

The Transformation of the International System of States: Developmental Perspectives *

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replacing the European folk technology of coal-steam power and metal refinement that had become particularly efficient in the 18th and early 19th centuries. The possibility of economic surpluses beyond subsistence was emerging as an obvious reality.

One salient consequence of this growth was centralization of government in large cities, pulling together smaller units, and national governments gaining ascendancy over regional divisions. Although the large industrial cities stopped or slowed down their growth in the 1930s, until recently the developmental thrust of the new was focused in the large metropolitan areas and national governments. And the force of development at these levels of human activity was impressive. For example, at the turn of the century the industrialized cities in the U.S. had over five times the productivity of the older dispersed industries, generating the resources necessary to build the urban infrastructures of transportation, museums, parks. Almost no resources were needed from higher levels of government, a situation radically reversed by the 1930s. As the economy became national rather than regional and with the consequent disruption of the old order of family, church, and community, the state continually expanded its welfare functions. The primary political alliances in most of these industrialized democracies for most or a good part of the 20th century was the national government, the larger cities, and universities which housed professional social scientists and which produced the justifications and organizational designs for national governmental intervention. In the U.S. if one adds the South, as some other industrialized countries added political categories from the countryside, this alliance constituted the New Deal, which governed America for nearly a half century. Whatever the particular political components, the prevailing ideology favored centralization.

The point of departure of what follows is that beginning in the 1970s (really a bit earlier) the industrialized states began to experience the beginnings of a transformation, that the outlines of the entailed changes are only now appearing and being understood, that this transformation may be about as massive as that experienced during the 1880s and 1930s, but that the speed of change will be faster. Considerable social and human costs can be expected, but they can be modified, reduced, and distributed. Also – contrary to what is often generally accepted that the ‘crises’, ‘problems’, ‘malaise’, or whatever of the democratic welfare states are a consequence of mistakes, miscalculations, and political impotence – these changes are due to world-wide developments, touching, although in very different ways, almost every country of the world.

From a comparative perspective it is not a coincidence or a matter of imitation that socialist governments in power have become cautious in asserting what the state can achieve and that in several countries conservative (or, now perhaps, more radical) political forces have taken control, promising at the very least curtailment of the welfare state and emphasizing freedom and other non-material values. But such policies are, from a long-term developmental perspective, marginal adjustments to more basic structural changes. To understand these changes it is necessary to have a broad theory of development, on the one hand, and to use those theoretical perspectives to interpret weak signals of change, such as the emergence of a black economy, on the other. The reasons for these changes will be discussed in macro-developmental, technological, and political terms. It should be underlined that periods of transformation are very unstable, and indeed, dangerous. The focus of the discussion will be the industrialized democracies, although there are implications for Eastern Europe and Third World countries.

The International System: 1945–70

Despite regional conflicts and economic perturbations, the period 1945–70, compared to previous periods, must be counted as among the most stable in world history. To a considerable extent this stability was due to the preponderance of power of the United States and much of the instability can also be attributed to it. On the whole, however, dominant powers in whatever kind of world system have an interest in stability, no matter how many mistakes they might make in pursuing it. Although there are many ways to describe anything, indeed an infinite number of ways, because of the controlling position of the U.S., one way of describing the world system between the end of the last war and 1970 is in the language of American foreign policy, particularly the Truman-Acheson policy, which overturned the great power policy of Roosevelt, and which, in turn, was abandoned by Nixon-Kissinger beginning in 1970. This policy was a mixture of economic and political means, both reflecting the world and seeking to shape it, to create what some of our colleagues call a world capitalistic system and as others would have it, with the U.S. as the world capitalist center.

But whatever else it did, this policy laid the foundation for the undermining of the modern territorial state of the 19th and early 20th centuries and the international system of states with its commitment to territorial sovereignty, and its logic of territorial expansion and consolidation of

influence on the peripheries. First, free or relatively free trade. The U.S. wanted all countries to espouse this principle and in exchange guaranteed open sea lanes (at a high price of a two ocean navy) and the use of the dollar backed by gold for international exchange. Second, disavowal of colonies and territorial expansion. In return the U.S. would give free, full economic access to itself for acquiring resources and selling goods. France and The Netherlands, however, did not easily de-colonize. Third, containment of the Soviet Union. The U.S. would assume primary responsibility for this, but later would ask for the cooperation of others. Fourth, the establishment of a decentralized world order through the creation of independent, hopefully, democratic states. Recognizing regional imbalances among these states and potentially destabilizing consequences of poverty, the U.S. would intervene militarily in regional disputes and provide economic and technological aid, to establish in the language of social scientists working for the U.S. government at the time, the 'social and economic requisites for democracy', which was also interpreted to mean stability.

On all of these points, and there were others, the U.S. equivocated. Nonetheless, there was substantial economic growth, relative price stability, and ever decreasing real cost of most commodities through efficient penetration of the entire world. What Germany and Japan could not achieve with their armies and territorial expansion in the 1930s and 40s, they rapidly acquired with their banks and corporations. During the same period, often to the extent they were involved in western trade, the Eastern European countries grew. The Third World grew also, but in a mixed way, some progressing, some regressing. A very few that entered the world economy fully, however, grew remarkably.

Change occurred within the industrialized states. Government expanded and central governments expanded their control directly and indirectly through regulations and conditions of monetary transfers. Indeed, government expansion, however indicated, began to grow exponentially in the U.S. around 1960 and around the same time in other countries. Transfer payments to individuals and organizations also grew dramatically. Whatever there was left of local economic markets in production and consumption got incorporated into national and international markets around 1960, making almost all economic transactions accessible to central government taxation and control. Local politics became increasingly national, completing a trend begun earlier in the century. The new world economy helped this expansion, and sooner or later, most of the industrialized countries entered a significant part of their economic activity into the world economy, in the case of the U.S. increasing that

proportion since 1960 by 3–4 times and in the case of some other countries involving over half of all their economic activities. The continuation of central government expansion into the 1980s, of course, was possible because of the arrival of the third generation computer and its capacity to track billions of transactions. The U.S. government using the ledger technology of the 1950s, would not have been able to write a 100 million checks each month to individuals and organizations and to monitor 80,000 local governments, almost all of which receive government support.

And whatever else it may have accomplished and whatever its faults and inefficiencies, the welfare state assured that almost no individuals would fall below a level of economic need and would not be terrorized by hunger and insecurity, something that remained in the memories of those who set up the welfare states or of their parents.

Development and Centralization

A Yugoslav colleague and I have tried to create a comprehensive, and hence a very abstract, theory of developmental change. It is not appropriate to sketch that here, but a few points derived from that theory will be stated in order to show first that governmental centralization – the use of ever more comprehensive and encompassing authority – not only stabilizes the process of developmental change but also facilitates it. But, second, at a certain point or level of integrated diversity or complexity, that is, development, the exercise of authority by these central institutions is not only destabilizing but also an impediment to further development. The position being taken historically is that in the 1970s, and perhaps earlier, the state has become a negative rather than a positive developmental force, in industrialized countries. Although central governments for nearly a century in the industrialized countries represented the new industrial economy of abundance, human freedom from tyrannical constraints of local community, church, and family, and human development in education and culture, it is now assuming the role of protecting the old economic industries from the new economies, is constraining human freedom by direct control of individuals (confronting individuals who have almost no power with an institution that at least asserts ultimate power), and is molding individuals into categories for policy, regardless of the reality of increased individual complexity. This position should not be taken as an anti-state bias. Indeed, I would argue that, on the whole, the welfare states have had tremendous success, even in the U.S., which more than all European countries, is characterized by quite ordinary forms of corruption. Rather, my position is simply that developmental changes

have outstripped the state making it the enemy of the new and the target of attack of those concerned with human development. And this has little to do with the leadership of governments, particular policies, or general ideologies.

Let us take a few propositions from the theory to at least establish a macro-theoretical framework for explaining one of the most significant trends of this century—centralization and expansion of governmental control. The theory proceeds at four levels of generality. First, there are the developmental laws which apply to those human systems characterized by changes in system components and by changes in relationships among the components. (Not all human systems are developmental systems, and certainly not the social systems of insects or mammals.)

First, there is the law of aggregative diversity and inclusive similarity which states that as a system acquires more variety and a greater quantity of items of that variety, the components of the systems, individuals, but also including groups and organisations, will be both more similar in sharing specific properties and more different in their configuration of properties. The latter, taken aggregatively, is the diversity of the system. But diversity increases exponentially, at a certain point very rapidly, and similarity – what the components have aggregatively in common – increases linearly, more slowly. If the integration of a system depends on both its similarity and diversity – or, to use the terms of Durkheim, as amended here theoretically, both ‘mechanical solidarity’ and ‘functional interdependence’ – and if differences are accelerating much more rapidly than similarities, then state intervention to increase similarity would facilitate structural integration, meaning the potential for increased interaction among the system components. The state can do this through policies to increase equality. But note these policies only address similarity – the same education, the same standards – or are biased toward similarity, not diversity or differences. (This has in part to do with the bureaucratic logic of the largest category, which is another matter.)

A second law of development concerns again the relationship between integration and diversity at a systematic rather than component level. Diversity enters a system in discrete time, spreading rapidly. Integration takes place in continuous time, occurring slowly and including processes of learning. When something new enters a system, it disturbs or dampens the existing structures of integration and needs time to be absorbed or integrated. For example, when automobiles were introduced into Yugoslavia in considerable numbers, disruptions were overwhelming, requiring state authority not only to integrate them into economic and social life but

also to control the rate of their introduction and distribution.

A third developmental law is the attractiveness of variety. Components will tend to interact with other components of more complexity or variety and those at a lower level in a hierarchy of a social system with the most variety with those higher with variety. The theoretical arguments for this law are also complex, but the law explains the interaction of leaders of different social groups rather than of leaders of one social group with members of another; the migration of the most complex units at the local level to higher level units, which by definition (or by Ashby's law) include all of the variety of the lower level plus some. It can be used to explain the village, town, city, region, country, world, developments as well as the shift of certain cities, of countries to the status of world cities, detaching themselves from their national hinterlands. This developmental dynamic has critically contributed to governmental centralization, not the least of which was the national economy, and as it continues to influence change, it will undermine the central governments of highly developed countries in favor of the world systems that will assume the role of developmental ascendancy just as the states have for so long.

At the second level of generality of the theory are developmental processes that include production, making things and creating ideas, distribution, and accumulation. The latter will be discussed here. What is important about centralization and accumulation is that the greater the number of things and the greater the variety of things and ideas that are accumulated in a single structure or organization, the greater the probability of new inventions and new ideas, not to mention the possibilities of economies of scale. Centralization and central government authority facilitate accumulation either by ensuring the benefits of amassing variety to an organization or through actual governmental savings and investment.

Third, there are developmental processes of rationalization, standardization, and the consequent predictability either through knowledge or normative prescriptions of law. Except for the latter, these are some of the direct cognitive correlates of development. They enable individuals or other actors to locate variety for exchange, production, or investment and have reliable knowledge about how to access that variety. Further, they can act to acquire that variety. Once something is standardized and rationalized in a system, its cost as variety is reduced, components can take on additional variety, and expand their access to variety. There were Philadelphia standards for industrial goods in the 18th century and early 19th centuries, national standards later, and international standards to-

day. The advantage of standardization across larger and larger units has been one of the contributors to the centralized state. But again, once there are national standards, it is but one more step to international ones, which will dominate those that are national.

Finally, and at the lowest level of generality, are the historical manifestations of contemporary development. Although there are many such, the most dramatic in recent years have been industrialization and urbanization. And in both cases, and they are related, there was a concentration of people in central places, giving central governments greater access at less cost to the populations and their production.

Central governments more or less acted, mostly more, consciously or unconsciously, mostly consciously, to facilitate a scale during the past 150 years. The scale of industrialized countries, whether or not a result of governmental policy, enabled governments to expand their control and at some point after 1945 to grow and expand much more rapidly than the systems they were controlling. Even if one does not accept this macro developmental interpretation suggested here illustratively, then consider a simple law of ecological systems – one component of a system cannot increase faster than another indefinitely without a transformation of the structure of the system. But change in social systems is more than a quantitative, equilibrium dynamic. It also has to do with qualitative changes in structure.

To return to some previous points, let us consider three general types of social systems. One is dominated by similarities – the tribe, the agricultural village, the local community, the ethnic group. Whatever the internal differences, the critical conflicts are between that social system and others. Nationalism, for example, overemphasized the internal similarities and external differences, and in so doing, helped create both national integration and conditions for international conflict. Second, consider what emerged in the West in the middle of the 20th century – social systems dominated by both similarities and differences – similarities in language, culture, and political symbols, but differences and increasing differences in occupation, class and interests, both confounding and stimulating older differences based on religion, language, and ethnicity. The logic of the growth of the state was to emphasize similarities and expand them and at the same time control conflicts emanating from differences; indeed, certain deviations are correctable pathologies. Third, consider the present and next few decades where differences and diversity dominate, extending far beyond the vertical integrating structures of the state bureaucracy with its categories of similarities and of political parties

with their focus on a few, encompassing differences, such as class, ethnicity, and religion. The bureaucracy becomes unable to address these differences and the political parties irrelevant to them. Indeed, the very effectiveness of the state in promoting standardization of information, communication, and rationalization helped facilitate the emergence of complexity that goes beyond the capacity of hierarchical control of bureaucracies and the aggregation of a few simple interests by political parties. Some components have such a complexity that it matches the variety of the state itself, making them candidates for status as transnational components of a new global system.

Internationalization, Regionalization, and Decentralization

The conclusions of the preceding and following are that around 1970 the level of integrated diversity both within and between industrialized countries (and to some extent within the Eastern European countries and in some areas of the Third World) reached a point where the new developmental thrust is now global rather than national. At the same time the level of diversity and integration within the industrialized countries (horizontal integration) increased to a level that exceeds the capacity of the vertical structures of integration and control of the state. That same high level of integrated diversity provides the basis for local units or communities to link to others, to larger units, and to components of the global system, by-passing the central government. Further, because of technological changes related to the environment, and particularly energy, new ecologically based regions are emerging, contesting older ones formed out of the international relations of states. The global system, regions (now primarily economic), units are beginning to take on political characteristics that will challenge the politically dominant units of the past and present – the large cities, sometimes national capitals, and the state. Developmental change, in other words, is now global, regional, and local rather than metropolitan and national. The new economy is based on technology, communications, information, and organization that transcends territory on which the city and state were based. This new political economy of development will clash with the old. The state will increasingly become the care-takers of the old, 'in place' industries of automobiles, steel, ship-building, textiles, and other industrial goods: the cities, the care-takers of people with low level industrial skills and old identities which will increasingly become the 'developmental residuals', much in the way the small farmer did in the beginning of this century. Both the state and the city will attempt to tax the new to take care of the old, but will find it increasingly difficult to do so.

The future configuration of organization of human activity and authority will then become five fold: locality, region, the global system, the city and the state. The city and the state will not disappear but recede slowly, retaining for some time the shadow of their substantive past. But authority – developmental ascendance – will shift to these new levels, in some areas of the world faster than in others.

Before making some additional theoretical arguments for these changes, some weak signals of this transformation should be examined. Such weak signals must be interpreted theoretically in order to tie them to macro system changes. As evidence they are also more problematical than micro level indicators, such as voting patterns which, if kept only in a micro context, may be treated statistically to determine their significance, but may indicate nothing about macro system change. Some of these are familiar; some indicate a decline in the relative power of the state (although its absolute power is increasing) in particular, a growing discrepancy between asserted and actual levels of control; others are indicative of newly emerging units and activities. They are intended to apply to most or all industrialized countries.

1. Beginning in the middle 1960s, signs of black, non-registered economy began to be noticed. However estimated, the size of this economy is now significant and increasing. It may be as high as \$2,000 per adult in the U.S. This is in cash holdings. Apart from that, the U.S. government estimate of illegal drug sales is about 60 thousand millions per year, about three-fourths of the Swedish economy, much of it involved in foreign exchange.
2. Since the late 1960s, there has been a fairly consistent rise in mistrust in government in most of the industrial democracies. Rather than being viewed as benign, as was the case in the 1950s, government is now seen by a large number of people, in some cases a decisive majority, as inimical to individual interests. In the U.S. local government is viewed more positively than the central.
3. Evaluation of government programs in a social science context, under the label of 'evaluation research', the field of the fastest growing number of publications in the social sciences in the U.S., is consistently producing findings about the effectiveness of particular policies as either 'cannot tell' or no difference.
4. The growth in neighborhood organizations either legally recognized as is the case in Europe, or as volunteeristic as is the case in the U.S. and Japan, is increasing and portends to continue to do so in the coming decade. During the past 15 years the growth of such organizations has been exponential in Japan and the U.S.

5. World banking transactions, especially loans, have nearly tripled since 1970 with many governments becoming as dependent of these transnational actors as their own economy for borrowing.
6. In 1948 about 25 million people in the U.S. work force were in manufacturing jobs and about 26 million in clerical and white collar jobs. In 1968 the number of jobs in manufacturing had declined slightly while the number in white collar and services occupations numbered about 62 million. In 1952 the U.S. proudly announced that it was a service economy with greater numbers of jobs in services than in manufacturing, mining, and agriculture. In 1978 there was an estimate that 48% of the U.S. work force was now involved directly and indirectly in the informational industries, among the most profitable in the country, and clearly global in character.
7. The increased price of oil in the 1970s has re-activated increased use of older sources of energy and the actual use of some newer ones. Political languages now pick up new regional terms such as the Northwest and North American in North America and the North Sea and Mediterranean in Europe. These terms are economic in implication.
8. Survey research, although often the last of the social sciences instruments to detect change, in the 1970s began to record a shift, or some basis for a possible shift, from material to non-material values in western democracies, particularly among the youth.

Of course, such indicators have to be evaluated systematically and placed in a context whereby changes in them over time can be predicted and then verified with additional data as they become available. But it is not such a bold step to at least try to interpret theoretically the directions of such changes. And in doing so, we should be aware of our experiences in making macro predictions, in particular two general lessons. First, simple extrapolation of past trends has been disastrous for the social sciences. Almost all macro social, political, and economic changes are non-linear and occur in conflicting mixtures. Reference need only be made to our demographic forecasts since the 1920s and our econometric projections of the 1970s. Second, changes occur in a fuzzy way, involve different kinds of units, changing significance of those units. Constant units cannot be assumed. Reference here can be made to economic growth of some regions and rapid decline of others or to a slowdown among the industrialized and some growth in Third World countries. To address change it is generally a mistake to take simple aggregates and it will be increasingly misleading to read change from national aggregates.

A few general theoretical arguments for the above conclusions can be

made by mixing them with some specific historical/empirical changes. These, of course, are suggestive of a more comprehensive and interrelated set of theoretical arguments that must be made for sound theoretical predictions.

First, look at the level of integrated diversity, technological advances of the industrialized countries, and the traditional bureaucratic hierarchies of the state based on territory, function, and population categories. Territory today is rapidly decreasing as a constraint on attitudes, activities, and exchanges, and with the current distribution of new communications technology the cost of distance in communication is approaching zero. Function, because of increases integration is not delimitable for the specification of authority and responsibility. Managing the state on the basis of sectorial differentiation, such as labor, commerce, agriculture, and foreign policy is a sure formula for what can be described as a 'run down' system. This is obvious today in the U.S. departments of transportation, housing, and energy. Housing policies yield energy and transportation need; and transportation systems nearly dictate housing and energy consumption, and of course, the policies pursued clearly work at cross-purposes in ways that are mysterious to all. Such complexity commends decentralization where the specific relationships can be observed and put together in sensitive ways to make finely tuned political tradeoffs. People are more complex and will become more so. A retirement age of 65 may be appropriate for some kinds of industrial workers, but not for certain professionals. Occupation is less and less a matter of a life time commitment to a job, and more and more a matter of movement through a variety of occupations in a radically changing structure of occupations. Policies toward unemployment, for example, are largely predicated on a thing called a job, not reflecting the large number of paid services that are temporary or part-time.

Second, consider energy and its alternative sources. As the real price of oil declined between 1948 and the 1970s, it displaced alternative sources. This cheap, simple, and single source of power was a solvent for centralization. As the price of oil increases in real terms, vegetation, wind, water, sun, coal, and others become viable alternatives. These are all regionally configured. Small margins of differences in costs quickly compound, especially for something that is increasing in real cost. And this will be an increasingly dominant ecological dynamic for regional differentiation. Regional differences in the U.S., for example, have been steadily declining since 1900. In the 1970s this long term trend was reversed; regional differences are now increasing. These differences are now providing a

structure for politics – both regional politics and the regions as actors in the national and international systems. Already there are regional policies related to consumption and life-styles. Similar regions can be expected to configure in other areas of the world, and as they do, create important structures of cooperation and politics.

Third, evaluate some of the shifts in values in the populations of the industrialized countries which have attained on average unprecedented levels of education and access to world wide information with little or no effort. Secular territorial democracies based their legitimacy on the justice of inclusion and citizenship for nearly all of the 19th century. The politics of inclusion was bitter, mostly focused on suffrage, but also on the legitimacy of unions. In the early 20th century the question of justice became distributive justice – who should receive the benefits of the production of an industrial economy. That definition of justice was the basis of the welfare state and its authority to control the economy and the distribution of its products. That too was an intensely fought question, but when in the U.S. the most intransigent wing of the Republican party that opposed the welfare state accepted it in 1980, that issue of justice was foreclosed just as the justice of inclusion was foreclosed earlier. In the 1960s a new definition of justice arose – participatory justice, the right of individuals to control their own destinies by significantly influencing the decisions of collectivities that affect them. The debate about new forms of institutions has just begun, and slight steps taken in every industrialized democracy in terms of local communities and some form of participation in the work place. But participation requires community and trust, principles at odds with the bureaucratic principles of impartiality and formalized communication. Participation requires decentralization (and on that issue the souls of welfare parties are hung). To a considerable extent the local community or government trends (or urban decentralization) is an ambiguous response to this emerging concept of justice and will become essential to the legitimacy of political systems. Looking forward, there will be yet another concept of justice – substantive justice – being part of a community or political system that one considers good and right. And in secular democracy, for better or worse, justice means that each individual must determine what is good and right. If conceptions of the good are varied, as they certainly are, then the only way to provide for opportunities to be righteous is to provide a variety of political systems, which means a larger number and greater variety of local political systems which individuals can choose. Abortion, for example, is not a reconcilable issue in large, authoritative political systems in which there is certain to be division. Local

units can decide that question and individuals can be given the right to join or exit.

It is not possible here to detail how such a decentralized and globalized political economy can work. Although the state system will be pulled from above and pulled from below, it will not disappear. But its functions will be transformed. Some groups will gain, and some lose. And uncertainty will be considerable as will volatility of changes. But this period will not be that different than the uncertain course taken in the U.S. when it began to create cities in the 1830s with encompassing governments and elected officials, or when it in the 1930s initiated the welfare state with almost no knowledge that what was instituted would work. Indeed, much of what was tried failed visibly.



Macro social and political theory should explain the emergence and decline of the great political economies of the world; why the church, the territorial state, the welfare state changed and declined; why capitalism worked and then required correctives; and why Keynesian Economies worked and then failed. This theoretical task is very different from trying to explain the particulars, such as economic policy, of a political economy, or to make one work better, as professional social scientists did so well during the past 30 or so years.

But the changes in recent years – structural changes – should remind us of our theoretical responsibilities that were so eagerly assumed by our predecessors a century or so ago during the formation of the modern territorial, industrial urban state. That period was one of fragmentation of the traditional order, differentiation of the economy; the ascendance of the sectorized sub-systems of economics, politics, and society; the isolation of those sectors, and the development of the state, and an international system of states. Today, however, macro theories of change require the integration of what we have long tried to keep apart – the study of the international system, comparative politics, national politics, local politics, politics and economics. Such an integration can be achieved only by macro theory that addresses change in all systems, especially the world system.

This should be a very productive decade for what we have long aspired – good social and political theory to explain change, and hopefully, to control it.