

# KEY CONTRADICTIONS OF THE WORLD SYSTEM

## Introduction

A note on **methodology**: our methodology is based on the dialectical method of inquiry on social analysis: the action, reaction and synthesis; or thesis, antithesis and synthesis. The idea is not new. It was proposed by Hegel and later developed by Joachim Fichte to the point of practical implementation in social inquiry. I would like to show the process, anti- process and the synthesis that may come out of the complex interaction between contradictory (political, social or economic) processes.

The second note is on the title of this paper, which is “Contradictions of the world system in the nearest future”. It can probably trick you into thinking, that one can predict the future. I will attempted to show, that there are several processes, new to the kind of world order we know, which are related to the ways and mechanisms of development. One cannot claim that he knows the future or that he can predict the future. We have a much more humble task to show those contradictions that will probably create a new reality. We can see the contours of the future world order based on these contradictions.

## The five contradictions

### *Hegemony VS multipolarity*

The first contradiction is a fundamental one. It's the “**hegemony versus multipolarity**” contradiction, which obviously causes the international system to change. The future world order will be somehow formed by the end of this struggle. On the one side of this struggle, there are the US and its allies, on the other side, there are the others. The hegemon, naturally, strives to maintain its hegemony. We are not giving a moral or ethical assessment to it. The hegemon always wants to keep the hegemony in order to secure better life conditions, clearer future and better stability for its citizens, so hegemon or hegemony cannot be

called morally or ethically wrong. The problem is that keeping the hegemony is almost impossible in current world order, and therefore the hegemony has to engage in a contradiction with multipolarity, represented by the others. Clearly, the pair of “we versus others” will shape the next years of the world order.

By seeing this struggle it is not difficult to spot the contradiction of “the US + the European Union” (US hegemony with conditional support of EU) versus “Chinese economic challenges and Russian geo-security challenge”. As you know, last year China’s GDP reached the level of that of the US. It does not demonstrate the quality of life in China or the US, but this definitely became the final warning signal to the US, that something is going on.

Another challenge to the US, this time in the area of security, comes from Russia. Syria has shown that the US allies do not have the security monopoly or the security umbrella monopoly in any part of the world. If the Russians can do it in Syria, they can probably do it in other parts of the world, too. This was a pretty strong signal, showing that the security monopoly is broken, and something has to be done about it from the perspective of the hegemon, as it will still be trying to maintain its power.

Because of this fundamental contradiction, the Chinese-US relations will be rather sour in the nearest future but maintained at the low level as both countries need each other. As for Russian-US relations, it is not about personal relations with Russia or its leader as well. It’s about Russia’s position in the world security structure. Therefore the relations between the US and Russia will also be sour for the years to come. The situation will not change, in the sense that Russia will subordinate or contain the hegemon, which is probably not going to happen in the next eight to ten years.

So what is the reaction of the hegemon to these processes? The hegemon is reacting in the form of inventing new tools, which have not been known yet, in order to maintain its hegemony. The US have come up with a network of agreements, negotiated for the last six to ten years, called “T-treaty trinity”: the

Trans-Pacific Partnership (TPP – 12 countries), TiSA – Trade in Services Agreement, and the Transatlantic Trade and Investment Partnership (TTIP with EU). President Trump has been trying to block some of these projects, but in fact, the negotiations are going on. We even think, that Trump’s administration is likely to make certain progress in these negotiation processes.

These US projects are all about capturing key positions, using institutional and normative framework, to maintain the hegemonic position of the US and the Europe. It is interesting, that if this happens, 2/3 of the global GDP will be under those agreements. It means that for the years to come a different type of hegemony, not military, not even economic, will create a new world order. The interesting fact is that in neither of those agreements China is presented. Russia is not included wither. In fact, BRICS countries are excluded from those agreements. It’s a serious signal, showing the existence of “we versus others” contradiction, where those, who are not subordinated to “our rules”, will be excluded from crucial normative and institutional frameworks, that will shape the future.

If you look at statistics, you will see an interesting picture of the world economy. There is a certain level of convergence, a type of visible economic convergence discussed in our book, between two systems: US-dominated system and US-not-dominated system. US and its allies try to maintain the hegemony and subordinate the process to their own benefits. Leaving aside moral or ethical assessments, this is a signal, that we are entering a period of deep structural economic contradictions, in which the process will create more, not only economic, but also political and social tensions.

Obviously, this will be followed by different types of subordination, which is the media or information subordination. For instance, there are phenomenal changes in the US media, when the media is positioning itself not as a deliverer of information, but rather as a political broker between the systems. Media is not about the facts any longer; it is about the de-legitimization of the other side. The facts are no longer important, but the media is playing an active role in

repositioning the structural struggle of the world. It creates the figures of “bad guys” and “good guys”, and no matter what the facts are, these are presented as such. The media is losing its objectivity, becoming a part of the hegemonic struggle, of the “hegemony versus multipolarity” contradiction.

### *Globalization VS identity politics*

The second contradiction shaping our future is the “**Globalization (universalization) versus identity politics**” (autonomization of identities, which will lead later to the radicalization of identities) contradiction. One of the main characteristics of globalization is the universalization of norms, culture, behaviour, institutions, system of management and commodification of social relations. The main idea of globalization is to make the economic system going smoother, working better and more efficient, but universalization of behaviour and norms is obviously much simpler. To have one pattern instead of dealing with certain patterns, one solution instead of certain solutions is much simpler. Therefore, universalization is one of the key elements to the current stage of globalization.

At the same time, people do not like to lose their own identity, their own culture, customs, religion, history. Therefore, the reaction to universalization is the identity politics, emerging in different forms: religious aspects, serious gender aspects, ethnic aspect, and so on. One of Iranian leaders, Mohammad **Khatami**, started this process by saying, that we don’t need universalization, we need dialogue among different civilizations. The dialogue of civilizations, initiated by Khatami, was then blocked by the hostilities between Iran and the United States.

Identity politics is not a new process, but we are entering a new phase of this process, in which the politics become dependent on identity. Politics react more and more to the identity struggle, class struggle, cultural struggle, many other forms of identity, and finally becomes based on identity groups. These identity groups are mushrooming, pressing on the state to deliver what they think is their

own right. These are groups, political parties or social movements, that can be based on culture, religion, social class or caste, culture, dialect, disability, education, ethnicity, language, nationality, sex, gender identity, generation, occupation, profession, race, political party affiliation, sexual orientation, settlement, urban and rural habitation, and veteran status.

In other words, the new identity politics is emerging instead of the larger socially based interest groups, as groups are becoming narrower and narrower. Since the state cannot react to every identity group interests, some of these groups start radicalizing. They think: “If I cannot get what I want, I should be more vocal, more radical, because then the state will listen and then the state will react”.

A classical case is terrorism. “If I cannot achieve what I want by other means, I will use terror as the most radical means of turning your attention to my problems”. Therefore, the next big struggle is that between identity politics and universalization, which will have consequences for the state policies and state behaviour: the weaker the state, the more it is prone to react to identity politics. The state is no longer reacting to social needs; the state is reacting to the needs of identity groups, which changes the whole dimension of state-to-citizen reaction.

This will obviously lead to more social protests, because the more radical the groups, the more visible they are. This can lead to imbalances between the state and interest groups. A classical case are pensioner identity groups globally, as result of which some states “are paying more attention to pensioners than to the children”. If you look at the EU statistics, you will see one interesting thing: right now, the social spending is lowering every year, with the exception of the pensioners. The children are getting less for health care, while the pensioners are getting more for health care every year in the EU. This is a dangerous notion, indeed.

*Wealth versus Poverty*

The third contradiction is the “**Wealth versus Poverty**” contradiction. Some basic facts from the World Bank show, that out of an estimated 7.4 billion people on earth, 1.1 billion people live below the poverty level, which is below \$1.25 a day; another 2.7 billion live on less than \$2 a day. This means, that about 40% of our planet lives beyond the poverty level. The point here is well shown in the book by French economist Thomas Piketty called “Capital in the Twenty-First Century”. His main point is that capital tends to reproduce itself. This is not a new idea, Marks was also talking about this. But Piketty is showing that there is a certain oligarchization of capital, which means, that inherited capital has the tendency to grow exponentially and at the expense of other social groups.

Piketty’s book was followed by the Oxfam Poverty Report (2017), prepared for the conference in Davos. The report shows, that eight men own the same wealth as the 3.6 billion people, who make up the poorest half of humanity. This is shocking not in moral or ethical terms, but in terms of its possible consequences.

The consequences of this increasing inequality include the following:

1. The influence of democracy: usually we think that one vote corresponds to one person, but now it’s increasingly clear, that this democratic theatre is changing into “one dollar = one vote”. We have witnessed two of the most expensive elections in the history of mankind. As Jonathan Nitzan and Shimshon Bichler showed in their book “Capital as power”, capital is becoming political power. They put a lot of economic evidence to show the direct link between capital and political power.
2. Tax avoidance: Superrich are avoiding taxes, because they are capable of keeping their profits in tax heavens. This is an important point, because paying taxes is vital to maintain social stability in countries, which then turn those taxes into social and security benefits. If you’re not paying taxes, this means, that those aspects of the state protection will inevitably be diminished.
3. Global control over the labor market: as a consequence, we have a huge struggle to have minimum payment per hour in most countries, including North

America. Statistics show that 300.000.000 people work without minimum payment guarantees. This is manipulation of wages on global scale, not only manipulation of politics.

To sum up, if there is a process of commodification of democracy, this will lead to the end of the myth of the liberal order. This is dangerous for those, who live in this myth of having some influence on the politics and the myth, that their vote means something. This myth is going to end, if we continue to have such huge inequalities, and the consequences of these inequalities will end up the full dimensional myth the western society is based on. In other words, alongside identity politics and hegemony struggle, we are losing trust in the system.

### *The state VS the market*

The fourth contradiction is an old one, between **the state and the market**. Economists and politicians hold a sinusoidal type of approach towards this key issue: how the state and the market are cooperating or not cooperating, and what are supposed to be the relations between them; whether the state should lead the development or the market should be responsible for the development. In other words, whether the state is supposed to be in charge of our well-being or the market should create conditions for our well-being.

This contradiction is sinusoidal, because some claim, following the Keynesian way, that the state should lead the market. The biggest projects of 1920s, 1930s, and 1940s and so on, like socialism, are based on this idea, and fascism is based on this idea of state leading the market, too. And then you have the 1970s and 1980s, when the neo-liberal economic order is starting to dominate, and therefore the market is to be the main stimulus for development or wealth. In fact, neither of these models worked. The crisis in 2007-2008 showed, that neither market nor the state alone can deliver what they are promising. Therefore, we lose the trust both in

state and in market. This means we trust no one, not even banks that are now paying huge fines for manipulating the market during the crisis.

This leads to the point, that entrepreneurs themselves lose the trust in their own system. The solution for the future could be a dual parallel system of the state and the market, where the state plays the role of the corporate insurance company for the nascent productive forces, helping them in order to maintain their market position withstanding competition. This is not the same as the import substitution strategy, because the latter means that the state is helping the market indefinitely. What is going to happen is that the state will base on the corporative advantage of certain sections of the industry, helping them until they become the world leaders to compete. This is the case of China, Taiwan, Singapore, Malaysia, and South Korea. Therefore, there is no longer a debate between the market and the state. The debate is about how deep and in which way these should cooperate in order to maintain the market shared in the global scale and the national level.

The problem is, that if we would like the state to cooperate with the market, we need the state to be relatively strong, which is not the case. The states cannot withstand the pressure of globalization. They become weaker and weaker. The wave of neo-liberalism led to the privatization of many state services. Then what is the role of the state in protecting our interests as citizens? Nothing, almost nothing. And if the state cannot protect the interests of its citizens, than the state apparatus is no longer needed. Why do we need political parties and parliaments, if they cannot produce politics? Politics means elaborating the choices that should be made by the power, and the power is for taking those choices and implementing them in the form of policies. If we don't have this, why do we need the system we have right now?

This debate between the market and the state is not only about economic forces. It's about the shape of the future of our political system. We are transforming into consumers. The last twenty years saw a phenomenal boom in capital forces. People were earning a lot of money, they had cheap commodities, and they started



transforming into consumers. We are no longer needed for the market as citizens, because as citizens we would like to make our own choices, not imposed on us. The problem is, that these two processes are not compatible: the more we are consumers, the less we are citizens.

### *Power VS politics*

The fifth contradiction, which follows up the previous one, is “**power versus politics**”. Power is currently in process of being separated from politics. Power is the ability to fix things, to deliver, to make things happen. Politics is the process of selecting choices for the power to implement. Politics is about whether we need a school or a swimming pool, whether we need more spending on army or schools or hospitals. And then those needs are transferred to the power via parliament process, and the power tries to implement them. So there is a link between politics and power: politics comes first, power comes later.

Now this system is clearly collapsing, because there is less and less power in the hands of the state. Because of privatization and globalization certain state prerogatives are located somewhere else. The money is located somewhere else, therefore the power is outside the national state. So the role of the state is changing, but then the state cannot cooperate with the market the way the market would expect it to do. Therefore, the market is more dependent on external forces, than on the forces located in the national state. As a result of these processes, the power and politics are separating almost to the point, that they are living two independent lives.

In practice this means, that politicians and state machines are living more autonomously than before. They create a shell in which they are somehow living their own small lives, which are very much detached from what we would like them to be doing. We call it “automatization of politics”. When you ask a politician why he does something not wise or not rational, the answer is “because I

can". The state is creating its own reality. The "autonomization of politics" may lead to interesting political consequences, as the worst conflicts will not depend on "national interests" but on the autonomous decisions of the leadership.

## **Conclusion**

In an article, written with professor Kazarinova, for "Polis" journal, which is called "Fear as politics", we claim, that these contradictions are scaring. They create fear in all of us, including the elites. The leadership is worried, as it doesn't know what is going to happen tomorrow. "Fear" is not a part of traditional politics, but now "fear" is becoming politics. Most of current policies are based not on rational calculations or our interests, they are based on fear. For instance, migration policies of Poland or Hungary have nothing rational in them, they are based on fear of migrants, not on rational behaviour, European solidarity or whatever, but purely on fear. There are many such example in budget, education, healthcare policies. They fear, that if they do not do something, there will be social overreaction. Or they fear, that they are not in control, and they would like to impose a hard shell on the soft yolk.

Democratic and non-democratic states are becoming almost the same, they look the same, like an egg with a hard shell and a soft yolk inside. They are trying to present themselves as powerful and strong, but in fact, they are weak. Late professor Bauman was an internationally recognized sociologist, but I didn't agree with his idea of interregnum, something in between, when the old is dying but the new is not clear yet. My position is, that when the old is dying, the new is already there. So the contours of the future are known, the problem is, that we do not know the details.