### **INTRODUCTION**

The purpose of this job is to explain the many social processes and structural layers that made up or produced significant elements of the action environment between 1870 and 1914. Society is both an ever-present situation and the continuously generated result of human action, even if efficient, formal, and ultimate causes only function via human agency. Although aristocratic landowners adopted a more commercial and capitalist mindset throughout time, a number of premodern relationships and methods of state government remained in use before to 1914. For instance, during the 1848 revolutions, kings, princes, and aristocracy held major official posts and commanded the weapons of violence [1]. The premodern rulers were able to partially suppress the uprisings and partially adapt them into more 'acceptable' forms of nationalism, paired with some small reforms, via collaboration with some of the richer middle-class segments and growing industrial capitalists. The European dynastic monarchs and aristocracy collaborated to put an end to efforts to resurrect the concepts of the French Revolution by adhering to the fundamental principles of the Concert of Vienna. Although it is obvious that successive nineteenth-century political changes diminished the significance of premodern connections and practises of state administration, their influence persisted until 1917–18 [2].

However, premodern institutions are insufficient to explain the resurgence of rival imperialisms in the 1870s and 1880s. During the first part of the nineteenth century, Europe's economic development surged as a result of the Industrial Revolution. A number of inventions in China, India, and later Europe predated the industrial civilization, which relied on the labour of machines powered by outside energy sources. Industrialization may have started elsewhere, like China, in certain conceivable counterfactual scenarios, with far-reaching historical repercussions. However, newly acquired property and hence more broadly based representation became more common when industrial capitalism first emerged in the northwest corner of the Eurasian continent. In contrast, Veblen claimed that, even in a reasonably democratic setting, excessive wealth accumulation in a capitalist market economy might lead to a trend towards a return to something approximating dynastic dominance and courtly dignity. This disproportionate accumulation of wealth is made possible by the trend towards economic concentration, which also provides large-scale proprietors with the means to exert political influence. Excessive wealth concentrations may also create a predisposition towards interstate rivalry since these developments may result in the emergence of vested interests in foreign acquisition in numerous states. Strong entrenched interests may also translate into backing imperialist policies as capitalists and businesspeople seek different types of governmental intrusion in both local and international markets [3].

The state's involvement in reacting to unequal growth and industrialization, however, may be more significant. This approach has been supported by the military threat presented by the industrialized nations with better developed technology infrastructure. The idea of state-led industrialization was also about freedom, self-determination, democracy, and well-being in the eyes of Clay, List, and others. The state-led industrialization effort likely acquired appeal in Germany and other countries because it gave freshly graduated young men access to state jobs. Outside of Britain, fast industrialization was made possible by a developmentalist state. Though the territorialization of rivalry between state-based entities in the global market and the trend towards economic concentration were both increased by the developmentalist state. Various structurally generated illusions about how the world works also influenced dynastic leaders' and politicians' behaviour throughout the 1870s to 1914, shaping how states interacted with one another. In this period, the quasidynastic forging of new alliances often followed the social construction of foes, which assumed archaic Manichean meaning structures. Discourses about imperialism, in turn, served as examples of different types of communal memory narcissism and provided lofty reasons for foreign expansionism. Modern industrial war-making skills and economic competitiveness enabled the imperial expansion itself [4].

The primary governmental answers to the economic issues of the 1870s and 1880s were influenced by economically motivated political discourses and ideas that were in part incorrect, deceptive, and ideological. With the benefit of hindsight, all parties may have been less economically vulnerable and more secure with the implementation of sensible domestic economic policies and cooperative global responses. Shortsighted unilateral answers were produced as a result of narcissistic collective memory, the reification of socioeconomic processes, and compositional errors in the lack of suitable collective responses. These answers eventually led to an armaments race between major nations, with Britain and Germany in particular, that lasted for approximately twenty years. A more intense weapons race resulted from the second Industrial Revolution. Weapons systems were quickly becoming outdated due

to technological advancements, which also sped up the arms race and consolidated military-industrial complexes.

### **Explanatory Story**

Time to summaries the explanation in reverse chronological order. A reasonably speedy finish to the First World War was still a real possibility even after it had started in Europe. In September 1914, if Germany had beaten France on the Western Front, an early peace deal may have really been a possibility. However, given the prewar naval armaments competition between Britain and Germany, both of them may have chosen to make a peace deal an implausible possibility for a variety of reasons. However, the chance of a sudden conclusion to the conflict existed. Furthermore, the time of the conflict was not predetermined. The Sarajevo murder in June 1914 may have been a failure, or Germany, Austria-Hungary, Russia, and France could have reacted differently, as they had in the past. The chance of a big war would have continued to be high for years to come even if Europe had survived the summer of 1914 without the start of one [5].

The 1870–1890 shift towards contending imperialisms was the most significant geohistorical nodal point in my explanation tale. It was a turning moment for imperialism, opening up new avenues for possibility, but it was also a branch point, progressively sealing off avenues for a pluralist security community in Europe. The British launched the neo-imperial turn in the context of its deteriorating competitiveness, protracted downward wave of the international economy, and the "German threat." The British possessed trade posts, military outposts, colonies, and dependent nations all over the globe, notably in India. In the context of geoeconomic rivalry, Britain's worldwide commercial, financial, and military influence was used as a resource. The late nineteenth century's multifaceted and slow shift towards imperialism by the major powers sparked a self-reinforcing process that suggested increased securitization of political and economic ties inside Europe and, to some extent, also worldwide.

Long-term investments in industrial production are dangerous for the investors. Such a risk was not tolerable unless the output could be fairly guaranteed of continuing. Even if those measures were taken half-heartedly in practise, the leading state's attempt to maintain its position through protectionist and imperialist means was seen not only as an example to be imitated but frequently also as a threat to the crucial industrial interests of the new industrial countries. Some nations then reciprocated in like. The general environment quickly started to become increasingly competitive, territorial, imperialist, and militaristic. These events made up a protracted, self-reinforcing securitization process. This securitization process started in the 1890s and was followed by a frenetic sequence of alliance reformations, an armaments race, and ultimately a war. The result of German unification and the Franco-German war of 1870–1871 gave rise to the "German threat."

But it was also a result of the power-balancing techniques as a geohistorical constructed knowledge. Although, as usual, other dependent choices and circumstances were also engaged in the episodes that led to the commencement of this conflict, it is doubtful if the 1870–1871 Franc German conflict could have been prevented. In the general environment of national economic progress, nationalism, and a dominant framework of international relations, expansionist France and uniting Prussia Germany were on a collision path given the aftermath of the 1848 revolutions. Thus, it seems that the likelihood of the war's conclusion is the most likely counterfactual. According to James Chace, the French had superior equipment, including brand-new industrial goods that the Germans could not match. Examples include an early machine gun and a rifle that significantly increased the number of bullets an infantryman could carry while also extending his range. "The French capitulation was very clearly the result of

poor leadership," If France had been defeated, the 1871 Bismarckian unification of Germany may not have happened [6].

Deeper geohistorical strata reveal that the 1848 failed revolutions were significant for later events. Throughout Europe that year, there were social upheavals and efforts at democratic revolution. These revolutions' failures had significant long-term repercussions, especially in Germany and France. For instance, the newly rising nationalism in Germany was given a new direction and became even more deadly as a result of failing to fulfil its democratic political mandate. Romantic fantasies about the German nation essentially superseded the revolution's basic goals of constitutional self-determination for a united Germany, social and economic advancement, and political liberation. In general, 1848 did not immediately change Europe, even though it had a lasting effect on the continent and was a significant turning point not only for France but for all of Europe. The industrial revolution had "swallowed the political revolution," as Hobsbawm puts it. The enormous economic growth of industrial capitalism was not matched by concurrently enormous democratic or social changes.

Since many of the democratic and social demands were gradually met throughout the nineteenth and early twentieth centuries, 1848 can be seen as one of the breaking points of modernization, as opposed to a rupture of social structures and their constellation in a globalizing Europe. But 1848 also served as a connecting point, inserting social and political changes into the process of nationalism's emergence and the replication of premodern class relations, for instance via nationalist symbols. It may also be thought of as a saddle point, causing stasis or even regression in comparison to what was previously feasible.

German industrialization and unification after 1848 followed a particular course under Bismarck's direction from 1862 until 1890. Following the revolt in France in 1848, there were national elections in 1849 with universal suffrage. However, the men of France chose Louis Napoleon Bonaparte to lead their country. He quickly proclaimed himself the Emperor of France, assumed the name Napoleon III, and controlled the country until the Franco-German War was won by Germany in 1871. Louis Napoleon Bonaparte worked to hasten France's industrialization while simultaneously planning to expand the country. He aimed to fortify France's unity and 'great power' position by bringing the French-speaking population together. The national goals of France and Germany were both expansionist and quickly came into conflict [7].

The British were worried by the German triumph over France in 1871, as may have been expected based on the dominant British pattern of responding, especially among the British gentlemen who controlled the state and the City of London. Both in the internal bureaucratic battles and the 1874 elections, the conservative view won out. This result demonstrates how organisations reacted to the political and economic circumstances of the 1870s. Britain was the dominant power, and others perceived and responded to this reaction in imperialist terms. In the ongoing process of organising circumstances of activities, this sparked other reactions, many of which were later ignored or misinterpreted.

In many respects, Europe's modernity led to the First World War. Its size and devastation required railroad-based logistics and supply networks, industrial manufacturing, massive armies of millions of men, and somewhat democratic regimes. It also required technological planning and reason. Economic cycles, industrial rivalry, nationalism, militarism, journalism, public opinion, and insurgent 'masses' played major parts in the events that led to the war, in contrast to past dynastic conflicts. The residual undemocratic and unconstitutional state of Russia's leaders soon had to deal with a successful revolution led by the men it had armed for the war.

Prior to 1914, the prevailing view was that humankind will inevitably advance. That notion was completely destroyed after the war, which opened the door for illogical responses. And worse was to come, or as Hobsbawm so brilliantly puts it, the "age of extremes." The First World War, however, may also be understood as a consequence of modernization's partial inability to fully realise some of its promise and its one-sided character. For instance, Britain may have prepared the way for a different route if the liberalist period had persisted in the 1870s and 1880s. Social reformism and the labour movement were expanding. Antiimperialists were constructing multilateral and proteinemia theories of world government at the beginning of the 20th century. There could have been a peaceful alternative to decolonization. The third Republic of France may not have reacted by taking the British statement of a new imperial model so seriously as to adopt it in practise, even with the neo imperial affirmations of the 1870s. Additionally, other states might have chosen not to follow the same pattern or elected not to make the decision. Also pertinent are prior conflicts involving democratization, self-determination, and many socioeconomic concerns. More specifically, if the 1848 revolutions had been more successful, the industrializing region of the globe may have veered towards a more peaceful course and avoided the calamity of 1914–18.

It is challenging to make assessments of the feasibility and plausibility of grand historical possibilities in the absence of the possibility of scientific investigation. However, there are reasons to believe that given the context of dominant forms of agency, structures, and mechanisms in the latter half of the nineteenth and early part of the twentieth centuries, different processes were noticeably more sensitive to swings leading to an escalation of conflicts among the industrializing, capitalist, sovereign states than to swings leading to the development of a European, or a global, security community. Aggressive imperialism, according to Hobson, tends to encourage anomy among rival empires. The race for Africa and Asia spurred the formation of new alliances, compelled all the involved nations to spend an increasing proportion of their resources on military and naval hardware, and produced theories of national destiny and imperial missions of civilization for general consumption [8], [9].

Despite some considerable changes in agency and organization, the situation would have likely stayed pretty similar. While radically divergent courses for global history were undoubtedly possible, they were generally thought to be slightly less plausible than those involving a catastrophic catastrophe. This theory fits with what Choucri and North discovered. The overall result would have often stayed the same between 1870 and 1914, regardless of a variety of potential changes to the amounts of "variables." The coefficients for diverse processes often showed a pronounced higher sensitivity to upward swings than to downward swings. It also supports Veblen's claim that the republican US responded to circumstances from 1870 to 1914 in a manner that was strikingly comparable to other allegedly more authoritarian and aristocratic regimes [10].

Additionally, even if faster social and democratic reforms were theoretically feasible, there seems to have been a limit on how quickly changes could have occurred without state-sponsored violence. It is probable that the terrible events of post-1789 and also post-1917 would have been repeated had the more radical views triumphed in at least one or two important nations in 1848. The monarchists in France battled against the republican government on several occasions as conservative Europe turned against France in the 1790s. This rivalry sparked the American Revolutionary Wars (1792–1802), the advent of Napoleon in 1799, the restoration of a hereditary monarchy in France in 1804 as a result of an assassination plot, and ultimately the Napoleonic Wars (1803–15). The events that followed the October 1917 revolution in Russia followed a fairly similar pattern. Following a protracted and brutal civil

war, many military interventions from outside the country, and several violent incidents involving the Bolshevik leadership, Stalin was installed as the country's permanent leader. Stalin had greater authority than his predecessors from the late nineteenth and early twentieth centuries, despite the fact that he was never recognised as a king in the official sense. My argument is that, at a period when industrialization was already boosting the destructive forces available in the 1850s, 1848 might have set off comparable reactionary processes in Europe.

First, the character of the flow and persistence of social time, and second, the prerequisites for the lack of a security community, hold the key to comprehending the boundaries of nineteenth-century global historical possibilities. Significant changes do not occur quickly. Social structures assume, among other things, that social actors have knowledge as memory traces of "how things are to be done." The biological lifetime of a person overlaps with the duration of day-to-day living. Humans are sophisticated, well-organized systems of living things. Structures and systems that demonstrate high degrees of order are what make up living things. An organism maintains its highly organised state by absorbing energy and information from the environment and processing it to create a lower entropy and a more organised state inside the organism. To develop the traits of a certain geohistorical type of agency in a social actor, one must invest a lot of time, effort, and life events. Entropy is a constant danger to formative learning, which is an active and information-intensive process.

Through the recursive mobilisation of knowledge about "how things are to be done," positioned practises are organised. The same is true for self-producing social systems: actors' knowledge, competence, and behaviours determine whether these systems exist and how they are reproduced. Every actor is aware that they will pass away someday. They all have an age, are a part of a context and generation that has shared at least some experiences. The lives of each actor provide significance to social activity, including interactions inside and beyond modern organisations. Because it gives life purpose, a tale or "myth," which is often representative of a particular organisation, has the ability to inspire or attract people. Temporal myths and tales have a framework that is based on both the universal human condition and cultural storytelling differences as well as reasonably stable global understandings. These existentially defining tales and myths might lead people to believe that doing the right thing is more essential than minimising their danger of dying.

Therefore, social reforms must take time and should always be prepared to run across opposition, whether they are seen to be correct or incorrect within a certain framework of assessment. Rapid transformational endeavours are likely to meet with opposition and violent suppression. The idea of a security community here starts to make sense. The self-transformative ability of settings, which produces reliable expectations of peaceful transformations and integration, is the key to comprehending and explaining the feasibility of security communities. To state it as simply as possible: it is essential for the creation and upkeep of a security community that contexts vary in their receptivity to change. One sign is whether or not plans are being made for a war or violent repression against nations or organisations that are dissident or pose a threat to the status quo. It also important whether actors see themselves as constituent elements of a larger whole. Exists a consensus among the relevant actors that a wider community exists?

The necessity assumption regarding the immutable nature of both oneself and the others, possibly perceived as foes, is often the foundation for the willingness to use violence. According to Manichean views, evil must be vanquished. This is strongly connected to the strategic instrumentalist way of action: only simple and immutable entities, who are basically atom-like, can be addressed unproblematically in utilitarian terms by teaching them lessons of obedience via punishments and unpleasant experiences. Therefore, the ability of contexts to



modify themselves is incompatible with delusions, mystifications, or reifications and naturalizations of social realities. On the other hand, denaturalizing understandings might increase the community's openness and responsiveness.

### DISCUSSION

Political economy's structures and procedures are a topic of much debate since there are so many interrelated aspects to it. To fully appreciate the complexity of how politics and economics interact and impact one another, it is crucial to understand these structures and processes. The topic includes a crucial component on the function of institutions in political economics. Governments, regulatory agencies, and international organisations are examples of institutions that form the laws, customs, and practises that direct economic activity and political decision-making. Understanding the efficiency and operation of these institutions offers important new perspectives on the processes that support political economy. Another essential aspect of the topic is power dynamics. Political economics looks at how power is allocated and used in society, and how it affects how resources are allocated and how the economy performs. Economic policy, income distribution, and social inequality may all be impacted by the concentration or distribution of power among various players. Researchers may discover new strategies for advancing more inclusive and equitable economic systems by comprehending the processes through which power functions.

Political economics debate should also include policy-making procedures. Numerous players, including politicians, interest groups, and specialists, have an impact on the creation and execution of economic policy. The mechanisms by which economic choices are formed and the variables that affect their consequences may be better understood by looking at these processes. Additionally, understanding the factors that influence policy decisions might help in the development and application of more efficient and socially desirable economic policies. The distribution of wealth and resources is a further topic of debate. Political economics examines how resources are distributed economically within communities and how that affects both people and organizations. This examination covers issues including economic inequality, healthcare and educational access, and social mobility. The underlying dynamics that either sustain or reduce economic inequities may be found by investigating the structures and processes that control resource allocation. Furthermore, outside influences like globalisation and technology development have an impact on how political economics is discussed.

Because of the interconnectedness of economies and cultures, new possibilities and problems have arisen. Understanding how political economy is impacted by globalisation offers insights into topics like trade, international collaboration, and the allocation of costs and benefits across nations. The processes and architecture of economic systems are shaped by technological breakthroughs, such as digitalization and automation, which have an impact on productivity, labour markets, and income distribution. Understanding how political economy responds to and uses technology advancement is improved by looking at these technological processes. In general, understanding the complex link between politics and economics depends on the debate around the structures and processes of political economy. The functioning of economic systems can be better understood by researchers by looking at institutions, power dynamics, policy-making procedures, resource distribution, and the impact of globalization and technology. They can also find ways to advance social welfare, social justice, and sustainable development.

### CONCLUSION

In conclusion, the study of political economy's structures and workings illustrates the complex interaction between politics and economics and offers important insights into how societies operate. Institutions, power dynamics, policy-making procedures, resource distribution, and

the effects of globalization and technology are only a few of the topics covered in the debate. Policymakers, scholars, and practitioners may better grasp the complex aspects that influence economic results, social inequity, and political decision-making by being aware of these features. The institutional approach emphasizes the significance of strong governance and regulatory frameworks in ensuring equal results and economic growth. Understanding power dynamics sheds light on how influence and resources are distributed throughout communities, providing chances to correct inequalities and strengthen marginalised groups. The formulation and execution of more effective policies that are in line with society demands are made possible by examining policy-making processes, which offers insights into the factors that influence economic choices. The investigation of resource allocation also identifies the underlying processes that support or lessen economic inequities, which makes it easier to pursue inclusive development and social justice.

Globalization's impact and technology development's importance highlight the necessity for flexible economic systems that can seize opportunities and prevent possible crises. This study deepens our knowledge of the intricacies and dynamics at work by exploring the structures and processes of political economics. The research results support the creation of evidence-based policies and practises that support sustainable growth, fair resource distribution, and enhanced individual and community well-being. Furthermore, the knowledge gleaned from this investigation has broad ramifications for societies everywhere, guiding attempts to build stronger, more inclusive, and successful political and economic institutions. In conclusion, understanding the complex interrelationship between politics and economics requires a thorough understanding of the structures and processes of political economy. This study adds to our understanding of how institutions, power dynamics, policy-making procedures, resource distribution, and outside influences affect economic results and social well-being using a multidisciplinary approach. In a world that is always evolving, it is crucial to continue investigating and understanding these structures and systems in order to promote sustainable, fair, and affluent communities.

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## CHAPTER 16

### LONG DOWNWARD WAVE OF THE WORLD ECONOMY IN THE LATE TWENTIETH CENTURY

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#### **ABSTRACT:**

The long downward wave of the world economy during the late twentieth century. It investigates the underlying factors and dynamics that contributed to this prolonged period of economic decline, exploring both global and regional perspectives. By analyzing key indicators such as GDP growth rates, trade patterns, technological advancements, and demographic changes, this study sheds light on the systemic challenges that plagued the world economy during this period. Moreover, it assesses the impact of various events and policy decisions, including financial crises, political shifts, and trade imbalances, on the trajectory of the global economic downturn. Through a comprehensive analysis of historical data and scholarly research, this paper aims to deepen our understanding of the complex forces that shaped the long downward wave and provides insights into its implications for future economic development.

#### **KEYWORDS:**

Economic Decline, Global Recession, World Economy, Economic Indicators, Trade Imbalances, Financial Crises.

#### **INTRODUCTION**

The argument is that Europe in the nineteenth century was not a safe place to live. The potential of national settings to modify themselves in certain respects was steadily improved with the increasing democratization inside nations, which often came after upheavals, revolutions, and wars. Despite continual worries from the affluent elite that the democratic majority would violate their right to private property and other privileges, per capita economic development made it possible to reach a number of agreements. The middle of the twentieth century would see a deepening and consolidation of these agreements. In contrast, there was no analogous procedure on a global scale [1].

The issue was that given the unevenness of long-term development patterns, the national unification of portions of Europe, and other significant politico-economic revolutions, many changes in the international setting were unavoidable. However, the international institutions and dominant patterns of response only allowed for a relatively small number of peaceful adjustments. Both the free trade principle and the concept of the balance of power were oriented towards maintaining the status quo, the former by de facto upholding or strengthening a specific international division of labour and the latter by establishing a specific interpretation of a legal diplomatic agreement of a territorial division and level of armaments as the standard to be upheld. The status quo was supported by other conventional institutions of global society. Modernization, development, economic cycles, imperial expansion, and power-balancing produced several inconsistencies and conflicts in this kind of environment. By implementing peaceful reforms, organizing collective activities, and building shared institutions, the nineteenth-century players failed to resolve these conundrums and conflicts. This impossibility led to and intensified tensions, eventually laying the groundwork for the First World War.

A new international order, created by representatives of only two states the United States and Great Britain rose from the ruins of the Second international War. The Soviet Union under Stalin also influenced the results of succeeding international agreements. The UN system was quickly paralyzed by the cold war, despite the fact that the UN Charter was more democratic than anything previously seen in international affairs. In the wealthier regions of the Western world, notably in Japan and Western Europe, as well as in a few neutral nations, liberal democracy flourished. In addition, the Bretton Woods system was developed to replace the 19th-century institutions of free trade, globalized finance, and the gold standard with a system of capital restrictions and collective management of exchange rates that were indirectly related to gold through the dollar. The political and economic arrangements between Britain and the United States made during the darkest days of World War II were unlike anything the industrial and capitalist world had ever seen. They did so in a way that would balance openness and trade expansion with flexible exchange rates, capital controls, and national governments' commitments to full employment and economic and political stabilization. They also established the rules for a relatively open and multilateral system of trade and payments [2], [3].

The Bretton Woods agreement represented a compromise between opposing viewpoints. For political stabilization, Keynes and the British wartime cabinet particularly emphasized imperial preferences, full employment, and state interventionist programs. The conventional *laissez-faire* free trade stance was favoured by the American State Department. The Bretton Woods system constituted a partial win for productivism against financial capital, imposing major restrictions on the freedom of movement of financial capital, notwithstanding the compromise with traditional free trade liberalism. The Bretton Woods period, commonly known as "the golden age of capitalism," was a major success from the perspective of economic development and wealth, mainly in the OECD nations but also beyond. World population increased by 2% year between 1950 and 1973, while per capita income increased by 3% annually. This was by far the greatest growth period in recorded human history [3], [4]. At the same time, economic disparities decreased inside most nations, with the possible exception of Latin America, even if uneven industrialization continued to grow the wealth gap across many regions and nations.

The Bretton Woods system began to gradually evolve into a neoliberal international order in the 1970s, long before Lenin's legacy ended in 1989–1991; this was happening. The word "globalisation" is often used to characterise this shift. Before the 1980s, the concept of "globalisation" was not well understood. In its brief existence, it has been linked to the transnational neoliberalism philosophy that first appeared in the 1970s and rose to prominence in the 1980s. The 1970s saw the emergence of terminology like "transnational," "global," and "globalism," as well as images of the globe from space and a growing ecological consciousness. Some critical sociologists, including Roland Robertson, originally examined the idea of globalisation in the 1980s. But "internationalisation" and "globalisation" started to appear often in media, economic, and other contexts in the latter part of the 1980s.

Transnational neoliberalism bases its premise on the idea that the globe has become an economic unity as a result of the globalisation of trade and commerce, or that rational economic policy, when adopted by most governments, would soon bring about a peaceful integration of the global economy.<sup>1</sup> Neoliberalism was first rearticulated and promoted in the early 1970s by adherents of Friedrich A. Hayek, Milton Friedman, and more broadly, traditional neoclassical economics, as well as by international think tanks like the Trilateral Commission. Neoliberal approaches began to be used more often by institutions like the City of New York or the International Monetary Fund as well as nations like Chile. Since the 1980s, the 'Washington consensus' has outlined the economic policy prerequisites of this philosophy. This consensus

holds that "free" trade between nations, sound budgets, which typically entail fiscal austerity and result in reductions in welfare spending, low inflation, privatisation, economization of social life, and deregulated markets, including financial markets, are the best ways to achieve economic growth [5], [6].

The political project of globalisation is based on promises of prosperity and peace. The economic argument is that, in addition to solving many current issues, free market economic policies, especially those associated with the Washington consensus, also hasten economic development and, as a result, benefit everyone, even the world's poor. The political claim essentially has two parts. First, it is in everyone's best interest to advance economic liberalism. Second, the globalisation of liberal democratic government means an end to interstate conflicts. Simple economic data tends to cast doubt on the first two assertions. The average rate of per capita economic growth throughout the world has significantly slowed, if not virtually stopped. Looking back, the 1973–1974 oil crisis might be seen as the beginning of not just neoliberalism but also a protracted and steadily worsening recession. Numerous indicators show that, decade after decade, there has been less per capita growth internationally and more under- and unemployed industrial and human resources.

Simply stated, increased "globalisation" seems to have resulted in slower per capita economic development. The harmony of interest's premise also seems to have some flaws. Additionally, while proponents of neoliberal globalisation often assert that poverty and inequality are on the decline, this is, at best, a partial reality. Due to chronically high population growth, more and more nations and individuals have experienced absolute poverty since the second oil crisis in the early 1980s.<sup>3</sup> While portions of Asia have enjoyed significant per capita economic expansion, many other regions of the globe suffer long-term economic stagnation. Once again, disparities have increased across most nations. Although some Asian nations have developed and industrialised and the OECD as a whole continues to be mostly highly wealthy by historical standards<sup>4</sup>, the harmony of interest theory seems to be based on presumptions that do not hold up to further in-depth empirical examination.

I examine two categories of problems in this chapter. What are the initial reasons of the continuing global economic downturn? Have these advances been influenced by neoliberal economic principles? What kind of role is it? The implementation of these rules thus requires an explanation. What does all of this entail politically, secondly? What effects would a slow, conflicted, and uneven development have on a democratic peace? Is it feasible that the logic of violence and war returns to the core sectors of the global economy in addition to violent conflicts in certain regions of the global South? Will the liberal vision of unending peace crumble once more? I try to explain some of the past and current tendencies while also providing some preliminary insight into potential futures.

### **Economic developments since the 1960s**

In hindsight, the 1973–1974 oil crisis seemed to mark the start of a protracted recession that progressively became worse. There have been several significant outliers despite the fact that very few economists have really conducted any kind of systematic study of long-term global patterns. David Felix is among the first to have methodically compared several periods of the second half of the twentieth century, despite the fact that he may not be an expert on long-term patterns and cycles. Felix focuses on data for the G7 nations from 1946 to 1958, 1959 to 1970, and 1974 to 1989. Real per capita growth rates were around 4.5 percent during the Bretton Woods period and 2.2 percent from 1974 to 1989. This has been a general global tendency,

according to a much larger sample of 57 nations. At the beginning of the 1990s, per capita growth seemed to have stopped.

Of fact, there are other methods for determining average per capita growth, each of which produces a different outcome. Alan Freeman, for instance, makes use of IMF statistics and constant dollar values. His findings show that whereas per capita growth averaged more than 3.7% in the 1970s, it was somewhat negative in the 1990s and the early 21st century. Global GDP per capita was \$4,839 in 1988 and \$4,748 in 2002. This viewpoint suggests that since the late 1980s, there has been almost no per capita increase. Even if we ignore the methodological challenges of comparing various growth rates, it is obvious that the situation is not the same in every nation.

There has been and may continue to be fast development in a few OECD nations, notably in China and India. More individuals are also residing in nations with stagnant or falling living levels. The absolute global GDP may have started to fall in the middle of the 1990s when expressed in constant 1995 dollars. The graph, which had previously exhibited stagnant development, was slammed with a hollow by the Asian crisis of 1997–1998 that had also extended to Russia and Brazil. As a result, the world's economic production per person in 2002 seemed to be almost equal to that of 1980 and, as already said, somewhat lower than that of 1988. Although growth seemed to be higher in the years 2004–2006, it appeared to be contained by the long-term decline. S5.1 and 5.2 show per capita increase in high-income nations and the whole globe, both expressed in US\$2,000.

Aside from that, the remaining growth has also become more unstable and susceptible to disruptions. Particularly, the ratio of investments to GDP has dramatically decreased in OECD nations and Latin American countries. Only very little exceptions to the general trend were sub-Saharan Africa and oil exporting nations. Only a few Asian nations really stood out during this time by maintaining strong and mostly consistent growth rates with growing investment to GDP ratios. When compared to the era before to 1970, profit rates in Japan were cut in half, and at the same time, wages, productivity, and net capital stock growth all saw sharp declines. This, of course, may have been partially attributed to Japan's technical change, large reinvestment, and early external investment, which during this time period supported prosperity elsewhere in the area [7], [8].

It's also crucial to note that the slowing development has been accompanied by widening gaps across nations, regions, and social strata. At the end of the 1990s, the ratio of the wealthiest five of nations to the lowest fifth had increased to about 90:1 from 30:1 in 1960. It seems that the world's poor are still as impoverished as they were in 1820 and that only certain nations and individuals have reaped the benefits of industrialization. Additionally, as seen in 5.3, there were 120 million individuals residing in the nine nations whose per capita income had decreased during the preceding ten years in 1980. There were 60 of these nations in 1998, and they were home to 1.3 billion people. Additionally, this represents a qualitative improvement over the Bretton Woods period. The global economy seems to be approaching a constant sum game where many are losing in absolute terms for the first time since global War II. The typical person seems to have benefited from economic advancements to some extent in most nations in the 1950s and 1960s, despite the fact that relative inequality has continually increased since the industrial revolution. Early in the 1980s saw the second oil crisis, and since then, things

have changed drastically. In absolute terms, a growing number of nations and individuals in several locations are poor.

Additionally, disparities within nations have been growing. As seen in Figure 5.4, up until the 1970s, the US saw a fall in the proportion of the top 0.1 percent of earnings; but, from the late 1970s forward, this trend has been reversed. In the US, the percentage of pretax income that goes to the top 1% of families climbed from 17.5 to 19.8 percent in only one year, from 2003 to 2004. Before the US entered the First World War in 1917, the situation in the US in 2004 had resembled that in 1917. The composition is what makes the difference. The restoration of the upper class share of earnings is explained by a bigger increase in top salaries, however its composition has changed since the early 20th century since capital incomes now make up a significantly lower portion of total income. Although several nations have seen comparable broad trends, very few do so at the same pace of inequality increase as the US.

Research based on the World Income Inequality Database, created jointly by WIDER and UNDP, which has data on around 73 major nations representing the majority of the world's population and all the continents, reveals an overall decline in inequality throughout the Bretton Woods period. Since there has been a definite increase in inequality over the past 20 years, these advances have been reversed. Wage and income disparities increased in the majority of the OECD countries in the 1980s and 1990s, mainly in the US and the UK but even in historically egalitarian nations like Sweden and Japan. However, once the Soviet model failed, Eastern Europe and the CIS had the fastest known changes in income disparity.

The global South is seeing such patterns as well. With three exceptions, all of the nations in Latin America saw an increase in already high levels of inequality. In the economies of Southeast and East Asia, steady patterns of reducing inequality began to reverse in the late 1980s, and the 1997 Asian crisis made the situation worse. In sub-Saharan Africa, the situation is murkier and the data are less trustworthy. However, it seems that although the disparity between urban and rural areas has lessened in certain nations, household inequality as a whole is increasing in others. Despite North Africa's and the Middle East's less extensive WIID coverage, these nations seem to be following the same broad patterns of economic deterioration and/or growing inequality. Only 5% of the population in the 73 main nations examined by WIID resided in nations with diminishing inequality. The image of widening inequalities across nations is unaffected by the use of buying power parity figures. In many nations, including the poorest ones, the proportion of the comparatively poor has increased, not to mention economic disparities in general.

Methodological decisions have an impact. For instance, as I have done in Sections 5.1 and 5.2.5, it may be justifiable to utilise buying power parity values rather than constant dollars. As a result, compared to, say, Freeman's constant dollar value estimates, the rate of global economic development would seem to be a little greater and the variations across nations to be much less extreme. This is due to the fact that the price level in less wealthy nations tends to be and rises lower than in wealthier nations, making them seem poorer than they really are when measured in dollar terms. Particularly evident is the contrast between India and China. However, using PPP numbers doesn't significantly alter the overall picture. Even while China and India have had fast expansion, per capita economic growth has generally slowed. For instance, the 2004 Report of the International Labour Organization-established World Commission on the Social Dimension of Globalisation utilises World Bank data that is



calculated in PPP terms and takes China and India into account. According to this data, which is consistent with 5.2, the increase of the global GDP per capita was 4% in the 1960s, 2% in the 1970s, 1% in the 1980s, less than 1% in the 1990s, and even lower in the early years of the twenty-first century. Additionally, according to PPP data, inequality has been growing at least between the wealthiest and poorest 10 percent of nations, even if it is evident that the gap between the average of the OECD world and the prosperous nations in Asia has shrunk.

The market value of all finished products and services produced in a nation during a certain time period is what is referred to as the GDP of that nation. This metric is solely used to assess the size of an economy. While calculating Gini coefficients is a common method used by economists to gauge how money is distributed among participants in a certain economy, there are several approaches that may be used to evaluate inequality levels. Of fact, calculating GDP and the Gini coefficient is not intended to provide a clear-cut picture of global economic trends. A variety of methodological and interpretive decisions must be made in order to provide a comprehensive picture of the world's economic development and inequality based on data. What, for example, is the base year? How should conversions be made between currencies? What significance, for example, is placed on the 1990s economic boom that took place in China and India? How should we understand what is happening in China and India?

India and China are two of the few developing nations in the world that have so far avoided the debt crisis, kept capital restrictions in place, and expanded their heavy industrial sectors. In reality, China should be treated differently, according to Freeman, especially when discussing the implications of neoliberal globalisation since "the Chinese state has dominated over market and global processes." However, China and India are not necessarily the exceptions to the norm when it comes to internal inequality. It is obvious that income disparities between families and regions increased in China throughout the 1990s, despite the fact that absolute poverty decreased there during the period of strong development—at least until 2003, when a reverse seems to have occurred despite additional expansion.<sup>6</sup> The trends in India are murky and hard to interpret. Although household surveys in India do not indicate higher per capita consumption, events there have resulted in a modest rise in reported consumption disparity and probably a bigger rise in unrecorded inequality.

In spite of these methodological caveats and interpretive limitations, I have come to the following general conclusion using multiple GDP per capita and Gini coefficient statistics:

- i. That per capita economic growth has slowed down significantly since the 1960s and 1970s, despite rapid growth in China, India and some other Asian countries,
- ii. That inequalities have been on the rise in many contexts quite dramatically so since the 1970s.

Not the precise numbers, but whether or not a qualitative judgement can be made that there has been a general and clearly identifiable trend, is what counts for the purpose of developing a research topic and hypothesis. Data on the global GDP and income inequality are the only two synthetic series that may be used to depict the change of a complicated monetized "quantity," which is essentially a statistician's invention. The most that can be said about a broad trend of this kind is that it may be a surface-level indication of some deeper mechanisms and processes.

I make a valiant effort to address two sets of questions in the next sections of this chapter. What are the processes behind the slowing of global economic growth and the increase in inequality,

first of all? Are there grounds to expect a new period of growth based on the presented assumptions about these processes, or are there reasons to predict more crises based on this enduring model? Second, I also list a few social and political repercussions of deteriorating international economic circumstances and widening disparities. What linkages exist between global disputes, state foreign policies, and even wars on the one hand, and the long-term recession and corresponding economic difficulties on the other?

Early in the 20th century, a number of economists made the observation that it seems that the capitalist global economy contains both longer wave cycles as well as diverse short-term cycles. The longest waves seem to last for roughly 50 years. The Russian economist Nikolai Kondratieff, who wrote a number of studies on the subject in the 1920s, best expressed this viewpoint. Kondratieff used timeseries of different data that were accessible at the time to discover the long wave cycles. His findings looked to be consistent with the claims made by modern qualitative historians. The duration of the long wave cycles was thought to be 48–60 years. Even this first generalization, made in the 1920s, was based on the observation of a time period with a maximum of two and a half cycles. Thus, any assertion on the regularity of intervals can only be, at most, an educated estimate. Furthermore, it has been suggested in chapter 4 that Kondratieff's first cycle shouldn't really be considered since intense expansion after the Industrial Revolution didn't actually begin until the 1820s. The 1840s seem to have been a challenging decade in industrializing Europe, with unemployment and falling living conditions for many. Overall, though, there was continuous, vigorous expansion from the 1820s to the late 1850s, and shortly after this time, a protracted upward surge began and lasted until the early 1870s [9].

## DISCUSSION

The international economy's prolonged downturn in the latter half of the 20th century had a significant impact on future global economic growth. This protracted era of economic decline, marked by slow growth rates and ongoing difficulties, calls for a thorough analysis of its fundamental causes and far-reaching effects. This protracted recession was caused by a number of causes, including banking crises, trade imbalances, and political changes. The combination of these occurrences with slower technical development and substantial population shifts produced a complicated web of problems for economies all around the globe. Financial troubles were one of the main causes of the lengthy falling wave. The international economy was severely affected by these crises, such as the Asian financial crisis of 1997 and the global financial crisis of 2008. They set off a series of economic calamities that resulted in decreased investment, weakened consumer confidence, and higher unemployment rates. The ensuing financial volatility made the global economy's downward track even worse, impeding attempts to recover and extending the period of economic collapse. The extended falling wave was significantly influenced by trade imbalances as well.

Trade imbalances have become a recurring problem as a result of the expansion of globalisation and the closer connections between countries. While some nations had huge trade surpluses, others had sizable deficits. These imbalances hampered economic development, disturbed international trade patterns, and accelerated the decline of the global economy. Reduced international trade and investment flows were the outcome of the ensuing trade disputes and protectionist policies, which further aggravated the economic downturn. Additionally, the international economy was significantly impacted by political changes in the latter half of the 20th century. There were many difficulties and uncertainties brought on by the fall of the Soviet Union and the subsequent conversion of the Eastern European nations to market economies. Additionally, geopolitical occurrences including wars, crises, and political unrest in many places significantly weakened the state of the world economy. Economic cooperation was

hampered by political uncertainty, which also hampered investment and disrupted supply networks, causing the lengthy downward trend in the global economy. The slower rate of technical development during this time period also contributed to the economic downturn. Even while the late 20th century saw notable technical advances like the internet revolution, the rate of innovation generally lagged behind prior times. This limits how much technology may have increased productivity and boosted economic development. The era of economic decline was further prolonged because countries failed to escape the downward cycle in the absence of strong technology improvements to spur innovation and efficiency gains. Last but not least, the global economy faced extra difficulties due to large demographic changes including ageing populations and changes in labour markets. Many wealthy countries are experiencing social security system strains, rising healthcare expenses, and declining labour force participation due to ageing populations. Productivity and economic production were influenced by these changes in the labour market's dynamics and skill needs. The ensuing demographic concerns limited economic potential and exacerbated structural problems in economies, which led to the extended downward wave.

### CONCLUSION

The late 20th century saw a protracted downward wave in the global economy, which was marked by sluggish development, financial crises, trade imbalances, political changes, slower technology progress, and demographic difficulties. This lengthy era of economic contraction has broad ramifications for world growth, impacting nations across regions and impeding advancement in a number of fields. For successful policies and initiatives to achieve sustainable economic development, it is crucial to comprehend the underlying dynamics and variables that led to this downward track. Policymakers, economists, and international stakeholders may collaborate to solve systemic vulnerabilities, improve economic resilience, and create the conditions for future success by taking lessons from the past. Prioritising policies that advance stability, foster innovation, manage trade imbalances, and accommodate shifting demographic trends is essential. The only way the global economy can steer clear of the dangers and difficulties that caused the prolonged downturn of the late 20th century is by proactive and concerted measures.

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## CHAPTER 17

### LONG WAVE CYCLES OF THE CAPITALIST WORLD ECONOMY

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#### ABSTRACT:

The concept of long wave cycles in the capitalist world economy, focusing on the works of Kondratieff and Schumpeter. It examines the recurring patterns of booms and recessions throughout history and analyzes the factors that contribute to these cycles. The research highlights the role of technological innovations, monetary changes, and expansions of capitalist markets as triggers for the rising and downward waves. The paper also discusses the association of long waves with significant shifts in economic conditions, such as the Industrial Revolution and the "golden era of capitalism." Additionally, it explores the potential emergence of a new wave driven by information technology and other advancements. While acknowledging the challenges in studying long wave cycles, including limited data availability, the study emphasizes the importance of understanding the causal mechanisms and their implications for economic development. Furthermore, it introduces Perez's neo-Schumpeterian perspective, which incorporates socioeconomic inequalities and political struggles within the framework of technological revolutions and financial capital. Overall, this research provides valuable insights into the long-term dynamics of the capitalist world economy and offers a comprehensive analysis of the subject.

#### KEYWORDS:

Technological Innovations, Monetary Alterations, Capitalist Markets, Industrial Revolution, Socioeconomic Inequalities.

#### INTRODUCTION

In capitalist market economies, Kondratieff argued that booms occur more often than recessions during rising waves, whereas recessions and depressions predominate during falling waves. From the late 18th century through the early 1920s, Kondratieff's data encompassed price and value series, as well as physical volume series, of output and consumption in England, France, Germany, and the United States. He fitted a theoretical curve to each empirical series of data in order to reveal the lengthy cycles in their purest form. He then processed the data and using the moving average approach to smooth out the deviations. Kondratieff likewise preferred to utilize per capita figures over absolute numbers. Prices, interest rates, and salaries were the three areas where the long wave cycles were most obvious. They were also noticeable in global commerce. However, in other instances, especially in the physical volumeseries, the data was insufficient to support any significant conclusions [1], [2].

Summarises the Kondratieff cycles up to the beginning of the twenty-first century, extrapolated from the 1981 research by Kondratieff and Korpinen. Kon Tariff postulated that a number of significant changes in economic circumstances occur before to the start of each long cycle, including technical advancements, monetary changes, and the growth of capitalist markets, maybe also via imperialism. Agriculture also experiences prolonged depressions that coincide with downward waves. His periodization may have been influenced by these presumptions. The fourth extended cycle, which is mostly elevated, seems to match changes in the global economy since the 1970s extremely well. The years 1973-1976 were generally calm

and serene in comparison to most major turning moments. Although this was a turning point in the fourth Kondratieff cycle, Pekka Korpinen has noted that it did not resonate with shorter cycles as it did in the most severe economic crises. He said in 1981 that the "worst crisis is likely ahead of us, occurring at some point in the long downward wave, when the world economy is in recession [3], [4].

In analysing the vast arcs of the capitalist global economy, Kondratieff was not acting alone. Schumpeter, who famously concurred with many of Kondratieff's assertions, came after him. Even more so, Schumpeter asserted that the lengthy cycles most likely began in Europe around the latter part of the seventeenth century. Although some of the financial, technical, and other systems that generate crises and afterwards economic waves may have been somewhat consistent for millennia, this assertion is difficult to refute or prove because to issues with the data that is now accessible. Like Kondratieff, Schumpeter connected long wave cycles to the temporal rhythm of significant technological innovations. First, innovations don't stay discrete events and aren't evenly distributed over time; instead, they tend to cluster and materialise in groups because first some firms adopt successful innovations, then most firms do, and second, innovations are never randomly distributed across the entire economic system but instead tend to occur in clusters.

The Industrial Revolution began during the first Kondratieff wave, according to both Kondratieff and Schumpeter. Weaving machines and steam power were used. Given the peculiarity of the economic climate in Europe during the Napoleonic Wars and the fact that industrial output was still mostly small-scale and limited to Britain, it is questionable if this could be considered a lengthy cycle. The construction of railroads was linked to the next long wave, which was perhaps the first real one. It seems that a period of rather significant expansion occurred from the middle of the 1840s to the early 1870s based on data from Europe and North America. It was followed by the 1870–1996 Great or Long Depression, as it was known to onlookers at the time. According to Kondratieff's cycles, the old liberal era, which lasted from 1870 to 1914, should be split into two subperiods. The second subperiod (1896–1914), which corresponds to the upward phase of the third cycle, saw more rapid expansion and was characterized by inventions like electricity, internal combustion engines, vehicles, and aeroplanes. The 'golden period of capitalism', focused on the mass manufacturing of consumer goods and technology, started after World War II. In all of human history, this was the time of greatest expansion. Because of the new information and communication technologies' quick growth and adoption, some people assert that the fifth wave has already begun. Others believe that's likely to happen with the advancement of intelligent and industrial robots, crucial developments in the use of renewable energy sources, and advancements in biotechnology [5], [6].

The fundamental issue with research on long wave cycles has been the absence of explicit explanations for the potential causal processes that may have led to the result, namely the long wave cycles of economic growth as suggested by synthetic timeseries. Kondratieff himself was of the opinion that the temporal rhythm of the capitalist global economy and variations around the long-term growth trend are explained by the fact that investments with real long-term impacts often cluster. Rising interest rates and a paucity of money are used to explain the upper turning point. According to Kondratieff, a sustained drop in prices and the resulting buildup of resources that can be borrowed nearly for free would ultimately spur a fresh round of investments and innovations.

Schumpeter emphasised the significance of technical advancements as well as the historical singularity of each wave. Expanding on Kondratieff's ideas, Schumpeter argues that his analysis of the function of money and banking is the key to understanding cycles. He put up a

notion in which the generation of credit is, at the very least, primarily focused on funding innovations. Schumpeter created a theory of bankers' rational insight and capacity to route credit to successful innovations, playing the function of rational even though decentralised planners of the capitalist market economy, supposing a certain historical institutional setup for financial markets. The essence of Schumpeter's theory of economic cycles has also lately been reformulated, despite the fact that he paid little attention to the importance of future uncertainty and aggregate demand. The reason new entrepreneurs may turn their ideas into profitable realities is because there is money available from nonproducers eager for profit. This is when the potential for using borrowed money turns into a genuinely dynamic force. The more limited the options for investing in the traditional routes are, the more probable financial capital will support new entrepreneurs even when the risks are great [7].

However, Perez's neo-Schumpeterian view is, at least in one way, much superior than Schumpeter's. She considers how social disparities emerge as a consequence of each cluster of inventions and the associated speculative activity. Her narrative of technical revolutions and financial capital heavily incorporates political conflicts over the appropriate institutional framework needed to sustain enough aggregate demand. The legitimacy of the current political regimes, according to her, progressively comes into doubt as the affluent and successful become wealthier and more successful while the poor get poorer and weaker, and demands for reversing the centrifugal tendencies get greater and more obvious.

### **Explaining the Long Cycles**

Kondratieff's technique may be compared to Philips' well-known wage inflation tradeoff since it focuses primarily on trend detection. Very little is explained by the empirical detection of long waves within the general development trend in the capitalist global economy. It is preferable to think of the long wave cycles as contrastive demi regularities as opposed to universal invariances. Comparisons between events that occurred at various periods and locations often show that some occurrences follow very predictable patterns. Demireps are fascinating only because they call an explanation. The key issue is whether it is feasible to pinpoint reasonably durable processes that were responsible for the demerge that we have seen. Additionally, we are aware that any demerge might change or vanish altogether at some point in time. Furthermore, such a shift would call for an explanation.

Analysis of open systems with several concurrent inclinations and challenging processes must be the starting point. In addition to being open, social systems are also overlapping and, to some extent, interconnected. Different inclinations and processes might have effects that are delayed, overlap, reinforce one another, or are in conflict with one another. Contradictory causal powers and processes may also result in disputes and educational opportunities. These might result in the creation or evolution of new forms of agency and the modification of social systems. Economic mechanisms that are causally effective are social in nature, meaning that they rely on the norms, institutions, and relationships that exist within and between those groups. These processes, or at least their impacts, may change in response to adjustments to practises and institutions. Furthermore, because multiple causes might result in identical types of outcomes, it is not required for the same causal complexes to be in charge of the same rhythmic tendency or the real and empirically observable demerge. Even while some of the fundamental mechanics of the market economy's capitalist system may be intrinsic to it, each wave of economic progress is historically distinct. How can we interpret the lengthy wave cycles of the capitalist global economy from this standpoint? In this section, I provide a short overview of a few hypotheses for an explanatory model that seem to be consistent with some of the pertinent previous explanatory models as well as with the historical and empirical data that is now accessible, particularly with regard to the fourth long cycle [8].

### **The role of Economic Knowledge**

The stages of lengthy cycles may, in part, be caused by prevalent economic thought, which may also have practical consequences via economic policy. A key claim made by Korpinen is that Keynesian and monetarist policies go through lengthy cycles of learning and unlearning, and that these policies tend to contribute to recession and deflation more than other free market economic policies. Korpinen, however, disregarded both relations of dominance and power as a transformative ability. Income distribution and power dynamics are also related to monetary value and economic policy. An overall trend towards the predominance of orthodoxy in policymaking may be partially explained by power relations based on private property rights and an unequal distribution of property that are components of capitalism relations of production and trade. Orthodoxy maintains that capitalism markets self-correct and are typically in a balanced condition that benefits all stakeholders. The traditional view of free markets has historically been modified by quantity theory, monetarism, and rational expectations theory. It's possible that only under certain conditions do orthodoxy's opponents get enough traction to really alter public policy.

Thus, Korpinen's theory has to be revised. In a capitalist market society, there is a general tendency for free market policies to predominate when economic developments appear positive, that is, when there is stable growth and high employment, at least in the world's economic centres, and inflation is increasingly seen as the main issue, as well as when the position of private capital is perceived to be more secure in terms of structural power and/or political positioning. However, once in place, conservative policies may cause a slowdown in economic development via a variety of processes that are effective in diverse geohistorical circumstances. Despite these geohistorical variations, there seems to be a general trend towards a deflation that is increasingly worsening, which is a negative phase marked by underconsumption/overproduction, unemployment, stagnant or falling prices, social issues, and political responses to these. This also includes the emergence, triggering, strengthening, and releasing of some of the mechanisms unique to a capitalist market economy, in addition to the direct effects of free markets and inflationary monetary and fiscal policies, which can vary historically and occasionally be combined with other factors. Among the most crucial of these processes are income distribution, expectations for the future, and the impact of financial markets [9].

### **The Effects of Orthodoxy on Distribution of Incomes and Aggregate Demand**

The concentration of earnings and wealth to a relatively small number of people while many others are either falling farther behind or, more likely during a downturn, may confront abject poverty, is a defining effect of free market policies. A key paradox of capitalism, as highlighted by Joan Robinson, is that "each entrepreneur personally benefits from a low real wage in terms of his own product, but all suffer from the limited market for commodities which a low real wage entail. The key argument is that because employees are also customers, there is a demand for the products and services that capitalist businesses provide. Additionally, consumption tendencies are often stronger among lower income groups than among the rich. Thus, the aggregate demand for mass-produced goods and services is likely to decrease to the degree that each and every individual employer's short-term desires are satisfied, to the extent that unemployment rises, and to the extent that social disparities expand. Underconsumption/overproduction in at least some sectors is the expected outcome.

What exactly are the factors responsible for the rise in inequality? They may take on a variety



of shapes, such as the organization of the labour market, the taxation system, or the typical operation of the world's financial markets. However, a broad hypothesis may be made. Numerous options exist in a capitalist market society that is structured in accordance with free market principles to convert the positions in production relations established by private property rights into privately appropriated earnings and riches. This is due to the fundamental tenet of orthodoxy, which holds that nothing, even the structures and power relations found in labour markets and elsewhere that determine how profits and wages are distributed, should interfere with the 'free' functioning of markets. Typically, free market thought also includes a Lockean sense of justice, according to which one's own labor's fruits, including labour that property owners have hired, belong only to oneself, i.e., the property owners, whether they be private individuals or businesses.

The dominant philosophy is that money that has been seized privately should be taxed and its usage should be as unregulated as possible. But as property is freely transferable and inheritable, the money amassed in this manner may also be utilized to support and educate the next generation. As a result, this kind of historical-institutional background may contribute to the emergence and subsequent replication of relatively stable socioeconomic strata as well as widening gaps between them [10]. Thus, one of the primary effects of the free-market policies would appear to be a tendency towards growing inequality and a corresponding proportionate fall in aggregate demand. Attempts to open up new markets and export surplus labour to colonies are motivated by social issues, a lack of domestic demand for goods, and the resulting excess capacity to produce. Hobson was followed in this respect by a number of economic cycle and imperialism thinkers in the early 20th century.

### **Uncertainty and the Marginal Productivity of Capital**

Business cycles are partially explained by consumption, but investment decisions are just as significant, if not more so. awareness many events in a market economy requires an awareness of future unpredictability and uncertainty. People are more comfortable spending money and making investments when they have faith in the future. The idea that the growth of financial markets alters the functioning of the capitalist market economy was one of Keynes' most important insights. It is feasible to make predictions about the future and changes in interest and currency exchange rates on sophisticated money markets. On the other hand, the marginal productivity of capital is influenced by future income projections as well as the cost of capital products. For instance, rising prices enhance future expectations and hence boost the marginal productivity of investments and capital. The impact of investments on other economic activity are multiplicative.

Developed financial markets, where shares and other financial assets may be bought and sold several times daily, suggest the potential of speculative investments. The short-term fluctuations in the prices of stocks and other financial assets, as well as the anticipation of others' expectations about changes in relative asset values, are what are crucial for speculative calculations rather than the long-term productivity of capital goods. The growth of financial markets has complicated and contradicted the dynamics of saves, investments, and interest rates. When this kind of speculation is prevalent, financial markets become more unstable and prone to crises. Increased ambiguity and crises have an impact on future expectations and often cause investments and the marginal productivity of capital to decline. Other economic activities are negatively impacted by this in multiplicative ways.

While allowing finance far greater liberty and roughly in line with the neo-Schumpeterian description of historical stages, According to Minsky, financial markets start to evolve in a more speculative and crisis-prone path during periods of sustained expansion and prosperity.

Along with improvements in production and trade, capitalism also produces advancements in finance. Deregulation and reregulation are often assumed by new financial products and other developments. As a result, there is a connection between the growth of financial markets and the spread of orthodoxy. The 'invisible hand' controls the free exchange of money since, according to classical economic liberalism, money is just a product among other things. Orthodoxy also holds that the actual economy directly affects how much money and other financial assets are worth. It is also a prevalent belief that, in the event of disruptions or movements of correction, the financial and other markets are either in a contemporaneous equilibrium or are going in that direction.

Hyman Minsky's investment decision-making model explains why sophisticated financial markets often lead to recessions, economic crises, and high unemployment. When banks make loans secured by future revenues and profits, they generate money. Only when enterprises are able to satisfy their financial obligations due to streams of income and profit is the monetary system stable. Financial players strive to develop new, lucrative forms of financing, which usually boost circulation and reduce liquidity. Many capital items have at least partially been purchased using credit. This makes their worth subject to changes in the financial markets, which in turn rely on the expectations of players for the future, the prevalence of speculative orientation, and the overall level of debt participation.

While no one can forecast the future since the evolution of asset prices is constantly unpredictable in open systems and greatly influenced by players' expectations and anticipations, speculative actions alert actors to changes in assumptions about the future. The financial system becomes increasingly unstable when obligations rise relative to income and liquidity. Small changes in interest rates or income may render players A bankrupt, endangering the solvency of those actors B who depend on A for payment of their debts. To satisfy their financial obligations in the face of rising challenges, many people are forced to use "Ponzi finance," or pricey short-term loans. A catastrophe is imminent if Ponzi financing continues to grow quickly. Thus, very little absolute changes in wealth, income streams, and interest rates may cause a financial crisis. In other words, despite regulatory agencies' best efforts to plug significant loopholes, financial innovations and rising debt levels cause the financial system to become increasingly unstable.

The expansion of financial markets drains money and resources from other economic sectors while raising risks and unpredictability. Typically, at some time, the line between risky investments and con games may blur, and different financial scandals begin to happen more often. Confidence in the continuance of the bubble may start to wane for these and other reasons. certain people may start to predict decline, and in certain situations, these predictions could come true. This means that certain financial players might very simply become bankrupt due to minor calculation mistakes or unanticipated adjustments. Relatively slight issues or adjustments in established financial markets might result in a severe catastrophe. The mechanisms that the orthodoxy developed, boosted, or unleashed often reinforce one another. For instance, corporations are forced to lower their expectations as a result of underconsumption compared to production capacity, which may be related to growing inequality. Growing gaps may thereby reduce the marginal productivity of capital and subsequently investments, depending on the specific geoeconomic scenario. Businesses that must function under conditions dictated in part by established financial markets have a tendency to become more and more short-term focused. It may become increasingly crucial for businesses to reduce their most immediate expenses, notably wage costs, rather than planning, innovations, and productive investments. The overall result is less of a demand for products and services, whether that implies more unemployment or lower salaries. When adjusting to

market trends, businesses must take this into consideration. Reduced expectations lead to decreased capital productivity, which affects investments as well as the usual multiplier effects.

Additionally, established financial markets' disruptions and uncertainties, which tend to shorten actors' time horizons, might make it less likely for them to invest in long-term planning-required productive activities. Financial markets often provide for processes that favor the concentration of wealth in the hands of a select few, adding to the issue of underconsumption/overproduction on a worldwide scale. Financial crises can have an immediate impact on employment, buying power, and economic development. More than 200 major financial crises have occurred since the late 1970s, many of which resulted in significant losses in production and jobs. The costliest variety in terms of production loss is often one that affects both the banking industry and the currency. The IMF calculated that under these situations, the production loss amounted to 15% of the country's GDP on average. Six percent of the global GDP was lost as a result of the Asian crisis in 1997–1998.

The state's tax earnings and spending are impacted by all of this. It is difficult to increase state spending when tax revenues fall, especially if the prevailing orthodoxy calls for states to maintain balanced budgets, reduce taxes, remove price distortions, commercialize as many activities as possible, and move them to the most liberalized capitalist markets possible. Since government spending makes up a significant portion of the global economy, this has clear effects on aggregate demand as well as growing inequality, which feeds into other trends. Since the 1970s, it seems that the global economy has actually been trapped in a protracted but gradual downward trend.

Reorganising economies and economic policies on the basis of free market principles in many, if not most, nations have led to a global, if unevenly distributed, and so far, rather modest propensity to deflation and recession, which is occasionally accompanied by significant financial crises. Furthermore, nations with highly advanced sectors gain more from open trade. Because one can only compete on quantity and price, specialization in fading sectors or, worse yet, primary goods imply generally deteriorating terms of trade. Instead of consistent per capita growth, several nations in various regions of the globe, including Latin America, sub-Saharan Africa, the Middle East, Central Asia, and even South East Asia, have sometimes witnessed economic downturn or even partial collapse.

Free market policies entail efforts to reduce governmental spending while also seeming to employ expanding inequities. However, in the current environments, this is easier said than done. Growing relative poverty, relatively high unemployment rates, inequalities, and social issues tend to increase public spending, especially in nations where a well-developed welfare state formerly existed. Therefore, even when the absolute per capita levels of welfare services and efficient income transfers are reduced, the ratio of state spending to GDP may initially increase. The fact that the decline in global aggregate demand has been slow and contradictory rather than taking the shape of a major collapse may also be due to this automatic Keynesian process. In addition, following every significant crisis, central banks and the IMF have acted as lenders of last resort and tightened certain financial laws, preventing 1929 from occurring again to this point.

### **Long Cycles, Conflicts and Violence**

Long-term economic cycles are the results of several, sometimes conflicting causal processes in open systems, not only empirical regularities. These cycles might be a contributing factor to political unrest and even acts of violence in the past. Kondratieff was intrigued by the idea that his extensive cycles would advance our knowledge of global history. Kondratieff focused on the prevalence of political violence in Europe, Russia, and North America in the late nineteenth

and early twentieth centuries. Despite the fact that downward trends often appear to be when crises and depressions are at their worst, rising waves in extended cycles tend to be far more prone to large-scale social upheavals and profound transformations in societal life. However, Kondratieff admitted that this is just a weak empirical link. It is true that the global wars occurred at two of the century's three major turning moments. The pivotal years of 1973–1976 were, nevertheless, largely calm and uneventful. Although this was a turning point in the fourth Kondratieff cycle, as in the most severe economic crises, it did not resonate with shorter cycles, according to Korpinen. What made this cycle unique? Instead of offering an answer, Korpinen said in 1981 that the biggest catastrophe is likely yet to come and will take place when the global economy is in recession, somewhere along the lengthy downward wave.

### DISCUSSION

The analysis of long wave cycles in the capitalist global economy offers important new perspectives on the mechanics and patterns of long-term economic growth. The writings of economists like Kondratieff and Schumpeter have shown the cyclical nature of booms and busts and their connections to a variety of variables including monetary adjustments, technical advancements, and the growth of capitalism markets. These researchers have found distinct phases of economic expansion and fall by analyzing historical data from several nations. The correlation between lengthy wave cycles and crucial historical times of transformation is one of the primary findings of the study. For instance, the Industrial Revolution, which was characterized by the use of steam power and weaving machines, signaled the start of the first long wave. The Great Depression of 1870–96 was followed by the next wave, which was connected to the building of railroads. In the late 19th and early 20th centuries, the third wave expanded quickly because to inventions like electricity, the internal combustion engine, automobiles, and aeroplanes. The golden era of capitalism characterized by the mass manufacturing of consumer goods and technology, began after World War II. There has recently been discussion over whether the fast advancement of information and communication technology has signaled the start of a new wave. Empirical evidence, however, does not firmly support this claim. However, there are rumors of possible future waves brought on by developments in biotechnology, renewable energy sources, and intelligent robots. The paper also notes that there are data availability issues that make it difficult to investigate extended wave cycles. The results, however, emphasise the significance of understanding the causative factors such as the concentration of long-term investment and the function of money and banks in funding innovation that underlie these cycles. Researchers like Perez have developed these ideas further by taking socioeconomic disparities and political conflicts into account as variables affecting the institutional structure and collective demand in technological revolutions. Policymakers, economists, and companies may get important insights into past patterns and probable future trajectories by understanding the long wave cycles of the capitalist global economy. Stakeholders may design strategies that are in line with the dominant phase of the long wave cycle and make educated judgements by understanding the temporal rhythms and variations in economic development. Studying how these cycles affect socioeconomic inequality may also be used to generate policies that reduce inequities and support more equitable economic growth.

### CONCLUSION

In conclusion, the long wave cycles of the capitalist world economy provide important new perspectives on the processes and patterns of world economic growth. We have seen cyclical periods of development and contraction via the prism of these cycles, driven by a complex interplay of technical advancements, investment cycles, and geopolitical considerations. These decades-long waves have affected the development of countries, sectors of the economy, and

social structures through affecting economic growth, inequality, and social transformation. In order to manage the difficulties and take advantage of the possibilities given by these persistent waves of capitalist growth, it is important for us to understand the long wave cycles in order to better predict and react to the underlying oscillations of the global economy. As we continue to research and examine these cycles, we gain a deeper understanding of the interdependence of states and economies and work to build a more secure and prosperous future for everyone.

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## CHAPTER 18

### COMPLEX RELATIONSHIP BETWEEN ECONOMIC DEVELOPMENTS AND INEQUALITY

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#### ABSTRACT:

The complex relationship between economic developments and inequality has been the subject of extensive research and analysis. This abstract explores the intricate dynamics and interdependencies between economic factors and the distribution of wealth and resources within societies. It delves into the various mechanisms through which economic growth can both exacerbate and alleviate inequality, highlighting the nuanced and multifaceted nature of this relationship. Additionally, the abstract examines the implications of inequality on social cohesion, political stability, and overall economic performance. It emphasizes the importance of adopting inclusive and equitable policies to ensure sustainable and inclusive development. By shedding light on the complexities of this relationship, this paper's aims to contribute to a deeper understanding of the challenges and opportunities associated with economic developments and their impact on inequality.

#### KEYWORDS:

Economic Growth, Economic Inequality, Economic Policies, Income Distribution, Inclusive Development.

#### INTRODUCTION

According to Kondratieff's research, there is a complex link between economic growth, inequality, and conflict. For instance, Nafziger and Auvinen contend that economic downturns often precede humanitarian crises, disasters, genocides, and wars based on their thorough analysis of late 20th-century violence in the global South. On the other hand, it's possible that, especially in the core regions of the global economy, both growth and depression in certain politico-economic circumstances might originate, exacerbate, or spark violent conflicts. World War I specifically occurred during the peak of the third rising wave between 1890 and 1914. Additionally, this supports the central tenet of Ashley's and Choucri's lateral pressure theory, which is covered in chapter 4. The two sets of theories on the links between wars and economic growth or lack thereof might not be in conflict with one another, however. Many social processes have delayed causal consequences. The key sectors of the global economy experienced a turning point during the downward wave that ran from 1870–75 to 1890, as is covered in depth in chapters 3 and 4 of this book [1], [2].

Significantly, the European major powers resumed their historical practises of imperial expansion between 1875 and 1880 in reaction to the current economic problems. Conservatives in Britain announced that due to social instability, economic downturn, and deteriorating competitiveness, the country will start to more heavily depend on its empire and create an imperial preference system. Other nations started to see colonial territories as equally significant once Britain did. The last uninhabited area outside of Europe was quickly filled. What then accounts for the fresh rising trend that started in the 1890s and continued until the First World War? First, during this period of expansion, trade unions and socialist parties consolidated, which helped raise real wages in at least many of the core nations. After repeated

strikes and sporadic riots in the 1880s and 1890s, a new regime of control regarding salaries and workers' benefits emerged: This new balance of power led to a trend for real wages to increase in the four main capitalist nations. Real earnings increased by an average of one-fifth in Germany and two-fifths in France between the 1870s and the years just before World War I.

Additionally, the many social regulations that came into force starting in the 1880s redistributed money, which led to a rise in impoverished people's spending. As a result, domestic aggregate demand for goods and services increased as a result of the new social rules and their associated propensity to rise in real wages, which in turn fueled economic expansion. Second, this period of prosperity coincided with a sharp increase in military expenditure. Depending on the nation, absolute military expenditure rose from 60% to 90% per capita between 1875 and 1908. This increase and the high population expansion both happened at the same time. From an average of 32% to 43% of the expanding state total expenditures, military spending climbed [3], [4].

Third, colonial expansion opened up and created new markets, at least for some businesses and goods, as well as sparked naval and military spending, even though liberalist critics of imperialism were likely correct in their scepticism of the overall benefits of the territorial expansion in Africa and Asia in the late nineteenth century. Fourth, new markets were developed as a result of many related technology advancements. One of these clusters was focused on electrical energy. "Electricity generating station equipment." ..Equipment for factories, offices, and homes was also electrified at the same time that cables were strung or laid, cities were illuminated, public transportation was electrified, and electric motors were developed. Parallel developments happened in the production of the internal combustion engine, automobiles, rubber bands, aeroplanes, and the building of roads and air ports. Additionally, the technical advancements sparked fresh anxieties and accelerated an arms race, boosting state spending on the public sphere. The simultaneous finding of large quantities of gold in South Africa, California, and other places increased revenue for the expanding global economy, sparked price increases and consequent profits, and played other crucial roles.

In light of Kondratieff's cycles, it is therefore reasonable to hypothesize that the third upward wave, which started in the middle of the 1890s, was stoked by the late nineteenth century's rising state expenditure, rising real wages and prices, imperial market expansion, and the resulting availability of cheap raw materials. New technological advancements like steel, electricity, internal combustion engines, vehicles, and other equipment, without which fast expansion would not have been conceivable, also contributed to this increasing trend. Germany and the US had especially rapid industrial expansion, quickly overtaking Britain in terms of production quantities. Built on the foundations and methods of the late nineteenth and early twentieth centuries, economic expansion ends up being a deadly process. The second downward wave gave rise to new neo imperial and geopolitical narratives, viewpoints, and nonimperial identities while also redefining the objectives of the major powers. The third upward wave's uneven expansion created a social backdrop that resulted in the establishment of new alliances and an arms race amongst them [5].

It is possible that a new long-term upward wave will start at some point as a result of a combination of growth-inducing technological innovation clusters, further commodification of social and natural life that leads to more market transactions, state policies of securing affordable raw materials and energy and opening up new markets, possibly through nonimperial means, and increased military spending, fueled by actual wars in the developing world. Schumpeter's adherents would emphasise the importance of innovations in particular. A fresh upward movement should be mostly fueled by new technology and economic sectors,

especially when supported by favourable financial circumstances. Additionally, with open systems, our understanding of the global economy as a whole must unavoidably be constrained. A fresh upward wave may also be supported by mechanisms and processes that have been overlooked in the explanatory model described in this chapter, or by their combination and sequence.

The potential for a fresh rising wave has its reasons. According to Choucri and North, economic development may prove to be "lethal" if it is accompanied by violent tactics of guaranteeing economic expansion and is fueled by militarism. But in light of the political-economic analysis in this chapter, a fresh rising surge does not seem to be very probable in the absence of substantial, globally coordinated steps. Kondratieff emphasized the need of large-scale, partially publicly funded investments in launching a new upward phase, such as constructing trains or canals or establishing a basic education system for the whole populace. In fact, it's possible that similar actions, but this time coordinated internationally, would be needed for a more complete, long-term economic shift in the early 21st century. In this aspect, I mostly agree with Veblen, Hobson, and Kautsky's globalized ethical political vision, notwithstanding the possibility that some of the institutional and global reforms they advocated are now out of date. Large-scale investments that are publicly encouraged or mobilized would boost the economy's overall demand and spur investment in related industries. Both would impact other economic activity in a multiplier and cumulative way [6], [7].

Global Keynesianism may also include global tax and transfer schemes. Building an equitable system of universal public health care and education would boost everyone's inclination to spend, which would then raise global demand. The use of both existing and emerging renewable energy sources, information and communication technologies possibly including the creation of a low-cost, basic home computer and a suitable public networking infrastructure for it—and sustainable biotechnology are some optional new areas to consider. By fostering economic growth, which includes some inflation, a surge of new innovations would also counteract the current deflationary trends. The new advances would also lengthen the enterprises' time horizons and boost their expectations, enhancing the capital's marginal productivity. However, it also seems that this change would need a more comprehensive reorientation of the prevailing economic policies from a global Keynesian viewpoint. The impact of the profitable investments must be reflected in monetary and fiscal policy as well as social and industrial policy. In addition, it could be necessary to overhaul the global financial system and change or eliminate some of its defining processes. The main issue with global economic governance at the start of the twenty-first century may very well be this. In order for alternative heterodox economic policies to succeed, it is necessary to change the workings of a capitalist market economy. This difficulty extends beyond just mobilising large-scale non-global investment. Numerous important global governance institutions were put to use, especially in the 1980s and 1990s, to secure economic orthodoxy for all time. This endeavour is referred to as "new constitutionalism" by Stephen Gill. A political and legal movement known as "new constitutionalism" aims to decouple economic decisions from democratic accountability and will-formation. The goal is to 'constitutionalize' the independence of international businesspeople and investors as well as the preservation of absolute and exclusive private property rights. This is accomplished via regional and international multilateral organizations like the World Trade Organization, the Bretton Woods institutions, and the European Union and North American Free Trade Agreement. These agreements and institutions provide a strong and reliable defense against any objections to free market policies since they are more difficult to amend than many constitutions. The challenge of raising public funds for the necessary large expenditures is one of the effects of the neo constitutional agenda [8].



In the early 2000s, it seems that a global framework of institutional arrangements that hinders a true move towards a new protracted upward phase in the global economy was established at the behest of the ever-stronger transnational managerial class and under the leadership of the US. In terms of economics or politics, states are not comparable. While global financial markets and production and exchange structures frequently favour actors based in specific states, the resulting resources can be used in international diplomacy and global governance to advance the specific interests of strong private actors and associated states. The most powerful interests often favour traditional free market policies, universalizing their own short-term interests, although this is usually detrimental to both the global economy and to a sizable portion of the world's population. The global economy is once again oscillating in the early twenty-first century between relatively modest per capita growth and growing deflation and recession. Some indications point in that direction. It goes without saying that not all nations and areas are in the same predicament, as I have often said. In certain nations, like China for example, the extension of the relatively sluggish development era may perhaps be consistent with fast growth, at least as long as it is able to protect itself from international financial markets and cultivates more heterodox domestic structures [9], [10].

However, unilateral efforts to improve one's position via concessions from others and further free market policies may actually enhance trends towards steepening the group's downhill. Conflicts inside and between nations, as well as those between regional groups, may worsen at the same time, endangering the continuation of the post-World War II multilateral agreements. A significant disaster in the future seems to be a serious possibility based on historical resemblance to the 1870–1914 period in the absence of sufficiently strong countertendencies and counterforces. It's time to examine that historical comparison more closely.

There is not yet a strong enough feeling of a global community, nor are there enough institutions and customs to provide a reliable expectation of peaceful transitions. Thus, there is no widespread consensus that prevalent societal issues can or must be remedied by institutionalised methods of peaceful change, shared practises, and devoid of the use of extensive physical force. To protect themselves against the brutality of others, states continue to invest enormous quantities of money in creating weapons of violence and devastation. No significant actor has cause to plan to employ political violence against others if a social system has integrated. In other words, early in the twenty-first century, military expenditures and investments show that there is not yet a global security community.

Nevertheless, the centre of the world's political economy has been devoid of significant interstate and civil conflicts for many years. Although factual evidence suggests that most battles during and after the cold war have taken place inside nations and in the global South, humanity was fortunate to survive the cold war period. There may be developing security communities in other parts of the globe, but Europe and the North Atlantic region, which are both composed of well-established liberal democracies, seem to be pluralist security communities. Not only is free trade successful, but it has also received close to constitutional protections via the WTO. Global corporate regulation on a multilateral scale is vaster and involved than ever. The liberalist criteria for peace seem to be well-established. Schumpeter's prediction has largely come to pass among the classical theorists who attempted to explain the First World War and the new imperialism of 1870–1914. In addition, some of the changes suggested by Veblen, Hobson, and Kautsky were implemented, at least in part, during the Bretton Woods period. Nevertheless, at the start of the twenty-first century, the global economy seems to be swaying back and forth between slow per capita growth and worsening deflation and recession. The debt-financed funding of military expenditures and the private consumption of the rich serve to drive economic development in the United States, which remains the

"locomotive" of the global economy. Perhaps the prevalent growth route is already becoming fatal according to the lateral pressure hypothesis because of the composition of growth? Additionally, there are many degrees of seeming contradiction in the political economic scenario. It's possible that unilateral efforts to improve one state's political and economic situation via concessions from others and more neoliberal policies would only help to enhance the tendency for the issues as a whole to become worse. The majority of multilateral trade conferences since 1999 have been a failure. The United States and the European Union have turned to a number of bilateral trade agreements with other nations. A leading state tends to lose its economic and technical advantages, and this may be as difficult to accept as its implications are to adapt via political adjustments. This is shown once again by the fast rise in areas of Asia, notably in China. Oil is in short supply; the supply of precious raw commodities, in particular energy sources like oil, is securitized. The US "war on terror" has sparked a discussion between outspoken supporters and opponents of modern imperialism. This whole situation has a lot of similarities to the years 1873 through 1895.

Significant social processes can take a very long period to develop. Using a historical comparison is one method for analysing the long-term effects of current nodal points and continuing processes. I examine the comparison between the two periods in this chapter. The First World War ended a period that began in the 1870s under conditions that were in some major respects advantageous to liberal philosophy. It put an end to a half-century of economic globalisation and peace in Europe that were similar to the world's circumstances a century later. Is there an analogous shift towards competing imperialisms in the early twenty-first century that, in the late nineteenth century, ultimately resulted in an arms race among the European major powers?

In addition to examining the historical comparison in terms of geohistorical nodal points, I also discuss some of the most significant structures, processes, players, and agency types. Cross-referencing is obviously necessary to explain these topics since they are so closely connected. I concentrate on global historical turning points and self-reinforcing social processes, first in an abstract way and subsequently more specifically. I contend that there seem to be two distinct concrete nodal locations in particular. The first is the dissolution of the original Bretton Woods system in 1971–1973, namely the Nixon administration's decision to remove the connection between the dollar and gold. I argue that this served as a catalyst, beginning and then significantly enhancing a transformational process that not only gave birth to neoliberalism but also served as the foundation for the US's growing unilateralism. Additionally, it served as a predisposing factor by guaranteeing the fulfilment of the prerequisites for a process with self-reinforcing characteristics. Additionally, it was a tipping moment that significantly aided in the breakdown of social democratic institutions and their alignment with the global economy, resulting in the emergence of transnational neoliberalism. The conclusion of the original Bretton Woods system was also a saddle point that caused stability and retreat from the counterfactual point of view of collectively reasonable forms of multilateralism and systems of global governance.

### **The Second Important Nodal Point:**

The election of George W. Bush and, in particular, the start of the "war on terror" in 2000–2001, serve as the second crucial nodal point in this research. The explicit ideology of new imperialism has returned, but in some respects this nodal point may also be regarded as the continuation of a variety of processes that have been going on since changes that began in the early 1970s. Comparatively speaking, between 1873 and 1895, the political economic environment that contributed to the rise of new imperialism included limited constitutional democracies, significant socioeconomic disparities, a long downward trend in the leading

state's economic competitiveness, the unification and rise of Germany, the militaristic and nationalist effects of repressing radical socialist and democratic movements, and a propensity to copy the "successful" practises of the powerful states. What are the early twenty-first century structures and processes that are in place and causally effective? How much and how closely do the current buildings resemble the ones that were in place between 1870 and 1914?

I first analyse structures and processes from a political economic perspective, and then I quickly look at the prevalent forms of agency in the early twenty-first century. How much do these agency structures resemble the ones that were in use between 1870 and 1914? How different are the nature, breadth, and variety of the narratives the early twenty-first century organization's are capable of producing in comparison to the late nineteenth century states, given the prevailing forms of agency and social structures? How similar or different are the political economic circumstances surrounding the key collective actors' reactions to the socially defined concerns of today? What action-response sequences and securitization processes may be discovered given that other organisations' replies are an integral element of the relevant external circumstances? For instance, what part do the globalising media, the new transnational social movements, or the EU or China play in these processes of globalisation? How much and in what ways does the current framework for global governance allow for the peaceful settlement of conflicts?

### **Nodal points and Self-reinforcing Processes in World History**

History is not a record of itself. Only a few features of long-term historical processes could be sufficiently comparable to provide clues about potential futures. Therefore, the goal is not to find precisely like occurrences or sequences, but rather to identify structural similarities and trends that may lead to analogous results. There could be some apparent parallels. For instance, the long-lasting political and economic crises of the late eighteenth century has more like to the protracted recession that began in the 1970s and 1980s than it does to the deep depression of the 1930s in its ambiguity. Similarities may only be limited and ambiguous in other situations. For instance, many observers overlook the fact that European territorial empires ended by the 1970s while debating whether Kautsky's or Lenin's definition of imperialism is more pertinent to the post-1945 or post-1989 reality.

Although David Harvey's comparison of Lenin's imperialism and Kautsky's ultra-imperialism to early twentieth-century imperial rule can be, at best, only partial, there was a brief moment when it seemed that Lenin was mistaken and Kautsky might be right about an ultra-imperialism based on "peaceful" collaboration between all parties. As mentioned in chapter 3, Kautsky presented his idea of extreme imperialism as a potential scenario for the years after the First World War, rather than as a foundation for a different interpretation of the years 1872–1914. The twentieth century may have seen some aspects of Kautsky's vision come to pass, but only during and after the official decolonization process. World history simultaneously disproved Lenin's assertion that territorial imperialism during the period before to 1914 was the pinnacle or culmination of capitalism. Harvey believes that it is still feasible for Leninist imperialism to evolve into a new phase:

The Bush administration's move towards unilateralism, coercion rather than consent, a much more overtly imperial vision, and reliance on its unassailable military power indicates a high-risk strategy to sustain US dominance, almost certainly through military control over the world's oil resources. The temptation to pursue exploitative dominance is great since this is happening in the middle of several indications of loss of power in the fields of industry and, more recently, finance. It is difficult to even comprehend, much alone anticipate, whether or not this will ultimately result in a catastrophic breakdown of the system. Harvey appears to

believe that there are structural flaws and trends in the early twenty-first century that are reminiscent of the late nineteenth-century new imperialist period. But what precisely are such inclinations and liabilities? Scenarios are hypothetical, explicative, and future-focused. Conditions of structural power as well as those resulting from the relevant players socially constructed present-day issues are both significant. The ability of the nation State to intervene in the economy to maintain high levels of activity, for example, has been undermined by financial globalisation, which operates through the Biconditionalities, according to Patnaik, who makes the basic assumptions of Keynesian economics. As a result, this explains the 1980s and 1990s high rates of unemployment as well as the crises of state interventionist political and economic ideology. These limitations imposed by international finance do not, however, apply equally to all governments. The US may continue to use Keynesian demand management strategies and somewhat influence global activity levels. Additionally, the rapidly industrializing East Asian nations have managed to keep themselves out of the grip of globalized finance, which has allowed for state-led late industrialization that is somewhat reminiscent of the earlier German pattern.

### DISCUSSION

Scholars, politicians, and economists have all had a lot to say on the complicated link between economic growth and inequality. On the one hand, economic innovations may help raise nations out of poverty and provide doors for wealth accumulation. Examples include strong GDP growth and technology breakthroughs. The distribution of the advantages of economic progress, however, is sometimes unequal, which widens the gap between income and wealth. The complex nature of this interaction is a result of several variables. First, the results of economic growth may be influenced by the original allocation of resources and opportunities within a community. Economic development could largely benefit the already privileged, escalating inequality, if money and power are concentrated in the hands of a small number of people. In contrast, societies with more fair resource allocation may have inclusive development, in which the advantages of economic progress are more widely distributed. Additionally, economic policies are vital in determining how economic growth and inequality interact. Taxation, social welfare, labor market, and educational policy choices have the potential to either reduce or increase inequality. Progressive taxation and targeted social welfare programs, for instance, may aid in wealth redistribution and benefit vulnerable groups, hence lowering inequality. On the other hand, policies that support the rich or disregard social safety nets may continue or exacerbate disparities already present. Furthermore, income differences are not the only way that economic trends have an influence on inequality. Disparities in social mobility and chances may also be caused by lack of access to high-quality education, healthcare, and other necessities. Regardless of economic development rates, unequal access to these resources may result in a cycle of intergenerational poverty and prevent people from reaching their full potential.

### CONCLUSION

In conclusion, the intricate connection between economic growth and inequality is a crucial problem that needs serious thought and constructive action. This debate has emphasised the complex nature of this connection and the significance of understanding the numerous elements that contribute to inequality in the midst of economic expansion. The distribution of gains must be equal to prevent expanding income and wealth discrepancies, even while economic improvements have the ability to improve society and open doors. Implementing measures like progressive taxation, social assistance programs, and fair access to healthcare and education may help reduce inequities. Policy choices are crucial in determining the result. Since addressing inequality promotes social cohesiveness, stability, and long-term sustainable

growth, it is not merely an issue of social fairness but also an economic necessity. In order to create inclusive economic policies that priorities fair income distribution, social mobility, and shared prosperity for all parts of society, it is imperative that policymakers, economists, and stakeholders work together. By doing this, we can work towards a more equitable and prosperous future where everyone, regardless of socioeconomic status, may benefit from economic advancements.

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## CHAPTER 19

### AN OVERVIEW OF THE INTERPLAY OF ECONOMIC GROWTH

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#### ABSTRACT:

The intricate relationship between economic growth and its interplay with various factors, particularly focusing on the role of oil dependency and geopolitical tensions. As early twenty-first century industrial production continues to rely heavily on oil, the unevenness of economic growth and the distribution of its benefits create tensions and increase the demand for this scarce and unevenly distributed resource. Securitization of oil supply can lead to diplomatic and military maneuvers aimed at ensuring its continuous availability at a reasonable price, often tempting nations towards military dominance. However, such actions may be perceived as threats by other industrial states, potentially triggering a sequence of territorializing and securitizing responses. While the focus is not solely on raw materials and primary energy sources, the study recognizes their central importance in the industrial world of the twenty-first century. The analysis emphasizes the complex and interconnected nature of action-response sequences, involving nodal points, temporal sequences, and historical paths shaped by interdependent actions and their unintended consequences.

#### KEYWORDS:

Economic Development, Geopolitical Dynamics, Global Economy, Industrial Production, Oil Dependency.

#### INTRODUCTION

Oil continues to be essential for early twenty-first century industrial output. Therefore, economic progress also leads to an increase in demand for oil, which is a scarce and unevenly distributed resource, as uneven growth persists, at least in some regions, and as this unevenness of growth and the distribution of its fruits may cause tensions of its own. As Harvey demonstrates, there may be a significant structurally generated urge to choose military dominance. The interests of other industrial nations are likely to see efforts to ensure the supply of oil via military territorial dominance as threatening and may, as a result, react in like. This might lead to a series of territorializing and securitizing reactions, depending on the overall situation. The research emphasizes how social processes that result from competing norms, principles, and outcomes often institutionalize and reinforce the initial decisions. Reversing these processes becomes more difficult the closer they get to crucial turning or tipping points. Furthermore, even in the absence of their recurrence, certain events or processes have the ability to start self-replicating or accelerated dynamics. Learning, power dynamics, and sectionalization are three essential mechanisms that play a crucial role in starting and maintaining self-reinforcing processes. This research offers insights into the complex dynamics surrounding economic growth and its larger consequences for global stability and development by investigating the temporality of politics and taking hypothetical futures into consideration [1], [2].

Even if fossil fuels are vital and indispensable to the industrialized world of the twenty-first century, the goal of this argument is not to make the case for concentrating just on raw material and basic energy sources. Action-response sequences are complex and deal with several topics.

My argument is broader and more abstract and it has to do with how politics deals with time, whether it focuses on the unalterable past or the potential future. Nodal points, temporal sequences, and historical trajectories that have been reached via convoluted, unintended effects of interdependent activities are important. Social processes are often self-reinforcing when they result from opposing norms, principles, and results. The mechanics of a self-reinforcing process, marked by positive feedback to at least some players, tends to maintain and institutionalize the initial decision or choices after a key turning or tipping point. Reversals are thus becoming harder and harder. Even if the specific events or processes that caused the dynamics to be activated at one point in time don't happen again, the dynamics may nevertheless replicate or accelerate [3]. Three mechanisms power, sectionalization, and learning seem especially crucial in initiating and maintaining a self-reinforcing process:

- i. **Learning:** In general, people tend to take confirming facts into account while filtering out disconfirming information. Furthermore, a crucial threshold is readily reached in many action-response events when a certain interpretation and associated expectations start to mutually reinforce one another. Actors react to other people's activities in a manner that seems to support a generalized worldview, or culture, which in turn creates and upholds specific standards of behavior. Actors may therefore get entrenched in certain epistemic perspectives via a reciprocal process, which may also become a part of their way of being and agency. Insofar as it entails a decline in learning capacity and a hardening of the will in the Deutschland sense, this self-reinforcing process may also be described as a collective pathological learning process.
- ii. **POWER:** A modest shift in power dynamics may also mean having greater influence on the rules of the game that govern political battles. The process may quickly become self-reinforcing if the chance to alter the game's rules is taken. Political environments in which one group of actors initially needs to impose their preferences on another group through an open conflict may eventually change into environments in which power relations are so unequal that anticipated reactions, agenda control, and ideological manipulation render open political conflict unnecessary. This procedure could potentially include a disordered learning process. The tales and narratives that an organization is able to produce at any particular time in history also tend to be determined by this sort of self-reinforcing dynamic [4].
- iii. **Institutionalization:** Changes in policies and institutional alterations often follow a shift in the dominant worldview and power relations. Institutions and policies are often designed to be hard to change. Institutional designers often want to bind their political adversaries and even themselves. Additionally, institutions and policies often foster entrenched interests that, in later stages, are likely to support the worldview or culture at issue. Institutionalization may therefore help to further support a historical process and its course.

Even seemingly inconsequential and minor occurrences have the potential to determine the course of geohistorical changes and, thus, to lock in a certain developmental route. Choices made in response to passing circumstances might continue long after those circumstances have changed. There is always a chance that the process may alter or reverse since nothing, of course, can entirely inhibit or eliminate human learning and capacities. To those dissidents and organisers who openly and publicly support learning and changes, nonpathological learning can become not only expensive and difficult but also especially costly due to the increasing number of shared expectations, asymmetric power relations, and corresponding policies and

institutional arrangements. The issue of collective action is thus at the core of a self-perpetuating process. The shift to rival imperialisms in the 1870s and 1880s is an example of a self-reinforcing dynamic. Even when some of the criteria of the initial selections were no longer present, this process persisted and strengthened itself. This chapter's fundamental argument is that, in this sense, neoliberalism's ascent and consolidation during the 1970s has likewise been a self-reinforcing process [5], [6].

Numerous analyses of the development and consolidation of neoliberalism have been mostly descriptive up to this point. The neoliberal change that has swept the globe since the 1970s has been attempted to be redescribed by neo Gramscian academics, who have also attempted to explain it in various ways. The neo Gramscian explanations for these shifts often discuss power dynamics, historical social force blocs, and production relations in terms of hegemony. This story claims that since the 1970s, officials in the OECD nations have taken views that are monetarist and liberalist as a specific, biased reaction to the alleged issues that have arisen since the late 1960s. The only way to understand this specific, and partially deceptive, reaction is in terms of a shift in power dynamics in favour of multinational capital. A related post-Gramscian explanation is that this shift had objective causes as well, given that it was largely the result of modifications to the production relations and may be characterised as a transition from a Fordist to a post-Fordist regime of capital accumulation.

In my opinion, the neo Gramscian explanation has to be altered in order to better depict the self-reinforcing nature of neoliberalism and the contradictions that underlie it. My interpretation deviates significantly from the theory that new post-Fordist production relations were the primary reason for the birth of neoliberalism.<sup>4</sup> It may be argued that the theory I develop on self-reinforcing processes better explains the steady shift in power relations than earlier explanatory tales. The core of my explanation, aside from the contribution of the fundamental causal mechanisms of industrial and capitalist market economy, is the discrepancy between territorial states and spaces of world economy, as well as the struggles over power and income distribution in which some actors began to exploit this discrepancy. Even while democratic welfare states were made possible by Anglo-American political and economic accords made after the Second World War, which contributed to improved living standards and a decline in socioeconomic inequality, these agreements suggested only a limited ability for global regulation and control. Territorial states continued to be the single and primary jurisdiction for tax and transfer laws.

The Bretton Woods system's rules and principles, particularly when the free trade-focused General Agreement on Tariffs and Trade is included in that definition, were intended to ensure the world economy's gradual liberalisation and reintegration following the crises and wars of 1914–1945. Early in the 1960s, the reintegration of the global economy had provided certain players with opportunity to address their current-day issues via geographical movement. For the whole global political economy, this had far-reaching effects. However, the succeeding shifts entailed overt political decisions. It was also a decision between unilateralism and the creation of global governance institutions that President Richard Nixon made in 1971 when he decided to abolish the Bretton Woods system. Only after this nodal point could neoliberalism-related ethical political views make their way onto the public political scene. Neoliberalism, however, began to have its own consequences and dynamics after it had achieved traction [7], [8].

In this section, I first describe the seemingly unimportant events that, in a geohistorical specific global political economy context, determined the course of developments in the latter half of the 20th century and subsequently cemented the neoliberal developmental path. Second, I look at the little and, at the time, seemingly unimportant ideological and theoretical advancements



that subsequently formed the neoliberal worldview or culture. Since the 1980s, this ideology has dominated international politics. Third, I describe the mechanisms and self-reinforcing impacts of neoliberalism.

The formal empire period was coming to an end after the Second World conflict, and Britain was also almost bankrupt due to the conflict. Former colonies and dependent nations were obtaining national sovereignty and independence. However, the British were eager to recapture as much of their former worldwide domination and glory as they could. The first Labour administration after World War II, under Harold Wilson, wanted to reopen the City of London as a global financial hub. London's place in the global financial system was secured well into the 1950s because to the City's role as the hub of the closed sterling bloc of the Empire and Commonwealth. However, throughout the late 1950s and early 1960s, doubts about this bloc's long-term stability grew. The British financial authorities quickly came to the conclusion that London's international position might be better preserved if it were to act as a financial center for offshore dollar transactions after learning the advantages of offshore financing through positive feedback from their initial experiments in the late 1950s and early 1960s, which they almost accidentally made [9].

The concept that people and businesses might utilize new forms of borders, or "shores," and therefore escape the confinement inside the area of a territorial sovereign state and hence its authority, is effectively captured by the metaphor of offshore. The concept of moving to a different area to escape taxes or laws predates the word "offshore." Its roots may be found in the establishment and escalating rates of income taxes by territorial governments in a global economy where economic interactions and transactions are not bound to any specific region. By changing their nominal or legal location to an offshore registry, at least some affluent people and businesses may return to the laissez-faire capitalism of the nineteenth century, or at least to the era of low taxation. At first, this seemed illegal, terrible for the performers' reputations, hazardous, and possibly expensive. However, certain national authorities most notably those in the US and the UK allowed this to happen for a variety of reasons, despite the fact that they had the ability to halt it at that time. Later, reversing the process become harder and harder.

In the 1950s, a few new jurisdictions started to provide "convenient facilities" as direct foreign investment began to increase once again. Transnational firms might benefit greatly from tiny English-speaking statelets, often islands, which had typically been colonial dependents of the British Empire. They had a contemporary legal system, used the mother country's currency, and often profited from tax treaties that had been made available to them. An interesting solution was to impose a minor cost on business registrations given their limited tax base. Companies found this alternative appealing because to guarantees of confidentiality, tax benefits, and - starting in the 1960s - particularly designed regulatory laxity. These resources were covertly advertised among the tiny group of experts in international taxation who provided guidance to the wealthy and developing multinational corporations. The notion began to grow as a result of the good response from the choices to move for the people and businesses involved. The implicit approval of offshore migration has often also been a compromise between conflicting demands of the workforce, voters, or both [10].

The City of London was progressively organized by the British government following the model of the offshore centers of many of its former dependents at the same period. This may have started out as a simple reaction to the issues of today's political and balance of payments crises, but over time, after learning from positive feedback, it developed into a deliberate approach. According to Ronen Palan's summary, the Euro market initially appeared in 1958. The British government put restrictions on sterling credits to nations participating in third party transactions inside the sterling region during the Suez Canal crisis and the accompanying run

on the British pound sterling. In addition, the bank rate was hiked to 7%. British banks started aggressively looking for dollar deposits to utilize in trade credits in response. At that time, neither the reserve regulation nor the exchange rate regulation, nor any other British state legislation, were thought to apply to these dollar transactions. The emergence of multinational corporations occurred in the latter half of the 1950s. Capital restrictions were loosened, and it was made possible for non-residents to exchange currencies. The resumption of currency conversion for Western European currencies at the end of 1958 and for the Japanese yen in 1964 set the scene. The massive increase of international financial transactions made possible by convertibility exacerbated monetary interdependence. As a result, the new extraterritorial financial services saw an increase in both supply and demand. They were urged to get together in London, in the new legal arena created by the dollar deposit and lending markets. The market for Eurodollars grew quickly. The Eurobond market, which consists of bonds sponsored by multinational banking syndicates and exempt from any nation's securities regulations, replaced the market for Eurodollar loans in 1963.

The Bretton Woods system was anchored by the dollar, which was based on the price of gold. However, the system did not perform exactly as expected at first. The Triffin conundrum, a fundamental flaw in the Bretton Woods monetary system, became apparent when the American economy's financial condition deteriorated. American businesses gradually lost competitiveness in the 1950s and 1960s when compared to counterparts in Europe and Japan. It was clear that the US had excess manufacturing capacity by the middle of the 1960s. In certain aspects, the United States began to act similarly to the European empires of the 1870s and 1880s, as well as broadly in line with Hobson's theory of imperialism's underconsumption hypothesis. Due to overcapacity, insufficient domestic demand for American goods, and increased competition in the economically successful regions of Europe and Japan, the leading state made self-serving attempts to improve the conditions for the expansion of its producers, traders, and financiers' economies abroad.

A process of collective learning began to take place in the 1960s under the changing conditions that were characterized by growing inflation. The theory put forward in chapter 5 states that in a capitalist market society, there is a general tendency for free market orthodoxy to predominate when:

- i. The global economy seems to be moving in a positive direction, with steady growth, strong employment, and inflation becoming more widely acknowledged as the primary issue;
- ii. When private capital's position becomes more stable in terms of structural dominance and/or political posture.

Inflation was on the rise in the 1960s and was becoming more and more seen as the main issue with economic policy. Additionally, the influence of democratic politicians and labour unions was considered as a contributing factor to inflation. Furthermore, Minsky has suggested that by the middle of the 1960s a crisis-prone financial sector had reemerged in the US, aggravating economic cycles in line with the Keynes-Minsky theory. Debt to income and debt to liquid assets ratios have reached levels that were prevalent before the Great Depression.

The financial system's sensitivity to disruptions rose as the weight of stacked private obligations on the system became heavier. With these alterations, the economy transitioned to the unstable system that is currently in place. A succession of financial crises followed, with the first one occurring in 1966. Nevertheless, despite more volatility, the 1929 crisis has not occurred again for two key reasons. First, other banks now turned to the US Federal Reserve

as a lender of last resort. Second, the size of the federal and state governments had increased dramatically during the 1930s, which resulted in a considerable increase in the percentage of public expenditures in GDP. Government initiatives and automated spending systems have started to have an impact. For instance, the Vietnam War led to a significant government deficit in the late 1960s, boosting fiscal policy in a Keynesian fashion.

The US began to have significant deficits in the 1960s. The US's trade partners increased their holdings of the dollar in tandem with the country's ongoing deficits on the balance of payments. In the context of the Cold War and the Vietnam War, the Americans were able to pay their debts by issuing bonds, notes, and other types of financial pledges, or IOUs. The dollar boom in the 1950s and 1960s aided in the revival of international commerce and even provided funding for projects, notably in Europe. But the US government's options were limited by the parity with gold. The total dollar obligations already surpassed the sizeable but diminishing US gold reserves by 1958–1959, and things only got worse during the 1960s. In comparison to Japan and Western Europe, American competitiveness was declining. Despite short-term cycles, the trend showed that both unemployment and inflation were rising. The controversial Vietnam War, which was sponsored in large part by an increase in dollars and IOUs, made the situation worse. Additionally, there was a scarcity of gold due to the ongoing excess of US allies. In the late 1960s, the dollar obligations to foreigners skyrocketed. As the currency experienced inflation, it became advantageous to exchange dollars for the recognised value of gold. The emerging foreign currency markets, with their enormous pools of speculative money flowing about in quest of rapid returns, increased the strain on US government reserves.

Additionally, the US took action in the 1960s to defend its low domestic interest rates by restricting access to US financial markets and pushing American businesses to use their overseas revenues to finance international growth. To support the expansion of US MNCs, American banks were also urged to open branches overseas. The Bank of England freed foreign banks from all credit and interest rate rules, with the exception of transactions using sterling with residents, in order to encourage these operations. This overseas firm was far more successful than their taxed and regulated domestic business because to the licence so casually provided to them by the US and British governments to operate in London in dollars rather than pounds. In the end, US government policy—which permitted US banks to operate in London free from local US financial regulation—was a major factor in the function of the City as an offshore hub, which was initially small in terms of volumes.

The original Bretton Woods system seemed unsustainable to a growing number of economists, journalists, and officials during the 1960s. Contradictory results had been found using the Bretton Woods system. It assumed a certain, ephemeral geoeconomic constellation that was unchangeable. Parallel to these challenges, transnational business and some states, including the US, were increasing their use of the new exit options. By moving activities—or at least the nominal location of transactions and bookkeeping—some states were able to boost their firms' competitiveness and corporations were able to increase profitability. In this situation, the US government might have maintained the Bretton Woods system, but at the cost of strict fiscal restraint and deflationary economic policies, further weakening its relative position and making the Nixon administration's position at home more challenging. Nixon might have, however, sought to combat inflation in a different way and chosen the multilateral route of starting fresh discussions on a more viable international monetary system. Instead, he unilaterally implemented a 90-day wage and price restriction, a 10% import tariff, and—most importantly—closed the gold window, making it impossible for the dollar to be converted into gold directly other than on the open market. The 'Nixon Shock' was quickly referred to as the result of this decision, which was taken without consulting any participants in the global

financial system. Nixon essentially sought to alter the laws of the global political economy in order to address the Triffin conundrum and inflation.

Susan Strange, for example, has argued that the US's passivity was intentional despite the fact that the August 1971 crisis was followed by a series of bilateral and multilateral negotiations in the autumn aimed at creating a new multilateral monetary system. Susan Strange: The important distinguishing feature about the August 1971 crisis when it came was that it was a manipulated crisis in which the US, anticipating renewed market turbulence, resolved deliberately to use a weapon of economic diplomacy. Only those who are aware of their own thoughts are capable of using such skillful strategies. Although it is true that external circumstances enhanced this realisation, the Connally "offensive" of August 15, 1971, was the result of a new clarity in US policy about the nature of the dollar crisis and the main goals to be achieved in the national interest.

The US administration consciously opted not to implement a modified version of the Bretton Woods system in 1972. Because the US refused to accept financial restraint and because there was no alternative system in place to provide credibility, pressure against the dollar in gold persisted. Gold's price increased when it became a floatable asset. By 1972, nations started to renounce even this deflated tie to the dollar. The Bretton Woods currency exchange markets stopped at the start of 1973 and quickly reopened under a floating currency system. We are all now Keynesians, said Nixon memorably in the early 1970s, following a succession of initially minor and unimportant advances of concepts and theories that grew progressively dominant. Nixon's choice and subsequent inactivity, however, were what led the globe away from the Bretton Woods system and into a new age of floating exchange rates. As James Tobin has noted, many economists have been supporting floating exchange rates, with Milton Friedman serving as an especially effective and convincing spokesperson:

The early 1970s saw the emergence of this viewpoint as the mainstream one in the field of economics, but not among central bankers and private financiers. We suddenly fulfilled our dream, thanks to Nixon and Connally. Or at least we got as much of it as anybody could have reasonably hoped for, given it was impossible to anticipate that governments would refrain from any exchange market involvement. Neoliberalism was initially more a question of pragmatic choices than overt philosophy, even if it served certain interests. However, especially from 1971–1973, these pragmatic choices began to veer in the direction of classical economic liberalism. Short-term opportunistic exploitation of departure alternatives would not suffice as a justification in the public domain for the new approach, which required explanation. This is how the Chicago school of economics' theories first gained traction and then grew in popularity. The University of Chicago is the main site and hub for the Chicago school of economics, a free market-oriented school of thinking. Nobel laureates Milton Friedman and George Stigler were the previous heads; Friedrich von Hayek was also stationed in Chicago in the 1950s and early 1960s.

Neoliberalism is a system of interconnected concepts that emphasises the negative rights of people to the fullest extent possible, upholds the value of private property rights, and liberalises and deregulates international markets, notably the financial markets. Neoliberalism is sometimes linked to the Mont Pelerin society. The members of the modest and first tiny Mont Pelerin Society, which was established in 1947 in support of Friedrich von Hayek's theories, referred to themselves as "liberals." One of its members was Milton Friedman. The classical laissez-faire liberal age of the nineteenth century seemed to have ended in the middle of the twentieth century. In the West, Keynes and social democracy were in power; in the East, Lenin; and in the South, the concepts of national liberation and state-led growth. The foundations of neoclassical economics' free market and the values of individual liberty were deeply held

beliefs shared by dissenters like Hayek, Friedman, and others. Key works of this period include Friedman's *Essays in Positive Economics* and Hayek's *Road to Serfdom*, two works on political philosophy that support the idea that markets are efficient and self-regulating as well as flexible exchange rates and financial liberalizations. Hayek's *Road to Serfdom* is a work on political philosophy that defends individual liberties and the freedom of private property against all collectivist ideas. Hayek and Friedman were, in some ways, nostalgic intellectuals, despite their outspoken rejection of all ties to national forms of conservatism and radical libertarian ideas. Although we neither have the ability nor the desire to return to the actuality of the nineteenth century, as Hayek said at the conclusion of his now-famous book, "we have the opportunity to realize its ideals."

## DISCUSSION

Economic development and its different contributing elements interact in a complicated and varied way. Economic growth is a key factor in social development, stimulating advancement, and raising standards of life. This interaction is not without its difficulties and limitations, however. One important factor is how heavily early twenty-first century industrial output is dependent on oil, a limited and unevenly distributed resource. As long as there is economic expansion, there will be a greater need for oil, which will put more strain on supply. When this demand is securitized, it might lead to political and military actions to guarantee a consistent and predictable oil supply at a fair price. Recognizing the inherent temptation for countries to choose military dominance to ensure their oil supplies is crucial. However, other industrial nations can see such moves as threatening, evoking reciprocal reactions and heightening tensions. The ensuing dynamics may result in territorialization and securitization processes, which would further compel the geopolitical environment to become complex. It is important to recognize that there are other elements at play in the interaction between economic development and oil dependence.

Action-response sequences are complex and span a broad range of topics and factors. When analyzing how economic development and other influencing elements interact, it is crucial to comprehend the temporality of politics. The intricacy of this interaction is influenced by historical pathways, nodal points, and temporal sequences produced by interdependent activities and their unintended repercussions. Contradictory laws, principles, and results give rise to social processes that often have a tendency to reinforce one another. Once a crucial turning or tipping point is achieved, it is harder and harder to change the dynamics around. Furthermore, even in the absence of their initial occurrences, some events or processes have the ability to start self-replicating or accelerated dynamics. Learning, power dynamics, and sectionalization are three crucial mechanisms that stand out as being especially important in starting and maintaining self-reinforcing processes. We may learn more about the interaction of economic growth and its larger consequences for international stability and development by comprehending and examining these dynamics. While the emphasis may go beyond raw materials and fundamental energy sources like oil, it is crucial to understand that these topics are unquestionably of utmost significance in the industrial world of the twenty-first century.

## CONCLUSION

In conclusion, the dynamics of economic development involve a broad variety of variables and processes that affect how societies and economies develop. The early industrial output of the twenty-first century relied heavily on oil, underscoring the complex link between economic expansion and resource scarcity. As the economy grows, the need for oil rises, which might result in conflicts and securitization measures. These processes may lead to military and diplomatic acts, which may in turn set off a complex web of geopolitical interactions and

reactions. Understanding the interaction between economic development and its effects requires an understanding of the temporality of politics and the self-reinforcing character of social processes. Reversals become more difficult as a result of nodal points, historical routes, and unexpected effects that further muddle the dynamics. Self-reinforcing processes are driven by a number of essential factors, including learning, power dynamics, and sectionalization. Although fundamental energy sources like oil and raw minerals are no longer the major emphasis, they are nonetheless essential to the industrial world of the twenty-first century. Understanding how economic development interacts with geopolitical conflicts, resource scarcity, and self-reinforcing processes and their larger effects is crucial. Policymakers and stakeholders may traverse these difficulties and work towards equitable and sustainable development by taking into consideration the intricacies and conceivable future possibilities. In the end, developing successful policies, promoting global cooperation, and averting future conflicts need a knowledge of how economic development and its affecting elements interact. We may strive towards a more balanced, robust, and equitable global economic environment, safeguarding the wellbeing and prosperity of both the current and the future generations, by recognizing the multifaceted nature of this interaction.

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## CHAPTER 20

### AN EXPLORATION OF THE UNRAVELING THE INTERPLAY OF POWER AND IDEALISM

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#### ABSTRACT:

India's diplomatic approach plays a critical role in influencing how it engages with other nations and how it is seen globally. This article looks at the many hypotheses, factors, and forces that have influenced and currently have an effect on Indian foreign policy. By using extensive study and analysis of literature from academia, government data, and historical records, this book provides a complete account of the evolution of India's foreign policy. The historical context and overarching principles that shaped India's international strategy are examined in the essay's opening part. It investigates the non-alignment movement, which shaped India's perspective on foreign affairs throughout the Cold War. It also looks at how India's foreign policy has evolved after the Cold War ended. The political, financial, and security facets of India's foreign policy are all evaluated from different perspectives. The research examines how domestic politics, regional dynamics, and international power structures affect India's foreign policy. Additionally, it assesses the influence of India's demographic dividends, economic reforms, and technological advancements on the way the nation decides on its relations with other nations.

#### KEYWORDS:

International Relationships, Non-alignment Movement, Political Considerations, Regional Dynamics, Strategic Partnerships.

#### INTRODUCTION

These are crucial, according to Henry Bruck and Burton Sapin, one of the FPA's founders, since they have an effect on the only real players in international affairs the human decision-makers. For the study of the processes involved in formulating policies, they decide to concentrate on decision-making. The foundation of decision-making analysis is the question of how and why national actors behave in the ways that they do. This method concentrates investigation on those individuals who are considered decision-makers and on the state as a whole. The activities of decision-makers may be interpreted as the actions of the state. The decision-maker perceives the environment in which foreign policy choices are made. The environment is seen as having both internal and exterior components. Personalities, positions, governmental structures within which the decision-maker operates, organizations inside the decisional units, physical and technical circumstances, fundamental beliefs and aims, and numerous societal influences are all included in the internal context. The whole condition of the international system as it exists at a given moment is included in the external context. According to James Robin, the structure and internal workings of the legislative branch establish the true substance of a foreign policy. Such studies are useful, nevertheless, when the legislature and the general public are involved in the creation of a foreign policy [1], [2].

Let's focus on the actual processes involved in comprehending foreign policy. Using the policy stances of different actors as the dependent variable, one may follow how a certain viewpoint evolves over time to become dominant within a decision-making group. One may step back

and consider how such policy attitudes emerge from fundamental cognitive processes like perceptions, issue representation, and meaning creation. Another step backward in society would be necessary to address the question of how the decision-making group originally forms, as well as how group structures and procedures evolve through time. The nation-state's role conceptions as well as those of the many organizations and people that make up the nation-state might likewise be the subject of study.

Foreign policy strategies often fall into one of two broad categories: idealist or realism. The idealist method, on the other hand, is based on principles and norms and tends to be collaborative in character. The realist approach, on the other hand, is based on state security, advances its national interest by pragmatic and reasonable ways, and may be security-oriented. Iran's foreign policy may therefore be described as "realist idealism," and as it shows unhappiness with the current global order, it can also be described as reformist. The notion of power is emphasised in realist foreign policy. It may be contrasted with the atomic energy in physics or the economic worth of silver. According to Morgenthau, the objectives of foreign policy require politicians to conceal their immediate objective, i.e., gaining power, by using ideology. For realists, the most crucial factor in determining foreign policy is the fact that the international system is basically anarchic. Realists hold that all national foreign policies adhere to the fundamental guidelines established by the anarchic international system and that scholars should look into how the structure of the international system and the relative power of states affect foreign policy outcomes. Calculations of national interest are self-evident and may be reached logically by carefully examining the material circumstances of nations as well as the specifics of a certain foreign policy conundrum they are facing. The balance of power formulation from classical realism offers a simple but powerful instrument for examining state behaviour in international relations [3], [4].

The idealist approach to foreign policy sees power politics as a fleeting moment in history and paints an image of a future international society based on a reform of the international system, free from power politics, immorality, and violence. The goal of this strategy is to improve the world via international cooperation and education. This strategy is fairly ancient and has traces of it in both the French Revolution of 1789 and the Declaration of the American War of Independence from 1776. It envisioned a future without tyranny, injustice, or conflict. The employment of reason, education, and science would usher in a new era of perpetual advancement in human wellbeing.

### **Determinants Of India's Foreign Policy**

National interests are of various kinds. Thomas W. Robinson classifies national interest into the following six categories:

- a) Primary interests
- b) Secondary interests
- c) Permanent interests
- d) Variable interests
- e) General interests
- f) Specific interests

Robinson also refers to three other types which are collectively called international interest. A state also needs to promote its international interest. In order to do so, a state may take coercive



measures, make alliances or diplomatic negotiations.

### **Factors Essential in the Making of Foreign Policy**

A foreign policy's development is a dynamic process. Typically, a change in administration does not signify a change in a state's core foreign policy, while a radical shift in the political system might bring about significant changes in a state. Because a state's foreign policy is influenced by a multitude of variables, many of which are static or unaltered, it often doesn't change. Although certain criteria may be altered, their effect or impact on a nation's foreign policy is often secondary. A nation's foreign policy is "composed of numerous forces and factors." They all interact and affect foreign policy in one way or another. They range from being permanent to being transient, from being visible to being mysterious [5], [6]. A country must take into account a few fundamental aspects of life while forming its foreign policy. This context consists of the following:

- a. Geo-strategic (geographic strategic) situations
- b. Population potential
- c. Economic endowments
- d. Ideological environment

"Fundamentally, foreign policy has its roots in the unique historical background, political institutions, traditions, economic needs, power factors, aspirations, peculiar geographical circumstances, and basic set of values held by a nation," write Norman Judson Padelford and George Arthur Lincoln in their book *The Dynamics of International Politics. The Making of India's Foreign Policy* author J. Bandopadhyay claims that geography, economic growth, political traditions, internal and international environments, military might, and national character are the primary factors of foreign policy. There are so many factors that affect a nation's foreign policy that they can't all be included here. Some of them, nevertheless, are covered in this section.

#### **i. Historical Factors**

States' borders are established by history, and this heritage also provides the principles guiding current foreign policy. It establishes a society's dominant tradition and self-image, and as a result, the unique national style. The Russian addiction to secrecy, the French obsession with security, honour, and glory, and the American habit of seeing global challenges as moral dilemmas all have clear and distinct historical origins. Such a national style has always been reflected in the development and implementation of foreign policy. A nation's historical and cultural traditions have a significant impact on its foreign policy. Because all facets of society support it and share the same memories and ideals, a nation with a united common culture and historical experience can conduct a successful foreign policy. On the other hand, a nation with a fractured culture and history cannot conduct an equally successful foreign policy. French historian Duroselle has said of France in particular, "France is far more a "product of history" than a "geographic entity." The French desire for a natural border as well as security from Germany has been shaped by history. One of the most significant factors in the formation of Chinese foreign policy has been national history. Every state has experienced it. Thus, British imperialism in India and our fight for independence from colonialism and imperialism have had a direct influence on India's foreign policy. India's decision to fully support the liberation movements in Afro-Asian nations and the battle against racial discrimination is a result of our past.

## **ii. Population**

Foreign policy is significantly influenced by population. The size, makeup, and distribution of a nation's population influence its political, military, and economic aspects of foreign policy. However, a country's population size alone is not a good indicator of how powerful its economy and military are. The strength of a nation is determined by its level of social integration, degree of political stability, and level of industrialization. However, population trends are a crucial factor to take into account. Naturally, nations with large birth rates, such as China and India, may draw from a pool of labor. Because of the population decline in these nations, England and France have experienced setbacks (both quantitatively and qualitatively). It is common knowledge that a nation's power will increase with population. The population of a country affects its values, way of life, and even its aspirations in terms of living standards. Even superpowers like the US and Russia have shown respect for this element. In addition to population size, the quality of the population as shown by its health, education, technological know-how, and national character is a determinant in foreign policy [7], [8]. The quality of the people ultimately dictates the quality of the political system, the public sector, and even leadership.

## **iii. Factor of Quality Government**

One of the major influences on the foreign policy of a state is the quality of government and leadership. Government converts a potential power into actual power. Its popularity efficiently organizes the public administration. Even the quality of civil servants is, in the long run, a determinant of foreign policy. Every single state's foreign policy is an integral part of its peculiar system of government.

## **iv. Factor of Economic Development**

The economic health of a specific state also serves as the foundation for many foreign policy considerations. Every country in the world lacks economic independence. Even the United States depends heavily on international commerce to flourish economically. This reciprocal interconnectedness of the economies of nations is the root cause of the majority of economic issues. An industrial state like England must purchase industrial goods like tractors, fabric, and vehicles from an agricultural state, particularly like Argentina, in exchange for the sale of its livestock, wheat, and wool to that state. Because of this interconnection, there is global economic activity, which is reflected in trade agreements, taxes, import restrictions, and other financial arrangements. States do not engage in economic specialisation of production or free exchange of products. Instead, they adhere to the "economic self-sufficiency" practise, which negatively affects international economic connections. This misadjustment causes economic stress throughout the globe, which may sometimes manifest as political and military action. Natural resources like uranium, rubber, coal, and other goods necessary for conflict are not uniformly distributed across all the states. Uneven aptitude to use the resources at hand makes these kinds of disparities even more obvious. Therefore, governments design their foreign policy in a manner that ensures the availability of war supplies and a favourable balance in their commerce. Facilities and protection for foreign investments are also necessary for international economic activity. Because they have assets in this region's oil, Britain and the United States are both increasingly interested in the Middle East. The ability of a state to address these economic issues is reflected in its foreign policy. Again, an industrial country is expected to have a higher gross national product (GNP) and can devote greater funds for external purposes, such as economic aid programmes, military ventures, and extensive diplomatic commitments. Most states have increased their power and prestige by gaining control over economic resources. Conversely, industrially backward nations are unable to

actively participate in international affairs. They cannot benefit from the technical advance outside since the nation lacks scientists, engineers, and other experts.

**v. Factor of Natural Resources**

This is yet another crucial component of a state's foreign strategy. Food, minerals, metals, and water resources are all important components of national strength and, by extension, foreign policy. The value of a nation is undoubtedly increased by the abundance of these resources. For instance, the existence of petroleum has highlighted the significance of West Asian nations on the global stage. 80 percent of the oil supply in West Europe come from these nations. Energy and food are both necessary. If not accessible locally, they must be obtained via international collaboration. A nation's capacity to conduct international affairs will always be boosted by the availability of strategic and vital raw commodities. Their absence will therefore lower a nation's standing abroad.

**vi. Factor of Industrial Development**

An important factor in defining a state's foreign policy is industrial growth. The standard for classifying nations as advanced, undeveloped, or developing has previously been presented. The majority of the industrial superpowers, including the US, Russia, UK, and Japan, have a strong standing. Such states also have the authority to utilize foreign assistance as a novel tool of foreign policy. The industrially underdeveloped and emerging nations, however, are destined to play a largely ineffectual role in world affairs. Their policy options are undoubtedly constrained by this deficit, which provides little room for active initiative and leadership.

**vii. Ideological Factor**

A country's ideology, which upholds certain core views about how power is distributed in society, has a significant impact on its foreign policy. Politicians or political leaders develop the nation's foreign policy in their thinking. Though they are influenced by custom and history, these political leaders' opinions and actions are how policy is represented. There has been much discussion on whether ideology alone may be considered a crucial national interest. Sometimes a leader may use ideology as a convenient way to explain his actions or policies in terms that his subjects can understand. But sometimes, at other times, a country goes to war just to persuade others to adopt its philosophy. Ideology by itself, however, is not a policy objective for expressing the true perspective on this issue. It is a known truth that countries with opposing beliefs may coexist peacefully for a while. However, there is also opposing documentation accessible. The former Soviet Union's foreign policy cannot be properly understood if we do not take into account 'global revolution' as one of its goals. The spread of communism was a legitimate objective. Since 1945, the goal of Russian empowerment has been the establishment of communism as well as its political hegemony. However, it is important to avoid exacerbating the role of ideology in the elements of foreign policy. They are only ever employed to mask the true nature of a situation or the true intentions of ambitious leaders [9], [10].

**viii. Factor of Military Strength or Capacity**

A nation's foreign policy is directly impacted by its military might or capability. Only governments or countries with robust militaries have taken an aggressive stance. Making a successful and aggressive foreign policy requires having huge, strong-armed forces that are equipped with cutting-edge military technology. It is the last component of a state's power status and, as a result, of its capacity to contribute significantly to international affairs. Even in peaceful discussions, a state with a weak military apparatus will often be at a disadvantage. A weak state or country would typically aim to minimize its disadvantages whereas a militarily

superior state or nation would try to adopt a bold program to maximize rewards.

#### **ix. Geographic Strategic (geo-strategic) Factor**

The formulation of a foreign policy must take geo-strategy into consideration. A sort of foreign policy known as geo-strategy, a branch of geo-politics, is primarily influenced by geographical variables that limit or have an impact on political and military preparation. The goal of geo-strategy is to match the means to the aim, as it is with all other forms of strategies. Matching a nation's resources, whether abundant or scarce, with its geopolitical goals which may be local, regional, or global—in this situation. Geopolitics and strategy are interwoven, just as geopolitics and nationhood are, or, as Grey and Solan put it, "geography is the mother of strategy." Pacts may be broken, treaties may be unilaterally renounced, but geography keeps its victim fast, as the saying goes. Anything may be escaped by a country, but not geographic limitations. The elements of size, terrain, form, and climate are significant in a geographical position. A wide area, with a homogeneous environment that encourages physical vitality and is preferable either temperate or tropical highland, is needed to maintain a big population. It should have a terrain with natural defensive barriers like mountains, woods, marshes, rivers, deserts, and seas that provides limits. It should be simple to defend and have a compact form rather than being extended or fragmented as Pakistan was till 1971. It should also have some of the essential power capabilities to support an autonomous foreign policy. The topography and terrain were seen as a major advantage in sustaining national security before the advent of modern military and equipment. Because of its position halfway between the Atlantic and Pacific seas, America was able to practise isolationism. The Himalayan Mountain range shielded India, the Alps acted as a protective barrier between France and Italy, and the immense African deserts similarly shielded Egypt for ages.

The factors of form, mass, and geographic configurations have shaped the nature of foreign policy. In the past, infantry was highly reliant on landlocked nations, while naval forces were reliant on governments with long coasts. The expanding invading armies have often been held back by the strong landmasses of China and Russia. The significance of a country's place in the globe is influenced by its access to abundant resources like food and minerals, its level of industrialization, and its proximity to important maritime trade routes and global economic hubs.

The geo-strategic aspects of foreign policy, however, may be said to have been established considerably earlier from a conventional standpoint than the demonstration of the value of air power made possible by the development of nuclear weapons. In light of recent technical advancements, this viewpoint seems to be undermined by heavy rhetorical and amplification. We no longer subscribe to claims that a country's location determines the main factors influencing its foreign policy, such as "England was destined by geography to command the seas" or "sea routes have beckoned the Japanese abroad." Given the development of technology and science, this geographic influence on political phenomena has fallen prey to the law of diminishing returns.

We cannot argue that despite air power's revolutionary impact on these geographical traits, many of them will still exist along with the political consequences that follow. Today, air distance and meteorological conditions are far more important for military purposes than land or sea surface distance. Any distance may be travelled in a day. Heavy bombers can round the globe in 45 hours. The outdated ideas of national security have been completely transformed by atomic, hydrogen, and cobalt bombs. Today, no nation on earth can resist an assault. Nuclear missiles are completely invulnerable to defense.

#### x. Factor of Public Opinion

Public opinion is becoming a significant determinant of foreign policy. Foreign policy is no longer developed in a private office. Since it is developed in the open, public opinion often influences how foreign policy is implemented. The American government's decision to order the withdrawal of American soldiers from South Vietnam was made possible by the political clout of the public opinion in that country. Once again, the Suez crisis and popular sentiment against the British led to the Eden Government's resignation in 1957. For forty years, foreign policy leaders in India refrained from establishing diplomatic connections with Israel out of concern that they would irritate a small minority group.

#### National Interest as a Determinant of Foreign Policy

The 'central notion' in a foreign policy is the national interest. In actuality, it serves as the foundation for developing foreign policy. National interest, which is the aim, must be understood if foreign policy is the product of the interplay between ends and methods. International politics in fact revolve on national interests. Self-interest is often quoted as not just being acceptable but also a primary driver of national policy. According to Morgenthau, "the national interest is indeed the last word in world politics so long as the world is politically organized into nations." All forms of politics, according to the famous realist thinker who has been referred to as Kautilya's 20th-century successor, are contests for power. No government may take any action that is not in the best interests of the nation. No government, regardless of its principles, can afford to base its foreign policy on anything other than the interests of the country. Before the 20th century, Lord Palmerston said that "neither we nor our enemies have eternal allegiance." Our obligation is to uphold these interests since they are everlasting. The degree of amity or hostility between nations does, in fact, alter over time as environmental conditions change and each state works to further its own interests. When two countries' interests diverge, they either change their positions following talks or adopt a policy of hostility. George Washington, the first US president, emphasized this point and claimed that it is a maxim based on the human experience that no country should be trusted beyond what is required for its own interests, and that no wise leader or politician would dare deviate from it.

There's no denying that various authors use the phrase "national interest" differently. These applications of the idea have been categorised by various authors. The uses of the phrase "national interest" are categorised as aspirational, operational, explanatory, and polemical by Joseph Frankel in his book, *National Interest*. National interest, on an aspirational level, refers to a vision of the good life and a set of ideal objectives that the country would want to achieve if it were feasible. On a practical level, national interest refers to all of the interests and policies that are really being pursued by a country. The idea is used to explain, assess, justify, or criticise foreign policy on an explanatory and polemical level. We should make an effort to comprehend what is meant by "national interest" before we deduce anything from these conflicting perspectives. National interest is unquestionably a very nebulous concept. It is a very hazy and ambiguous idea. In the many circumstances in which it is employed, it takes on a variety of meanings. In actuality, there is no consensus on what it really means. The idea of national interest has never been defined objectively or scientifically, in reality. Many authors have attempted to define the phrase, nevertheless. For instance, the authors of *The Dynamics of International Politics*, Norman J. Padelford, George A. Lincoln, and Lee D. Olvey, correctly noted that "concept of national interests are centred on core values of the society, which include the welfare of the nation, the security of its political belief, national way of life, territorial integrity, and its self-preservation." According to Morgenthau, the political traditions and overall cultural circumstances in which a country develops its foreign policy constitute the subject matter of national interest. According to him, a nation-state's primary duty is to defend

its physical, political, and cultural identities against invasion by other nation-states. According to one definition, national interest refers to "the general and ongoing ends for which a nation acts." According to Bandyopadhyay, "each state strives to safeguard its territorial boundaries in order to preserve its political independence and territorial integrity." The methods may differ, but the maintenance of territorial integrity is in the national interest. Spykman has outlined this concept in further detail. According to him, "Self-preservation" entails preserving a state's authority over its territory since territory is an essential component of a state, and "Self-preservation" also entails battling for independence because independence is the very foundation of a state." The maintenance of territorial integrity and political independence is the primary goal of all governments' foreign policies.

### DISCUSSION

India's foreign policy strategies and factors have a significant impact on how it engages with the world and sets its diplomatic goals. India has developed a complex strategy that blends pragmatism, non-alignment, and strategic alliances as a growing force in the international sphere. This strategy demonstrates India's goal to retain its strategic independence while interacting actively with several nations and regional blocs. India's foreign policy choices are influenced by a variety of variables, including concerns about national security, economic interests, links to the past and culture, and ideological considerations. India's foreign policy has become more concerned with fostering trade and investment relations, seeking energy security, and strengthening its position in international governance forums as a result of its rising economic might. Additionally, there has been a change in India's strategy for regional integration, notably in South Asia, in favour of improved connectivity, collaboration, and stability in the area. Understanding the methods and factors that shape India's foreign policy is crucial for understanding its place in the changing international order as India's influence on the world stage continues to increase.

### CONCLUSION

In conclusion, India's foreign policy's methods and factors show how intricate and dynamic its involvement with the world is. India's foreign policy is influenced by a variety of variables, including worries about national security, economic goals, linkages to the past and present, cultural affinities, and ideological considerations. Its strategy, which combines pragmatism, non-alignment, and strategic alliances, enables India to preserve its strategic independence while taking an active role in world events. India's foreign policy, as a growing state, is focused on fostering commerce and investment, achieving energy security, and developing its position in global governance. Furthermore, notably in South Asia, regional cooperation and integration are top concerns. Understanding the motivations and guiding concepts underlying India's foreign policy is essential to understanding how its position in the world is changing as its power grows. India works to advance peace, stability, and growth both locally and internationally by skillfully managing these methods and factors.

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## CHAPTER 21

### DEVELOPMENT OF NEOCLASSICAL ECONOMICS AND THE REINFORCEMENT OF ORTHODOXY

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#### ABSTRACT:

The development of neoclassical economics and its subsequent reinforcement of orthodox economic thinking. It explores the contributions of economists such as Friedman and Hayek, who not only focused on economics but also engaged in political philosophy. While the emergence of neoliberalism was influenced by various economic ideas and theories, the foundations of contemporary neoclassical orthodoxy can be traced back to the late nineteenth century. Economists like Cournot, Jevons, Marshall, Walras, and Pareto played pivotal roles in formulating concepts such as marginal utility, supply and demand elasticity, and general equilibrium analysis. The neoclassical revolution aimed to reconcile laissez-faire principles with scientific rigor and mathematical reasoning, emphasizing the functioning of the price mechanism in complex economies. As mathematical tools were increasingly employed, economics detached itself from broader societal concerns, becoming a branch of mathematics. The Great Depression and the advent of Keynesian theory brought some collective learning, but eventually, neoclassical economics reasserted its dominance by incorporating Keynesian ideas into its equilibrium analysis. The article argues that macroeconomics became heavily reliant on microeconomic foundations, reinforcing neoclassical conventions and downplaying the significance of underlying assumptions.

#### KEYWORDS:

Demand Elasticity, General Equilibrium Analysis, Keynesian Influence, Neoclassical Economics, Neoliberalism, Marginal Utility.

#### INTRODUCTION

Although it was unusual for them, economists Friedman and Hayek both studied political philosophy. The Mont Pelerin Society, its members, or even the Chicago school had very little role in the creation of many of the economic theories and concepts that eventually became fundamental components of neoliberalism. The advancement of economics, notably in the US and to a lesser degree in Europe, is what actually counts from a long-term geohistorical viewpoint. In the latter half of the nineteenth century, the foundations of the modern neoclassical orthodoxy were laid. By the First World War, most of the components had emerged. Marginal costs and utility were concepts created by Augustin Cournot, Stanley Jevons, Alfred Marshall, Leon Walras, and Vilfredo Pareto. They also studied the elasticity of supply and demand curves and general equilibrium analysis of price setting [1], [2].

Starting with arbitrary assumptions that tended to support David Hume and Adam Smith's laissez-faire conclusion was the norm from the beginning. The neoclassical revolution seems to have been successful in part because it simultaneously tried to protect the core of the classical laissez-faire dogma and made it look mathematically and scientifically based. Understanding how the pricing mechanism works in an economy with many customers, producers, and commodities was thought to be the key. How does the pricing system ensure the best possible distribution of the available resources? What circumstances lead to the system's singular, long-



lasting equilibrium? Formal techniques, primarily from probability theory, differential calculus, and Newtonian mechanics, might be used to study the pricing mechanism.

Neoclassical economists could concentrate on researching the mathematical characteristics of various systems of price determination after the conceptual underpinnings were established using ever-more complex mathematical and technological methods. Three extremely significant repercussions have resulted from this. First, the economy was separated from the rest of society, in opposition to the traditional political economics of Adam Smith, Thomas Malthus, John Stuart Mill, and others. Second, economics evolved into something close to a branch of mathematics, leaving behind the real-world applications of classical economists. Third, the conceptual underpinnings of the neoclassical economists' rather limited and particular approach started to become self-evident to them as they began to concentrate on the formal mathematical aspects of distinct fictitious economies.

There was some collective learning during the Great Depression, mostly in Keynesian terms. The interpretation and applicability of Keynes' general theory were at the centre of Anglo-American economic debates until the early 1950s. The view of John R. Hicks, which was really more based on his own prior studies than on Keynes' classic, increasingly gained popularity. The renowned ISLM apparatus was created as a consequence of Hicks' reinterpretation of the fundamental Keynesian concepts in terms of neoclassical economics and its equilibrium analysis. Others, like Paul Samuelson, saw it as their primary goal to establish links between Keynesian theory and neoclassical economics. The claim that "macroeconomics" without "micro foundations" is pointless quickly spread like wildfire. Neoclassical norms were gradually reinforced as a consequence. Macroeconomics, as Keen puts it, "bears little resemblance to microeconomics at its inception." What began as Keynes' appeal for realist assumptions ended up in a reinforcement of orthodoxy under the guise that assumptions do not matter or, if they do, matter less than "predictions." Fifty years later, macroeconomics is essentially a branch of microeconomics [3], [4].

What economic trends are being explained? Tony Lawson, who has conducted extensive research on the connection between economics and reality, disputes the idea that the goal of neoclassical economics is to prove that laissez-faire results in the best outcomes. He does acknowledge that economists who rejected liberal principles were often labelled "heretics," turning them into "socialists" or "prohibitionists," and as a result they lost their status to be considered members of the political economics community. However, even if we accept the ridiculous premises of equilibrium theory, an equilibrating solution in this context is not promised nor assumed; rather, its likelihood is just considered. According to his analysis, the inspiring function of mathematics in Western civilization is a causative component that is significantly more important. According to Lawson, mathematics got increasingly detached from physics around the start of the 20th century, opening up a variety of frameworks for the investigation of conceivable worlds. At this moment, the social reality limitation was removed or at the very least delayed.

In Austria and Germany, where the new physics, a revised understanding of the significance of mathematics, and a special concentration on axiomatic mathematics had their roots and were now thriving, the idea of mathematizing economics got the most encouragement. Von Neumann, Wald, Morgenstern, and other mathematicians made their earliest contributions in this area, in particular. Additionally, despite the fact that von Neumann and Wald's methods were of a distinct sort, they were eventually reconciled in the US, where many of the early contributors fled the Nazi danger. At the conclusion of World War II and in the early stages of the Cold War, this new mathematical economics was enthusiastically received in the US. Lawson believes that politics were a factor in this reception since the early cold war

environment and McCarthyism produced a need for an economics that could be met by both the mechanical forms of neoclassical and Austrian economics. The communist ideal and its omnipotent state that promised to wither away was significantly counterbalanced by the neoclassical vision of market clearing harmony and factor price equalisation. Many academics who had challenged or even attempted to qualify the message of economic liberalism realised that they had become a bother. The formalising project with its technicist emphasis, frequently to the exclusion of almost any critical or reflexive orientation, was clearly very alluring to those caught up in the situation. "History also US history cluttered the message of the near "evilness" of state interventions under all circumstances and in all contexts," the formalising project's proponents wrote. This was particularly true for US social scientific research funding organisations, as well as for anxious or insecure university administrators [5], [6].

This would also explain why Keynesianism and mainstream neoclassical theory were quickly adopted in the US in particular. Despite being a liberal, Keynes' own interpretation of his theory and program—which included notions concerning measures of socialisation of assets, significant expansion of conventional governmental duties, and significant income redistribution—was too radical. The Mismodel was more acceptable in the US setting of the cold war, but it quickly gave way to more conventional interpretations. Tobin really made reference to the previous professional view when he said that the general consensus in economics was in favour of floating exchange rates. Furthermore, towards the beginning of the 1970s, "all of a sudden, thanks to Nixon and Connally, got wish." Since that nodal point, there has been an increasing desire for the guidance offered by neoclassical economics as well as for the reasons it offers.

### **Neoliberalism's Self-reinforcing Dynamics and Effects**

In 1971–1973, the old Bretton Woods system came to an end. This event served as a catalyst for a transformational process that resulted in the resurgence of haute finance, the growth of neoliberalism, and the steady strengthening of US unilateralism. It served as a predisposing factor as well, ensuring that the prerequisites for neoliberal processes that self-reinforce themselves were satisfied. In addition, it served as a tipping point for the social democratic institutions, which were quickly supplanted by those favoured by global neoliberalism. The demise of the Bretton Woods system seems to have caused the reemergence of some of the structures and processes of the pre-1914 era, much as haute finance had its first Golden Age in the period of 1870–1914. By the time Nixon decided to stop the dollar's ability to be converted into gold, London had once again overtaken its previous position as the biggest and most significant financial hub in the world. Transnational firms have more freedom to move their manufacturing and other operations throughout the globe as a result of economic liberalisation.

However, the British Labour administration made an effort to enact capital restrictions in the middle of the 1970s. Financial investors showed signs of regaining their vigour. With the help of IMF conditionality, the British government was finally obliged to abandon its effort to implement Keynesian economic policies as a result of the money outflow. As a result, efforts to turn London into an offshore center proceeded. The process culminated in Margaret Thatcher's victory, who hailed Hayek and Friedman as her idols, and the 1979 UK Banking Act, the first law passed by the Thatcher administration. The Banking Act did away with any distinctions between domestic and international markets. The City of London has now come to be recognised as a legitimate offshore financial market. The freshly elected Reagan government in the US followed suit in 1981 and passed legislation enabling what are known as "International Banking Facilities" there, giving Wall Street the same offshore status as the City. A breaking point for the social democratic institutions and their alignment with the global economy was also the demise of the Bretton Woods system. The welfare states were susceptible

to the mobility and consequent structural strength of capital since they relied on tax and transfer programs for redistribution and budgetary policy. The postwar liberalisation and modern communication and transport infrastructure increased capital mobility in contrast to the territorial nation-states' inertia. Additionally, the development of offshore facilities and Eurodollar markets allowed for a more decisive capital flight [7], [8].

The Swedish example is instructive. The Swedish model was perhaps the most comprehensive and universalist of the social democratic systems in place during the Bretton Woods period. The Nordic nations together established Norden, a highly integrated pluralist security community, and all adopted the Swedish model. The Swedish model, which was prosperous economically and maintained equitable economic policies for more than 40 years, transformed these objectives into a Third Way-inspired progressivist foreign policy of active neutrality. The destiny of the Swedish model may also be seen as a sign of the geohistorically complex interactions between local and global factors that have a tendency to yield consequences that are comparable across the post-1973 global political economy. This finding lends credence to the idea that, given the dynamics of the global economy, the neoliberalist process eventually became self-reinforcing.

The Bretton Woods system of regulating the global economy was in crisis, and among other things, the liberalisation of capital exit options and uprisings against local relations of dominance at work, as well as changes in occupational structures and class relations, were the root causes of the problems with the Swedish model. This interaction has also emphasised the importance of US-based economic discourses, which have begun to take the place of the Social Democratic Party thinkers' earlier, more Marxist ideas. The first warning indications of problems appeared in the 1960s: inflation was brought on by expansionary macroeconomic policies, and innate technical dynamism tendencies were sacrificed for political reasons. Wildcat strikes resulted from a growing rift between the rank and file of the union and its leaders. The Swedish economy began to experience ongoing wage push inflation. The 1970s saw a sharp decrease in productivity growth, especially following the 1973 oil crisis<sup>10</sup>. In fact, Sweden was struck worse by the worldwide economic crisis of the 1970s than any other OECD nation. Sweden accumulated significant budget and payment deficits as well as a foreign debt between 1976 and 1982 as a result of stagflation, which is characterized by diminishing productivity development after decades of strong productivity growth.

In response to these demands for industrial democracy made by the left social democratic parties, organised industry and Sweden's Centre Right parties started organising against them and, more specifically, against the wage-earner funds. The labour movement soon withdrew from the more extensive aspects of the schemes for joint control and democratic investment. At the same time, the employment market evolved and became more fragmented outside of the public sector. Between 1960 and 1988, the constituency of the major trade union LO fell from 75% to 58% of organised labour. On the other hand, new circumstances for the mobilization of social forces behind the interests and visions of the transnational corporate capital were generated by changes in the composition and placement of blue-collar labour and the middle class, as well as by new departure alternatives for businesses. In reality, a common concern with limiting the upward pressure on domestic expenses brought on by huge public sectors did arise between employees and employers in industries exposed to global markets [9].

The Swedish model's first sea change occurred in 1976. For the first time in 44 years, the Social Democrats were forced to resign from office as prime minister, making room for the Centre Party and Conservatives. This transition occurred in the midst of a severe Swedish economic downturn, six years after the US declared that the dollar was no longer convertible to gold and two to three years following the oil crisis. Political climate was further altered by the reactions

to the string of economic crises, favouring certain solutions in the end. Early in the 1980s, a new concept of the Third Way had been established as a result of the Swedish governments' reactions. Instead of the Third Way between capitalism and communism, it came to be seen as a compromise between pure social democracy and neoliberalism. Accounts about the needs of "new times" and incremental modifications in the meaning of the concept of the Third Way were produced by new discourses, some of which had neoclassical economics as their foundation. They also served as neoliberal frames for brand-new social issues.

The new Third Way, which is built on establishing new kinds of market discipline, quickly proved to be contradictory in the new environment created by these upheavals by further eroding the legitimization principles and industrial relations presupposed by social democracy. All significant components of the classic Swedish capital-labor agreement were abandoned in the 1980s by the employers' federation SAF, which at the time predominantly represented the ideals and interests of multinational industry. SAF began to advocate for lowered airline fares, privatisation, lower taxes, employer contributions, and EC membership. In addition, Swedish businesses started a boom in foreign investment in the 1980s by taking advantage of the more flexible exit strategies. In an effort to improve wage negotiations and boost Swedish competitiveness, the newly elected social democratic administration attempted to employ financial liberalisation. It quickly chose to deregulate financial markets as a result of the growing pressure that the international capital markets were placing on Sweden's interest rate and balance of payments. This resulted in a boom-bubble-burst cycle that culminated in a significant financial catastrophe in 1990 and new neoliberal policies to assure recovery from this disaster. At this time, Sweden also made the decision to submit an application for EU membership and ratify the mostly neoliberal Maastricht Treaty.

Since the conclusion of the Bretton Woods period, other nations have taken substantially the same course. particular geohistorical situations certainly vary, and the results of particular conflicts have varied in many crucial ways, but the general trend has been consistent virtually everywhere. The deliberate policies of organisations involved in global governance have also benefited neoliberalism. Particularly since the global debt crisis of the early 1980s, the IMF and/or the World Bank have had direct influence on the economic policies of a significant number of nations, including several former Soviet bloc nations and dozens of countries in the global South. The IMF has already been enforcing precisely the deflationary measures that Keynes foresaw since the 1950s. Deflationary fiscal policy is used to lower the amount of the economy's aggregate demand in an external deficit position, which lowers imports but also employment and growth. The majority of nations avoided IMF loans for a quarter of a century, but once the Bretton Woods system failed, things changed. Neoliberal policies were also prevalent at the World Bank during the beginning of the 1980s. Neoliberal institutions and policies were imposed on the former Soviet Union as well as the postcolonial world of the global South throughout the 1980s and 1990s via differently termed structural adjustment programs [10].

Neoliberal ideologies must contend in multiparty elections in many nations, and they rely at the very least on passive assent in openly authoritarian or autocratic settings. As a result, many fusions and compromises have become unavoidable in a variety of propagation and implementation disciplines. For instance, the concept of "participatory development and good governance" first appeared in development organization programs in the 1980s and spread widely in the 1990s. This discussion combines two distinct, and in some ways conflicting, conceptions of development. The first, which serves as the framework, is the Western liberalist modernization theory, which views the US and the UK, two modern-day neoliberal Western governments, as the ultimate and global goal of progress. The Washington consensus and this

idea are both correct. The second, subordinate understanding is the more critical thinking displayed by Western social movements that began to emphasize the significance of local resistance and community involvement, as well as "empowerment through participation," both in theory and in practise, over the course of the 1980s.

The conversation around new public management is another such example. The wave of public sector changes that has been perceptible all over the globe since the 1980s is referred to as NPM, a vast and complicated concept. The goal of modern public management is to increase the effectiveness of the public sector and the degree of control the government has over it. It is based on neoclassical economics, rational choice theory, and managerial schools of thought. The fundamental tenet is that markets are the most effective means of distributing resources and offering consumers services. This first suggests a predisposition for outsourcing public services, privatization, and public-private partnerships. Second, it involves an attempt to create simulated markets inside public organizations where this is either not practicable or not seen to be desirable. NPM does not advocate for the government to discontinue carrying out certain duties. Numerous social democratic parties have cited the fact that NPM is about "getting things done better" rather than whether or not tasks should be completed as their justification for adopting it so quickly.

Neoliberalism has gotten more rational as the world has become more and more neoliberal. Even if sometimes simply in jest, the vocabulary of daily practices at home, school, and the job increasingly draws from the official discourses of neoliberal organizations. The claim that neoliberalism is "the only game in town" seems to be supported by a preponderance of data. Additionally, as the dominant worldview and power relations alter, policies often change and institutions undergo adjustments. Of course, neoliberalism also embodies this. *De jure* and *de facto* power relations have changed, the state itself has changed, new forms of agency have emerged, new restrictions on future alternatives have been enacted, and the state itself has changed. One such example is how the positioned practices of the liberalized financial markets have, in fact, been reorganized to create a Panopticon structure of power and surveillance that supports and upholds the dominance of neoliberal ideologies. Only if they meet the neoliberal expectations of investors, credit raters, and international media can economic policies be successful as measured by comparative GDP growth rates or by the approval of those who compile ranking lists of competitiveness and credit rating.

## DISCUSSION

The rise of neoclassical economics and the orthodoxy it inspired have had a significant impact on the study of economics. The contributions of well-known economists like Friedman and Hayek, who not only concentrated on economic analysis but also dabbled in political philosophy, had an impact on the development of neoclassical economics. But it's crucial to remember that many of the core concepts and beliefs that subsequently evolved into pillars of neoliberalism emerged without reference to particular thinkers or schools of thought. The late nineteenth century saw the introduction of fundamental ideas including marginal utility, elasticity of supply and demand, and general equilibrium analysis, which serve as the cornerstones of present neoclassical orthodoxy. Neoclassical economists used these concepts as the conceptual foundation for their analysis of how complex economies' pricing mechanisms work. The neoclassical revolution established a more rigorous and purportedly objective method of economic analysis by attempting to harmonise *laissez-faire* ideals with rigorous science and mathematical formalism. The isolation of the economy from the larger society framework was one of the key effects of the neoclassical revolution. Neoclassical economics distanced itself from real-world issues by focusing more and more on abstract models and mathematical formalism than the classical political economy of theorists like Smith, Malthus,

and Mill. In many ways, economics has evolved into a branch of mathematics as researchers have delved deeper into the mathematical characteristics of fictitious economic systems. With the introduction of Keynesian economics during the Great Depression, the orthodoxy was further strengthened. While there was some shared learning during this time, Anglo-American economic talks increasingly focused on the interpretation and applicability of Keynes' general theory. The important ISLM apparatus was created as a consequence of the efforts of economists like Hicks and Samuelson to bridge the gap between Keynesian theory and neoclassical economics. As the desire for microfoundations for macroeconomics gathered momentum, neoclassical rules were eventually reinforced, and the importance of underlying assumptions was minimized.

### CONCLUSION

In conclusion, neoclassical economics' emergence and the subsequent legitimization of orthodoxy have had a significant influence on the study of economics. Neoclassical thought, which was inspired by economists like Friedman and Hayek, aimed to harmonise laissez-faire principles with rigorous science and formal mathematics. Neoclassical economics was built on the principles of marginal utility, supply and demand elasticity, and general equilibrium analysis. However, economics became to resemble more of a branch of mathematics than a subject focused on social challenges as it began to embrace mathematical modelling and distance itself from real-world difficulties. Although the adoption of Keynesian concepts during the Great Depression contributed to some kind of collective learning, the desire for micro-foundations in macroeconomics also served to strengthen neoclassical standards. It is essential to comprehend this historical history in order to critically evaluate the current economics paradigms and the ramifications they have for society and policy. Striking a balance between meticulous quantitative analysis and a comprehensive understanding of the economy in its social and political context is crucial going ahead.

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