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On Some of the Implications of a World-Historical Perspective

Roberto Patricio Korzeniewicz

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On Some of the Implications of a World-Historical Perspective

Roberto Patricio Korzeniewicz

Abstract

Most of the existing social science literature understands inequality and stratification primarily as processes that occur within national boundaries. Such a focus has produced a number of influential overarching narratives. One such narrative is that people's relative well-being is shaped most fundamentally by the capacity of home-grown institutions to promote economic growth and/or equity. Another, that people over time have become more stratified by their relative achievement and effort rather than by the characteristics with which they are born. A third one, a corollary of the other two, is that contemporary upward social mobility is fundamentally the outcome of the adoption of better domestic institutions by countries, and/or the acquisition of greater human capital by individuals. In our recent book, Unveiling Inequality (Korzeniewicz/ Moran 2009), we argue that looking at the unfolding of social inequality, stratification and mobility in the world as a whole over a long period of time –in other words, from a world-historical perspective – calls these narratives into question.

Keywords: Inequality | Stratification | Social Mobility

Biographical Notes

Roberto Patricio Korzeniewicz, is Professor of Sociology at the University of Maryland, College Park, USA, and Profesor Titular at the Universidad Nacional de San Martín, Argentina. He has published extensively on global social inequality and stratification, and on social movements in Latin America. His current research focuses on global patterns of income inequality, social stratification and mobility, and on historical and current patterns of political change in Latin America.

Contents

1. On the Matter of the Appropriate Unit of Analysis

One of the most deeply ingrained notions prevailing in the social sciences is that social stratification has been shaped primarily by forces operating within nations. For example, this was a key premise in the work of Emile Durkheim (1997 [1893]), who advanced the influential argument that the development of a more complex division of labor entails a shift from a system of stratification based around ascribed characteristics to one based around achieved characteristics. Observing processes of social inequality and mobility solely or primarily as they take place within the borders of wealthy countries indeed appears to confirm such a shift, and many studies in the social sciences have been dedicated to documenting, over and over again, such a transition. But the vast majority of these studies draw their observations from two dozen or so wealthy nations, and deem this to be a sufficient basis to make conclusive statements with nary a caveat or even acknowledgment that the scope of such inquiries is most often limited to, in fact, little more than the wealthiest ten percent of the world's population. Such unacknowledged biases are ingrained in the very foundations of much of the social sciences, and are so fundamental and deeply rooted, that the choice of nations as the privileged unit of analysis is often not theoretically informed, but driven by a combination of academic custom and the format in which data are most easily available.[1]

By contrast, authors as disparate as Adam Smith and Max Weber have called for greater critical thought into what should constitute an appropriate unit of analysis. Weber (1996 [1905]), for example, argues that our choice of the proper unit of analysis should be guided by theoretical criteria, as its boundaries should contain within them all the processes that are relevant for understanding the phenomenon under investigation[2].

This means that even when thinking about individual achievement in wealthy countries, for example, we face crucial decisions in choosing the appropriate unit of analysis, choices that Weber argues should be theoretically informed by the questions we are seeking to address[3].

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[1] We should point out that what is created on a global scale are not merely discrepancies in access to wealth, but also discrepancies in privilege, and that the construction of the social sciences (as well as that of any kind of knowledge) is an expression of that privilege. This is evident in the very process of professional development of (and in) the social sciences. Here, as professionals of social science in wealthy countries, through our work (publications, research, conferences) we produce both a privileged knowledge (for example, attributing inequality to what the disadvantaged lack and we have, and seeing both as unrelated) and our very positions in a global social hierarchy (as shaped, for example, by income and status).

[2] To some extent, this is somewhat similar to Ira Katznelson's (2005: xv) discussion of 'untold history': "a not fully conveyed of altogether disclosed story – one that comes together into full view only when its parts are considered together."

[3] Charles Tilly (1999: 36) notes that focusing on inequality as a relational outcome tends to produce resistance in the social sciences: "At least in Western countries, people learn early in life to tell stories

A similar implicit discussion of the importance of choosing an appropriate unit of analysis can be found in Adam Smith's (1976 [1776]) description of the relationship between town and country in the emergence of capitalism. As in high-income countries today, town inhabitants in Smith's account found it easier than those in the country to associate, and indeed used corporate association to regulate production and trade in their towns to restrict outside competition[4]. While such arrangements tended to raise the wages that town employers had to pay, "in recompence, they were enabled to sell their own just as much dearer; so that so far it was as broad as long, as they say; and in the dealings of the different classes within the town with one another, none of them were losers by these regulations" (Smith 1976 [1776]: I, 139). Moreover, as a result of such arrangements, in their dealings with the country ("and in these latter dealings consists the whole trade which supports and enriches every town") town-dwellers were "great gainers" able to "purchase, with a smaller quantity of their labour, the produce of a greater quantity of the labour of the country" (Smith 1976 [1776]: I, 139-140). What Smith thereby describes is a process of selective exclusion: Through institutional arrangements establishing a social compact that restricted entry to markets, town dwellers attained a virtuous combination of growth, political autonomy and relative equity that simultaneously transferred competitive pressures to the countryside. The key implication of this analysis, as in Weber, is that the crucial role of opportunity hoarding in shaping the relative weight of wealth and scarcity in town and country would be missed if our unit of analysis failed to encompass both sets of spaces – and their interaction – in our study.

Korzeniewicz and Moran (2009) argue that accounts of inequality and stratification that assume the nation-state to constitute the fundamental unit of analysis – and moreover, as is most often the case, restrict their observations to wealthy nations – are bound to miss key processes that shape these phenomena even within the wealthy populations they study. Social inequality and stratification have unfolded globally and over a long period of time – and the study of these phenomena hence requires a world-historical

in which self-motivating actors firmly located in space and time produce all significant changes in the situation through their own efforts [...]. Narratives feature essences, not bonds. They therefore favor individualistic analyses, whether rational-choice, phenomenological, or otherwise [...]. By-products of social interaction, tacit constraints, unintended consequences, indirect effects, incremental changes, and causal chains mediated by nonhuman environments play little or no part in customary narratives of social life. Relational analyses of inequality affront narrative common sense by insisting that just such subtle ramifications of social interaction produce and sustain unequal relations among whole categories of people." This book argues that such a relational account can only be constructed by embedding it in time and space.

[4] "The inhabitants of a town, being collected into one place, can easily combine together. The most insignificant trades carried on in towns have accordingly, in some place or another, been incorporated; and even where they have never been incorporated, yet the corporation spirit, the jealousy of strangers, the aversion to take apprentices, or to communicate the secret of their trade, generally prevail in them, and often teach them, by voluntary associations and agreements, to prevent that free competition which they cannot prohibit by byelaws" (Smith 1976 [1776]: I, 141).

perspective[5]. Such a perspective reveals that the institutional arrangements shaping inequality within- and between-countries have always been simultaneously national and global; that the most significant patterns of social mobility involve challenges to existing patterns of inequality between nations; and that ascribed criteria continue to play a fundamental role in sustaining inequality at a global level. Our understanding of each of these issues changes dramatically once such relationships are taken into account – and this can only be done by broadening the scope of our analysis to the world as a whole.

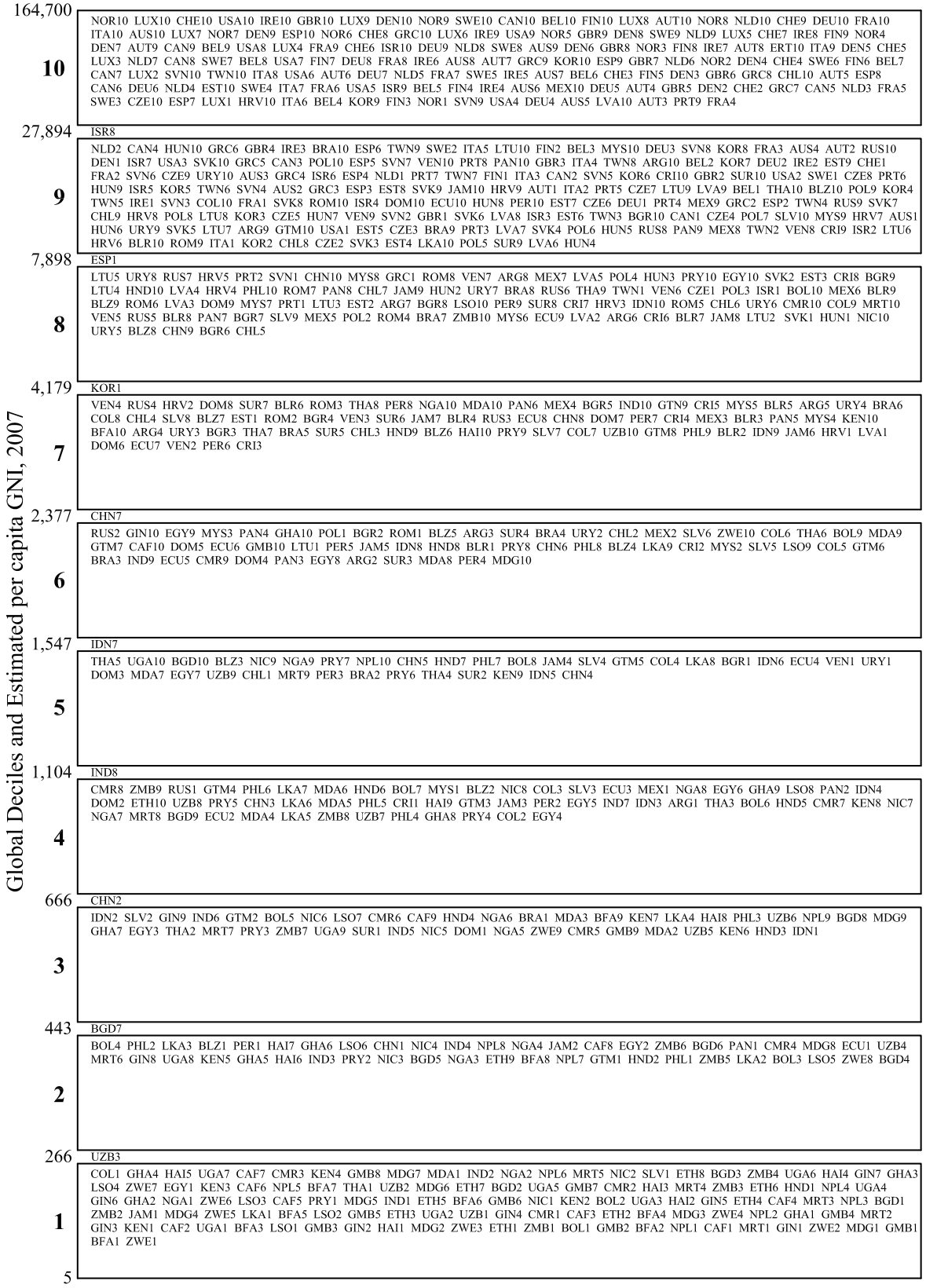
Shifting the unit of analysis in this manner produces an alternative perspective on inequality and stratification. Rather than being nationally bounded, institutional arrangements constitute relational mechanisms of regulation, operating within countries while simultaneously shaping interactions and flows between them. Depicting such a conclusion empirically is not easy, as the data necessary to construct such a depiction are not readily available. An empirically precise model, extended over time and space in a true world-historical perspective, will require the creation of data on a global (not national) scale, data that heretofore do not exist. In the absence of such data, we are constrained here to merely illustrate what such an exercise might look like.

Korzeniewicz and Moran (2009) took 85 countries having decile-level income distribution data (the percentage, or share, of income accruing to each 1/10 of the population) available circa 2007, and calculated for each decile its average income – for example, the income share accruing to the richest 10 percent of the United States (USA10) is almost 28%, translating into an average income for the decile of $127,500 based on the GNI per capita for the United States in 2007. These 850 country deciles were ranked from poor to rich to establish world deciles (that is, each with 10% of the sampled population), their boundaries, and their composition. For example, the first box at the top of Figure 1 represents the richest 10% of our world sample, country deciles with an average income above $27,894 (in US dollars).

Although the population size of a decile is equivalent, each world decile contains different numbers of country deciles because countries have different national populations (the large number of deciles in the richest two world deciles thus reflects the small populations in that part of the world).

[5] This insight has been the methodological heart of what Terence K. Hopkins and Immanuel Wallerstein (1982) eventually came to call a world-systems approach.

Figure 1: Global Stratification, 850 Country Deciles Ranked From Rich to Poor



Source: Korzeniewicz and Moran (2009): 92 (where readers can find a complete description of the content of this figure).

As can be seen in Figure 1, virtually all the deciles of high-income nations are contained within the wealthiest two world deciles, illustrating why studies of mobility and stratification that focus solely on such countries are bound to produce a very narrow interpretation of these phenomena. As we will see later, what stands as mobility in these studies, for example moving up the occupational ladder, is recast from a global perspective into movement within what in fact constitutes a world elite (i.e. movement within the richest 20% of the world). More significant mobility, as noted below, entails the jumping of borders to secure a more dramatic improvement in income. Producing a better account of global stratification and world inequality to identify such patterns of mobility requires a different (world-historical) approach to the collection and interpretation of social-scientific data.

Ideally, to arrive at a more precise mapping of how stratification and mobility have changed for the world as a whole over a given period of time, we would use data that provide information on within-country distributions (say, between various occupations, the skilled and the unskilled, men and women) while allowing an assessment of how these within-country populations are performing relative to the similar population segments of other countries. Such a mapping would enable us to assess how changes in the relative position of various populations vis-à-vis one another (e.g. different occupations within a country, or similar occupations across nations) might be accompanied by a redefinition of what constitutes the “skilled” and the “unskilled,” and to estimate over time what have been the implications for changing returns to various strategies of social mobility (e.g. returns to skill and/or education).

But efforts to construct such a mapping have been constrained by both the scarcity of adequate comparable data and the theoretical assumption hitherto guiding research on stratification and mobility. In fact, the empirical constraints we face are linked to prevailing theoretical assumptions. For the most part, social stratification and mobility have been conceived as taking place primarily – if not wholly – within national boundaries, and these assumptions became deeply entrenched data collection as the latter developed over the last century. Most data on inequality, for example, therefore have been drawn from national surveys of individuals and/or households, collected primarily by national statistical agencies for the purpose of shaping policies at a national level.

Overcoming these empirical constraints simultaneously requires that we revisit basic theoretical assumptions. In most prevailing approaches to the study of stratification, the relevant units of analysis to understand inequality are understood to be discrete, bounded “national” territories. Within such nationally-bounded territories, inequality is shaped by the interaction of groups or classes of people “who by virtue of what they

possess are compelled to engage in the same activities if they want to make the best use of their endowments" (Huber and Stephens 2001: 17). With such a focus, much of the existing social science literature then proceeds to establish as universal the trends and patterns characteristic of the particular sample of nations in which within-country inequality and/or economic growth are being observed – more often than not the wealthy countries of North America and Western Europe.

But how different do comparative levels of income, or the relative social positions of people, households, and occupations look as seen from a national versus a global analytical frame? What constitutes social mobility when seen from the world as whole? Who has the relative ability to access the different routes to social mobility, and to what extent over time? In addressing these questions, a shift in unit of analysis to the world as a whole generates new insights into the changing face of social stratification and social mobility.

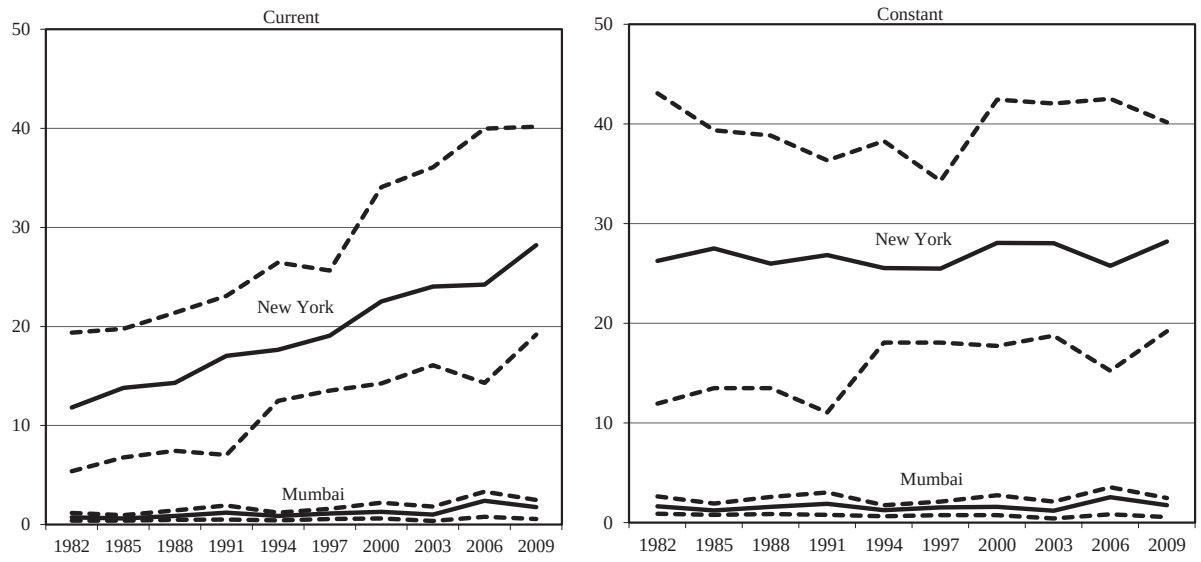
My current work seeks to advance further on these issues by constructing new sets of global data. Here, I will provide a brief example of the direction of these efforts. In one current project, I have been mapping changes in global occupational stratification by drawing on the wage data available through the periodical publications of the Union Bank of Switzerland (UBS). Since 1971, the UBS has been publishing, every three years, a survey of prices and salaries, motivated by an interest in providing accurate international price and wage comparisons to clients of the bank. At each site, with the aid of branches of the bank, the data were collected by UBS using at least two independent, unrelated organizations in each site (UBS 1982: 3; 1985: 3).

In a Research Working Group, we are using these UBS data to reconstruct, for over three dozen cities across the world (including cities in high-, middle-, and low-income nations), average wages, benefits, working hours and vacation days for over a dozen occupational categories (ranging from construction laborers and unskilled female factory workers, to bus drivers and primary school teachers, to managers and engineers). Such an exercise allows us to begin assessing how the relative returns to particular occupations have changed over time; the occupations that have been characterized by lesser or greater global convergence in their returns; and the extent to which changes in relative incomes might be traced to various possible processes of upward and/or downward mobility (e.g. returns to education, national economic growth and/or migration).

Our preliminary findings (Korzeniewicz and Albrecht 2011) replicate many of the patterns we identified using very different data in Korzeniewicz and Moran (2009). Throughout

the period considered in this article, wages vary more between cities located in high- and low-income nations, than they do between occupations. We can highlight this point with a few examples. Figure 2 charts the nominal and real wages from the UBS data in New York City and Mumbai from 1982 to 2009. Throughout the period, the average hourly wage in New York based on the 12 surveyed occupations is more than 10 times higher than in Mumbai, and the range of hourly wages within Mumbai (with a $4.04 wage difference between building laborers and department heads) was less than half the gap between the highest wage in Mumbai and the lowest reported wage in New York (a $9.06 difference). In other words, the potential gains a worker in Mumbai can derive through economic growth over time or by increasing their individual human capital (say, by acquiring the education and skills required to become an engineer rather than a construction worker) are small compared to the relative gains a Mumbai worker can acquire by moving to New York.

Figure 2: Mean Wage with Upper and Lower Bounds[6], New York, Mumbai, 1982 to 2009



Source: From data presented in Korzeniewicz and Albrecht (2011).

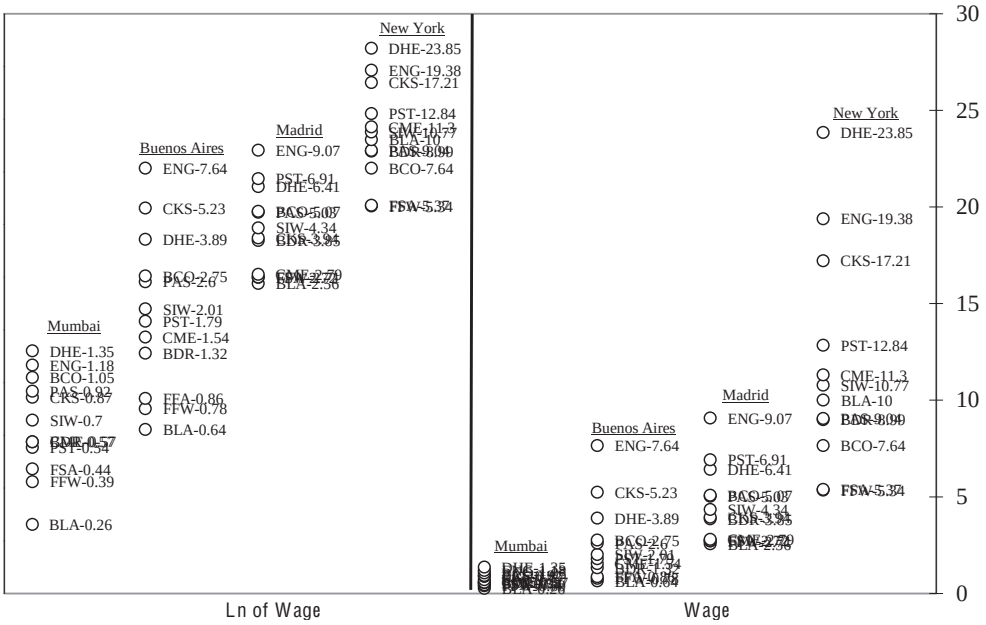
Mumbai is not the only city to have its wages dwarfed by those in New York. Among the 12 occupations surveyed in 1982, the lowest hourly wage in New York City was for female factory workers, who earned an average of $5.34 in current dollars: in that same year, this was above the highest paid occupation (usually engineers or department heads) in Bogota (Colombia), Cairo (Egypt), Istanbul (Turkey), Jakarta (Indonesia), Manila (Philippines), Mexico City (Mexico), and Mumbai (India).

6 Upper and lower bounds are the 2nd and 11th highest paid occupations in each year

In the 2009 survey, almost thirty years later, the lowest hourly wage in New York City was for car mechanics, who earned an average of $13.46 in current dollars: in that same year (when more lower income cities were sampled than in 1982), this was above the highest paid occupation in Bratislava (Slovakia), Bucharest (Romania), Buenos Aires (Argentina), Caracas (Venezuela), Delhi and Mumbai (India), Jakarta (Indonesia), Kiev (Ukraine), Kuala Lumpur (Malaysia), Manila (Philippines), Mexico City (Mexico), Nairobi (Kenya), Prague (Czech Republic), Riga (Latvia), Santiago de Chile (Chile), Sofia (Bulgaria), Tallinn (Estonia) and Warsaw (Poland).

Figure 3 below adds two cities (Buenos Aires and Madrid) to Mumbai and New York, to show the distribution of hourly wages (in absolute and logged values) for the twelve occupations in 1982. As illustrated by the Figure, in the early 1980s, wages for occupations in Buenos Aires and Madrid occupied an intermediate position relative to New York and Mumbai, but occupations in Buenos Aires were characterized by greater dispersion than those in Madrid (corresponding to a higher level of within-country inequality). An implication of these patterns is that the gap in wages between Madrid and Buenos Aires in the highest-paid occupations was less pronounced than the gap for the lower-paid occupations (for example, average hourly wages in 1982 for Department Heads were 64.8% higher in Madrid than in Buenos Aires, but for Unskilled Female Factory Workers, they were 247.4% higher). But the Figure illustrates how wages in relatively wealthier countries in Latin America (such as Argentina) appeared to rank relative to low-income countries such as India (as we will see later, this pattern has undergone substantive transformations over the past twenty years).

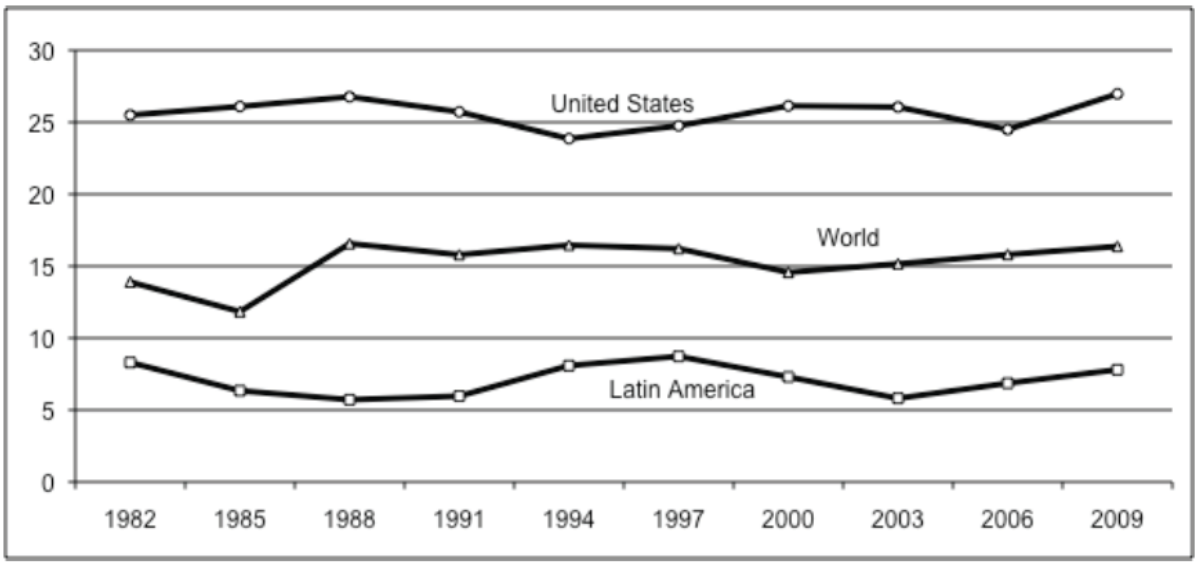
Figure 3: Wages of City/Occupation Combinations for Selected Cities, 1982



Source: From data presented in Korzeniewicz and Albrecht (2011).

A second finding that confirms arguments presented in Korzeniewicz and Moran (2009) is that there is considerable stability in the relative ranking of the various occupation and city combinations included in our study. In part, this is illustrated by the trajectories of hourly wages in New York and Mumbai illustrated in Figure 1. In Figure 4 below, we further illustrate these patterns of stability by showing the relative trajectory of average hourly wages for our sample as a whole (n= 444 city/occupation combinations), for selected cities in the United States (New York, Chicago and Los Angeles), and for selected Latin American cities (Bogota, Buenos Aires, Mexico City, Rio de Janeiro, Sao Paulo).

Figure 4: Comparative Evolution of Average Hourly Wages for 12 Selected Occupations, 1982-2009.



Source: On the basis of data presented in Korzeniewicz and Albrecht (2011).

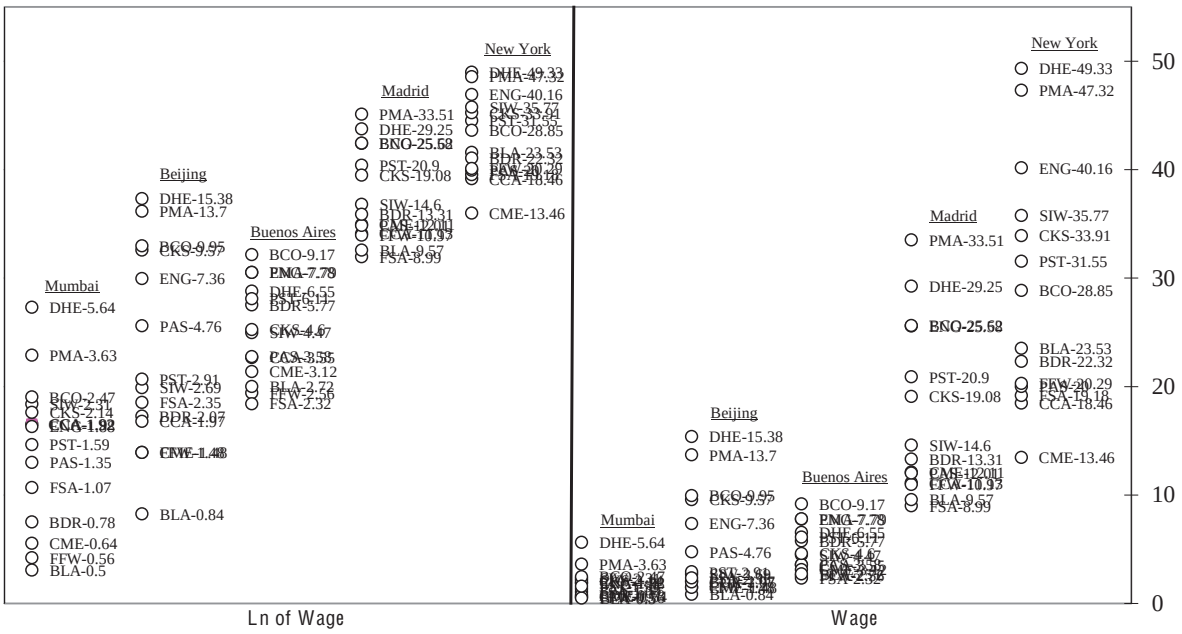
Over the period under consideration, there was considerable stability in the relative wage gap between high-income countries (such as the United States) and middle-income countries (such as most of Latin America). If we were to replicate an exercise we conducted in *Unveiling Inequality* (Korzeniewicz/Moran 2009), where we compared the relative ranking of all our city/occupation combinations for 1982 and 2009, we would find that a very small percentage experienced any major change in their relative standing over both periods.

Within the particular sample discussed here, a few regions were characterized by some change (for example, wages in much of Western Europe over the past forty years have caught up with what in the 1970s and 1980s were the relatively higher wages of the United States), but for the most part the relative position of most middle- and low-income countries has remained relatively stable (and in *Unveiling Inequality*

(Korzeniewicz/Moran 2009) we argue that such stability has characterized broader patterns of social stratification since the nineteenth century).

But of course, some crucial data are missing from the discussion we have advanced in this section so far: the UBS project has begun including mainland cities in China in its survey only since 2006. And China, with the outstanding rates of growth of the last decades, is changing the profile of occupational stratification in significant ways. If we had data available on comparable wages for our twelve occupations in 1982 China, the relative distribution and ranking of these wages in all probability would have looked similar to those shown by Mumbai in Figures 2 and 3. But by 2009, wages in Beijing have undergone considerable growth, and have substantially transformed previous patterns (see Figure 5 below).

Figure 5: Comparative Range of Hourly Wages, Selected Cities, 2009



Source: From data presented in Korzeniewicz and Albrecht (2011).

As indicated in Figure 5, replicating the exercise represented earlier by Figure 3, wages in Chinese cities have both gained considerable ground relative to cities located in middle- and high-income nations, while showing a high level of dispersion between the higher- and lower-paid occupations within those cities (as discussed earlier in relation to the case of Argentina, this is indicative of a high level of within-country inequality). As indicated in Figure 5, wages for the higher-paid occupations in China now surpass those of higher-paid occupations in Argentina, while at the same time the wages for all occupations in Argentina have fallen further behind those in countries such as Spain (as the wages in the latter have converged somewhat with those in the United States, illustrating a general pattern characterizing most of Western Europe).

The absolute increase in wages in Chinese cities, which the UBS data only allows us to capture for the 2006-2009 interval, is reflective of broader patterns of economic growth in China that are in effect transforming global stratification, as we will discuss in greater detail later in the paper. Before moving to this discussion of the effects of Chinese growth, however, we will make a brief detour to highlight some implications of these arguments for how to understand broader patterns of social stratification and mobility.

2. Global Patterns of Social Mobility

Much of the existing literature on social mobility focuses on how the latter is shaped primarily by (1) changes (up or down) in the relative position of individuals or groups within national income distributions. But from a global perspective, there have been two main paths to social mobility involving (2) changes in the relative position of nations within the international income distribution; and (3) shifts in the relative location of individuals and/or groups within the global distribution of income attained by "jumping" categorical locations.

Although studies of socio-economic mobility in wealthy nations generally assume that their conclusions are universally relevant, these conclusions are drawn from the limited range of interactions taking place among and within relatively wealthy strata in the world (mainly, the two top world income deciles in Figure 1). Such a narrow focus provides a very partial perspective on mobility patterns. To make a historical parallel, it would be as if we were to assume that a study of individual trajectories in the French or British nobility in the fifteenth century served to represent the overall character of social stratification and mobility at the time. Taking the world as the relevant unit of analysis allows us to reassess the three main paths that in fact have characterized social mobility.

2.1 Path A: Within-Country Mobility

Within nations, this is the most apparent path of mobility. Through this path, for example, individuals and/or groups change their relative standing within national income distributions through the upgrading or devaluation of human capital (most importantly, skills and education). Cast more broadly as evidence for the gradual displacement of ascription by achievement as the primary criterion shaping social stratification, the pursuit of this strategy at an individual has been the principal focus in the study of mobility by much of social science over the 20th century.

Studies focusing on intergenerational mobility in wealthy countries end up measuring movement at the very top of the global income distribution, the ninth and tenth deciles of Figure 2. In 2005, the median earnings for a high school graduate in the United States was over $31,500, while the same figure for someone with a Bachelor's degree or higher was over $56,000 (US Census Bureau 2006). Shifting from one income to the other certainly represents a major attainment for individuals and/or groups making such a transition: within the United States, this educational attainment would imply a move from USA4 to USA8. But even such a major within-country transition represents, in Figure 1, a more limited movement in global stratification, as both the $31,500 and $56,000 earnings are contained within global income decile 10.

On the other hand, global mobility through educational attainment is today more significant (1) the higher the level of within-country inequality, and (2) particularly in middle-income nations. After all, restricted access to education is precisely one of the principal mechanisms through which high levels of inequality were reproduced in some nations throughout the twentieth century. In a country such as Brazil, where levels of inequality are extremely high, and less than ten percent of the population has a college degree, a shift for an individual or group similar to the one described for the United States, would probably entail a movement from BRA5 or BRA6 to BRA10, translating into a shift from global decile 7 to global decile 9. From the point of view of relative standing in global stratification, the returns to education in such high-inequality, middle-income nations are even more considerable than in wealthy nations.

Complicating this path to mobility, however, are significant obstacles. Most importantly, the relative returns to any given level of human capital and/or educational attainment undergo significant change over time. For example, attaining a primary school education was a standard of high educational achievement in the late nineteenth century, but is not considered as a high marker of human capital attainment today. Computer literacy virtually did not exist forty years ago, but is certainly a crucial skill today. Particularly in poorer nations, efforts at capturing the returns associated with enhanced human capital and greater educational attainment often involve engaging in a race whose finishing posts are constantly being moved forward.

In much of the prevailing mainstream literature, changes in the differential returns to skilled and unskilled labor and in who has access to such opportunities, are fundamental in understanding social stratification and mobility. These changing returns are, indeed, one of the fundamental axes around which inequality has been constituted historically. But what is often missing in the mainstream literature, and what a world-historical perspective leads us to focus on, are the changing ways in which "skill" has been

constructed over time as a criterion through which to differentially distribute returns to various populations[7].

Such a perspective helps understand, for example, why certain criteria (e.g. "literacy", "elementary education", "secondary education", "computer skills") serve to claim (or justify) higher returns in one period but not later on in time, why some jobs are perceived as "unskilled" in some countries but "skilled" in others, or why new production processes might be read as "deskilling" in some countries but as "upgrading" in others. A world-historical perspective, in other words, highlights that the "human capital" criteria that underpin inequality are themselves an outcome of institutional arrangements linked to Schumpeterian processes of creative destruction.

Schumpeter suggests that instead of a single transition from one state of equilibrium to another, we should conceive of capitalism as entailing continuous transformation:

> [C]apitalism is by nature a form or method of economic change and not only never is but never can be stationary. The opening up of new markets, foreign or domestic, and the organizational development from the craft shop and factory to such concerns as U.S. Steel illustrate the same process of industrial mutation – if I may use that biological term – that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism. It is what capitalism consists in and what every capitalist concern has got to live in. (Schumpeter 1942: 82-3).

In the Schumpeterian model, the introduction and clustering of innovations disturb existing economic and social arrangements. Over time, this is the fundamental process driving cycles of prosperity (characterized by intense investment in new productive opportunities) and depression (characterized by the broader absorption of innovative practices and the elimination of older activities).

Rather than reflecting an objective capacity to meet certain technical requirements (or anything related to actual tasks performed in production), the assortment of relevant populations across the world into the skilled and unskilled categories is linked to processes of creative destruction. For the most part, the "skilled" within any particular distributional array are constituted by those who are involved in the more "creative"

[7] Thus, "when we address ourselves to distributions without remembering to see them as summaries of conditions continually resulting from processes among the units, we give up our central focus on relations and perforce become eclectic and ad hoc in our efforts to set forth coherent accounts of 'distributions'." (Hopkins 1982: 150).

end of the processes of creative destruction described by Schumpeter. Deskilling and the creation of the unskilled is precisely the outcome of constant “destruction,” and processes of construction of categorical inequality are linked precisely to the criteria that are used at any given historical moment to assort populations into the “skilled” and “unskilled” categories (for example, “unskilled” today refers for the most part to those activities, once considered “skilled,” that are now carried out by populations in or from outside the top two global income deciles of Figure 1). Historically, entry into skilled positions has been constrained by the regulation of competition (e.g. as in the towns described by Adam Smith). The use of ascriptive criteria to sort populations and thereby construct what is “skilled” or “unskilled” (e.g. town and country, but also women and men, blacks or whites, poor nations or rich nations) has been constitutive of the very creation and reproduction of inequality.

While the strategies reviewed above focus on mobility at an individual level, within-country mobility has included the various forms of collective action (e.g. social movements, corporate organization) and political mobilization (e.g. from electoral participation to lobbying to revolutions) through which various actors have sought to enhance their command over resources within national boundaries – what Hirschman (1970) described as the exercise of voice[8]. To a significant extent, the very constitution of nation-states over the development of the world-economy has been part and parcel of the exercise of “voice” by relevant social actors.

From a world-historical perspective, the impact of these strategies has always been complicated: the success of claims by one actor (e.g. organized labor in wealthy countries) might go hand-in hand with the exclusion of others (e.g. immigrants from poorer countries). Thus, one and the same process (e.g. the pursuit of a more equitable distribution of resources by welfare states in wealthy countries) can have very different outcomes depending on whether we examine its impact solely within the boundaries of individual nation states or the world as a whole.

So how should advocates for greater equity assess the outcome of struggles that simultaneously enhance wealth and well-being for some (e.g. male urban workers in post-World War II higher-income countries) while strengthening institutional arrangements leading to the exclusion of others (e.g. immigrants from poorer countries)?

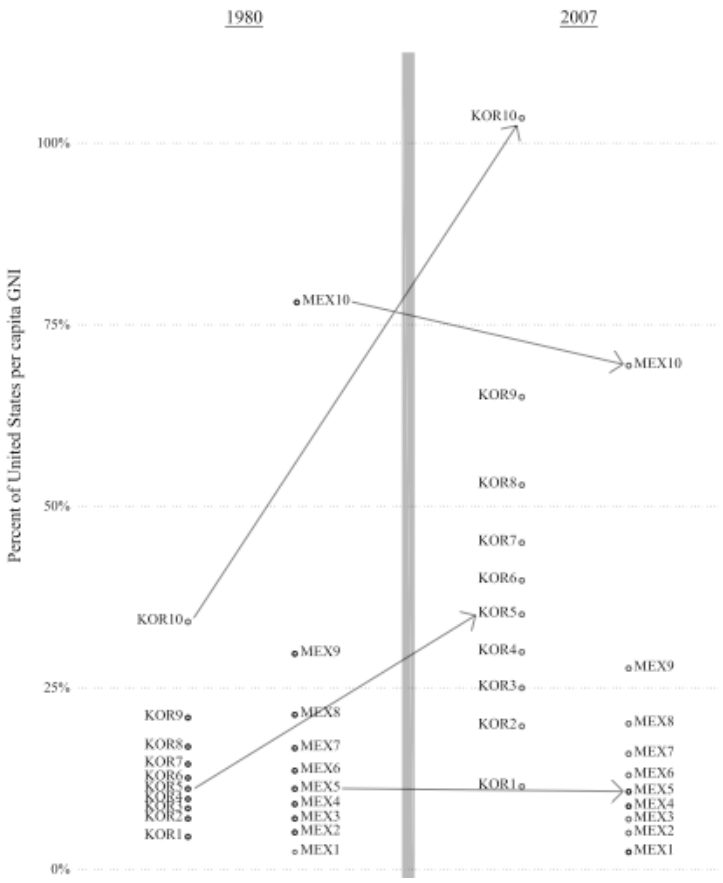
[8] “To resort to voice, rather than exit, is for the customer or member to make an attempt at changing the practices, policies, and outputs of the firm from which one buys or of the organization to which one belongs. Voice is here defined as any attempt at all to change, rather than to escape from, an objectionable state of affairs, whether through individual or collective petition to the management directly in charge, through appeal to a higher authority with the intention of forcing a change in management, or through various types of actions and protests, including those that are meant to mobilize public opinion” (Hirschman 1970: 30).

Many answers are possible. Some argue that all countries have their respective disadvantaged populations, who can only be expected to define themselves and their aims primarily in relation to their national surroundings, and that the struggle of poorer populations in wealthy countries is not only meaningful in and of itself, but also helps raise the bar for standards of well-being across the world. Others would focus on the effects of exclusion in enhancing relative inequality and facilitating the reproduction of absolute deprivation in poorer countries, and argue that the gains made by disadvantaged populations in wealthy countries are trivial relative to the needs of the majority of the world's population. And of course, most advocates of greater equity would probably reject approaching the question as a dilemma, and instead would seek to recognize as valuable all efforts to advance the interests of the underprivileged relative to wealthier populations – no matter whether these efforts take place within national or global boundaries.

2.2 Path B: Between-Country Mobility

The second path to mobility in global social stratification, entailing national economic growth, is represented in Figure 6 below.

Figure 6: Economic Growth as Social Mobility.



Source: Korzeniewicz and Moran (2009: 105).

Figure 6 shows the trajectory of the various national deciles of South Korea and Mexico relative to the per capita GNI of the United States in 1980 and in 2007 (ideally, we would represent such trajectories by situating them within the overall global stratification that characterized each of the two periods, but the exercise we conducted to construct Figure 1 cannot yet be easily reconstructed for 1980). Figure 6 shows how various country deciles are actually affected differently by gains and losses in national income. In the figure, South Korea illustrates the attractive promise of economic growth: all its national deciles rose during the period, albeit some at a fastest rate than others (the top deciles experienced the greatest convergence relative to the United States). As in the case of education, upgrading (as represented by high relative rates of economic growth) provides a promising route to global social mobility.

China and India today embody much of the optimism on the potential rewards of such a path. As we noted earlier, if the current rate of growth of these two countries remain as high as they are today, they would eventually change the face of global stratification. Historically, there has always been mobility of individual nations, such as in the cases of Sweden in the late nineteenth century, Japan in the immediate post-World War II era, or South Korea in the 1970s and 1980s. But in the past, the upward mobility of individual nations took place within a setting in which systemic inequality continued or became even more pronounced. The larger size of China and India makes the story different than before, as their effective mobility, even if limited to these two individual cases, would imply a shift in the logic that has prevailed until now in the world-economy.

Over the last two centuries, the development of high inequality between countries was closely linked to the institutional arrangements that came to characterize significantly lower levels of within-country inequality in wealthier nations around the world. In a sense, such institutional arrangements – a particular way of distributing the relative gains and losses arising from more day-to-day processes of creative destruction, have constituted a historical Schumpeterian innovation. But eventually, the very institutional arrangements created through innovation themselves become characterized by rigidities, creating new competitive opportunities for global mobility – e.g. as in Adam Smith's town and country example, the very effectiveness of barriers to entry has generated new niches of opportunity, as in the cheap labor mobilized in China or India during their first decades of sustained high growth.

We should note here that the pursuit of national economic growth is often portrayed in terms of a willingness of people to allow for greater inequality in their own country in exchange for the growth of the overall wealth available for distribution. Leaving aside the fact that not all strategies of economic growth entail rising within-country

inequality (as indicated by the "growth with equity" literature), even the existence of such a tradeoff would not be indicative of a lack of concern with inequality. The pursuit of economic growth involves a recognition of the crucial role of between-country inequality in shaping world stratification. When people in South Korea and/or China come to endorse policies designed to generate economic growth, rather than leaving concerns for inequality behind, they are recognizing the potential significance of such a path for engaging in upward social mobility within a global system of stratification.

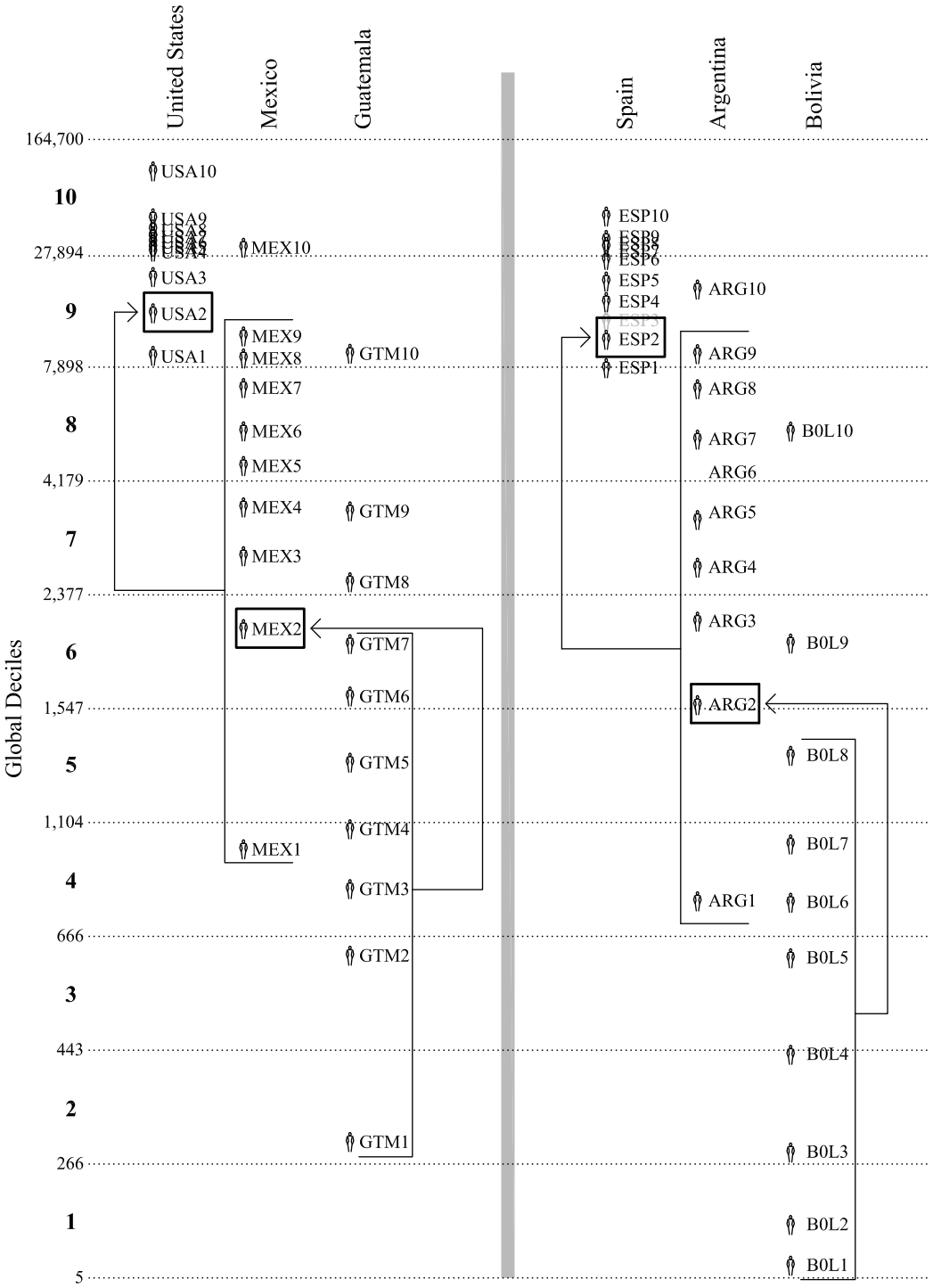
But such a road of national economic growth has not been easily accessible to vast parts of the world, and success stories have been the exception rather than the rule for most of the world's population. For most of the past two centuries, the path of social mobility through national economic growth has failed to deliver its promise. As indicated by Figure 6, even in the case of Mexico, tied as it has been for the past fifteen years to a free trade agreement with Canada and the United States, economic growth has not been sufficiently high to allow a single country decile to catch up relative to the United States.

As in the case of educational attainment, this is again a situation in which the goal posts are constantly being moved forward. It is, at bottom, what Schumpeter's notion of creative destruction is all about. Constant processes of innovation historically have ensured the eventual obsolescence of whatever prevailing standards characterized a particular moment in time – e.g. standards of education or productive technologies. In a country such as Mexico, this might mean running very fast to simply stand still – if not fall further behind. As we have seen throughout this book, for the past two centuries, this has been the most prevalent story for most countries in the world. The development and implementation of growth panaceas (Japan in the 1970s, South Korea in the 1980s, or China today) seldom have provided a replicable model for success, and in fact have been part and parcel of the constant creation of obsolescence.

2.3 Path C: Jumping Categorical Inequality

We thus arrive at the single most immediate and effective means of global social mobility for populations in most countries of the world: migration. Given the crucial role of nationality in shaping global stratification, "jumping" categories by moving from a poorer country to a wealthier one is a highly effective strategy of mobility (see Figure 7 below).

Figure 7: Migration as World Social Mobility.



Source: Korzeniewicz and Moran (2009: 109).

Figure 7 returns to our global stratification sample to highlight certain patterns of international migration. The figure takes the relative global standing of country deciles of six nations from Figure 1 that have considerable migration flows among them: Guatemala, Mexico and the United States in one side of the figure, Bolivia, Argentina and Spain on the other. Mexico is a receiving country for migrants from Guatemala, and a sending country to the United States, just as Argentina is a receiving country

for migrants from Bolivia, and a sending country of migrants to Spain. The main point of the figure is to illustrate how global stratification produces strong incentives for migration for individuals and/or groups of people in relatively poorer countries. In the case of Guatemala, for example, anyone belonging to the poorest seven deciles would be engaging in upward mobility by gaining access to the average income of the second poorest decile in Mexico. In the case of Mexico, the incentives are even more striking, as all but the wealthiest decile would find upward mobility in gaining access to the average income of the second poorest USA decile.

Like the other example, in Bolivia, anyone belonging to the poorest eight deciles would be engaging in upward mobility by gaining access to the average income of the second poorest decile in Argentina. In the case of Argentina relative to a wealthier country (Spain), the incentives again are even more striking, as all but the wealthiest decile of Argentina would find upward mobility in gaining access to the average income of the second poorest decile in Spain[9]. Such disparities help explain why economic migrants often are willing to abandon a professional status in their country of origin to work in relatively more menial positions in their country of destination – once again underlining the contingent meaning of “skill” and “human capital”.

Of course, migration is not merely the product of differentials in income incentives. Engaging in migration requires access to manifold resources – from those needed to meet the costs of transportation and entry into a foreign country, to those involving social networks that can facilitate access to housing and jobs – and these resources are not equally available to all populations within a given country. And even in the presence (or absence) of strong income incentives, decisions to migrate are also based upon broader considerations regarding security, safety, well-being and personal attachments.

The two previous paths of mobility, the upgrading of human capital and the pursuit of national economic growth, both require a long time to generate their intended returns, and are fraught by a high degree of uncertainty whether such returns will be available as expected. By contrast, the third path of mobility in global stratification, migration, while often requiring a high level of courageous determination, tends to offer much more immediate and certain returns (although a different type of uncertainty might be precisely what calls for high doses of courageous determination, particularly for undocumented migrants). Thus, while academics might remain convinced that national

[9] Using purchasing power parity (PPP) adjusted data alters these findings only slightly. For Mexico, all country deciles below MEX8 (instead of MEX9) are upwardly mobile to USA2. For Guatemala, the results are the same. For Argentina, all country deciles below ARG7 (instead of ARG9) are upwardly mobile into ESP2. For Bolivia, all country deciles below BOL7 (instead of BOL8) are upwardly mobile into ARG2.

borders provide the appropriate boundaries for understanding social mobility, migrants, in their crossing of such borders, reveal the boundaries of stratification to be global.

Mechanisms of institutionalized selective exclusion had a direct impact on trends in inequality, helping reduce inequality within-countries, while restricting migration and thereby enhancing inequality between-countries[10]. Thus, the decline in inequality experienced in several wealthy countries earlier in the twentieth century was to a large extent the consequence of the introduction of wage-setting institutions across those countries that in effect limited competition in their labor markets[11]. True, much of the literature emphasizes the importance of macroeconomic trends that enhanced the demand for unskilled labor (thereby reducing wage differentials), unionization or favorable state policies, but the introduction of restrictive international migration policies was the *sine qua non* for the operation of each of these variables (e.g. Williamson 1991)[12].

On the other hand, growing income disparities between nations over time themselves have generated strong incentives (e.g. drastically lower wages in poor countries) for "outsourcing" skilled and unskilled jobs to peripheral countries in a "market bypass" that in effect overcomes twentieth century constraints on labor flows. Rising world inequality becomes a driving force as well for migration, and the latter holds the promise of providing a quick path for overcoming the gap between wealth and poverty. In this sense, migration embodies social mobility. A truly free flow of people across the world, in fact, would provide the fastest means for thoroughly transforming the equilibria that have characterized global stratification for the past two hundred years.

[10] Tilly (1999: 91) refers to such strategies of exclusion as opportunity hoarding: "[w]hen members of a categorically bounded network acquire access to a resource that is valuable, renewable, subject to monopoly, supportive of network activities, and enhanced by the network's modus operandi, network members regularly hoard their access to the resource, creating beliefs and practices that sustain their control. As in exploitation, a boundary separates beneficiaries from others, while unequal relations across the boundary connect them."

[11] These institutions also provided opportunities for (some but not other) rural populations to rapidly enhance their incomes by moving to urban areas, thereby contributing further to declines in within-country inequality in wealthier nations.

[12] Williamson (1991: 17), for example, argues that declining inequality in industrialized countries after the 1930s was chiefly the outcome of pre-fisc forces altering returns to skilled and unskilled sectors of the labor force in favor of the latter, and indicates that key to these forces was "an erosion in the premium on […] skills, and [a] relative increase in unskilled labor scarcity".

3. The Transformation of Global Inequality

Recent trends in globalization, characterized by a reduction in between-country inequalities, might represent a challenge to prevailing forms of categorical exclusion. The very success of the lower levels of inequality attained within-country among wealthy nations through the twentieth century eventually led to the emergence of significant challenges to established patterns of selective exclusion in the interaction between countries. These challenges have revolved around the key institutional feature linking low inequality within wealthier countries and high inequality between countries: the exclusion of labor from poorer countries by the populations of wealthier nations.

Korzeniewicz and Moran (2009) argue that persistent patterns of high inequality within countries, as in much of Latin America and Africa, appear to be originally linked to the exploitation of coerced labor and the restricted access of large segments of the population to property and/or political rights, and to entail the persistence of what we call selective exclusion. Such exclusion generally is justified by categorical criteria. By comparison, patterns of lower inequality in wealthier countries, where free workers and small property owners have considerable access to property and political rights, appear to involve relatively greater inclusion – through redistributive state policies, the ability of labor to use trade organizations to enhance their bargaining power, and/or the effective use of education to enhance skills and thus wages.

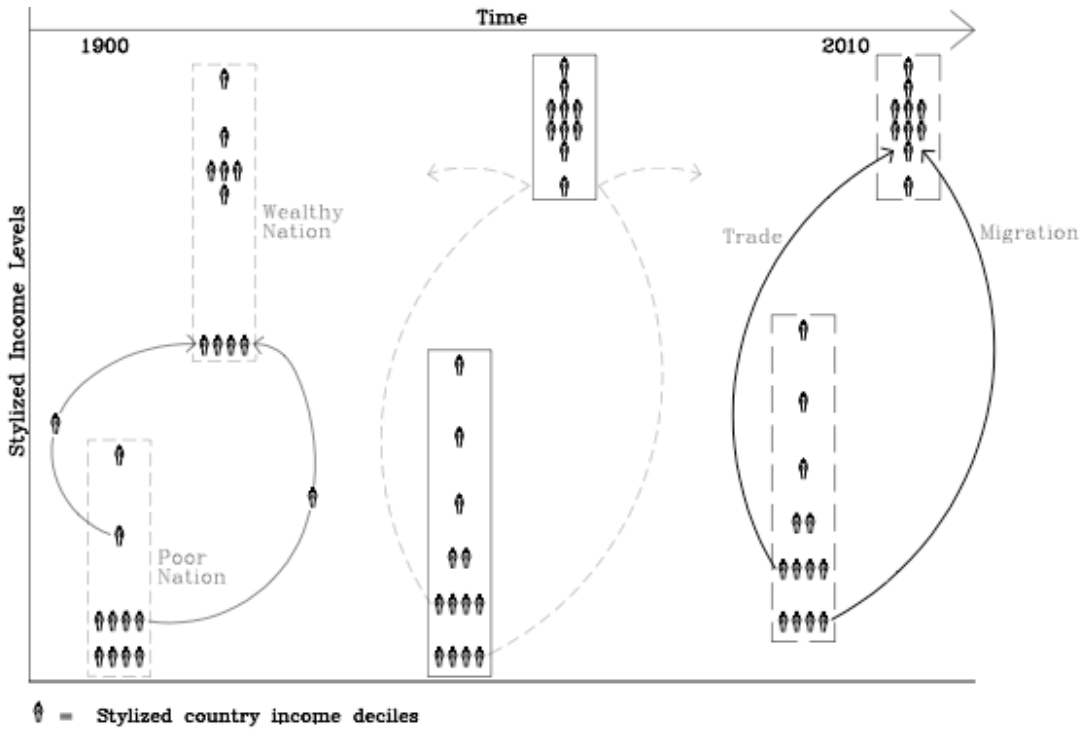
But in fact, while institutional arrangements centered around selective exclusion and categorical inequality appear to be the most salient distinguishing characteristic of high within-country inequality patterns, selective exclusion and the deployment of categorical inequality have been just as central to the development and persistence of what appear to constitute patterns of low inequality within-country inequality.

In the high within-country inequality pattern, institutional arrangements enhance economic opportunities for some while simultaneously restricting the access of large sectors of the population to various forms of opportunity (e.g. “educational,” “political,” “economic”). Enhanced opportunities for some and the restricted access of the majority are related: selective exclusion serves to reduce competition among elites through institutional arrangements that simultaneously enhance competitive pressures among excluded populations (in the arenas or markets to which these populations are restricted). In the high within-country inequality pattern, this selective exclusion operates fundamentally within national borders.

The role of selective exclusion is less evident in the low within-country inequality pattern. In fact, the institutional arrangements characteristic of wealthy countries with the low inequality pattern appear to differ from those involving the high within-country inequality pattern precisely by the extent to which they enhance for their overall population a broader access to educational, political, and/or economic opportunity. Whereas countries characterized by the high inequality patterns are most manifestly characterized by exclusion, ascription, and categorical inequality, countries with the low inequality pattern appear as the very embodiment of universal opportunity and ensuring the possibility of success through individual achievement.

But the institutional arrangements characteristic of countries with the low inequality pattern do restrict access to opportunity for large sectors of the population, except that excluded populations now are located primarily outside national borders. Selective exclusion, in this case, operates fundamentally through the very existence of national borders, reducing competitive pressures within these borders, while simultaneously enhancing competitive pressures among the excluded population outside those very same borders (again, in the arenas or markets to which these populations are restricted). Hence, the establishment of the low inequality pattern and the persistence of high inequalities between countries did not evolve as two separate processes: Rather, they are the outcome of fundamental institutional arrangements under girding world inequality. We represent these patterns in Figure 8 below.

Figure 8: Stylized Trends of Global Stratification, 1900-2010.



Source: This Figure expands upon ideas presented in Korzeniewicz and Moran (2009).

We argue that around the late nineteenth and early twentieth centuries, there were relatively high and more open flows of people (represented by the arrows in the figure) from poorer areas of the world into richer ones. At this time, as observed by authors such as Williamson (1991) national barriers to entry were relatively less pronounced (as suggested by the dotted boundaries surrounding each stylized cluster of country deciles).

By the twentieth century, national barriers to entry became more pronounced, as part of an effort to restrict competitive pressures and/or reduce inequality within wealthier nations (to represent the strengthening of such national barriers to entry, we use a solid line to represent the boundaries surrounding the clusters of poorer and wealthier populations). As these barriers to entry became more pronounced, flows between the two clusters (poorer and richer) became diminished (as represented by changes in the arrows indicating mobility across national borders).

Such patterns of interaction bear a striking resemblance to how Adam Smith (1976 [1776]) described the relationship between town and country in the brief review we provided in the first section of this paper. What Smith described is a process of selective exclusion: Through institutional arrangements establishing a social compact that restricted entry to markets, town dwellers attained a virtuous combination of growth, political autonomy and relative equity that simultaneously transferred competitive pressures to the countryside.

Of course, we do not mean to imply that the uneven global distribution of competitive advantages and disadvantages resulted solely from the way in which within-country low inequality equilibiria LIE transferred competitive pressures from one location to another. Surely, the story is much more complicated. To the extent that within-country LIE strengthened and protected property rights, areas under such arrangements did provide phenomenal incentives to potential producers that were absent elsewhere. Here, as in Adam Smith's (1976 [1776]: I, 426) towns, "[o]rder and good government, and along them with them the liberty and security of individuals, were, in this manner, established […], at a time when the occupiers of land [elsewhere] were exposed to every sort of violence."[13]. Moreover, once having gained a certain competitive edge, areas characterized by LIE tended to have at their disposal a much greater amount of resources to maintain and extend such an edge (for example, through technological innovation and a more constant upgrading of the labor force).

[13] Whatever stock, therefore, accumulated in the hands of the industrious part of the inhabitants of the country, naturally took refuge in cities, as the only sanctuaries in which it could be secure to the person that acquired it" (Smith 1976 [1776]: I, 427).

But when focusing only on wealthy nations, as is the practice of most of the social sciences, these institutional arrangements indeed appear, as those of Adam Smith's towns, to be characterized primarily by inclusion; and likewise, economic growth and markets seem to constitute virtuous spheres where gain is fundamentally an outcome of effort. From such a perspective, success appears to be the outcome of individual achievement, as measured by universal criteria, in spheres (e.g. education, labor markets) characterized by relatively unrestricted access.

As in Smith's town and country, the interaction of such virtuosity with processes of selective exclusion can only be observed when we shift our unit of analysis to encompass the world as a whole (producing the type of patterns suggested by Figure 8 above). Such a shift reveals that the prevalence of what appear to be "achieved" characteristics in today's wealthy nations is predicated upon processes operating between-nations that hide away how the institutional arrangements characteristic of within-country LIE simultaneously entail privileges based on exclusion and "ascribed" characteristics[14].

In fact, from the perspective we advance in this paper, ascriptive criteria centered on national identity even today continue to be the fundamental basis of stratification and inequality in the contemporary world. From such a perspective, the current uneven distribution of income and wealth in the world today would unlikely exist in the absence of the institutional arrangements that limit access to markets and political rights on the basis of national borders. In this sense, while it is not the case that the populations of wealthy nations have attained their privileges by making much of the rest of the world poor, we contend that the relative privileges characterizing high-income nations (as we show, constituting no more than 14% of the world's population) historically required the existence of institutional arrangements ensuring the exclusion of the vast majority of others from access to opportunity.

As in the past, the persistence of such categorical inequality is justified by appealing to images and forms of constructing identity that appear as natural rather than as the social artifacts they are. In this sense, the idea of nationhood as a "natural" category has become as deeply embedded in common sense (thereby allowing such ideas to often go as unchallenged) as the notion of, say, white supremacy was in the nineteenth century.

In *Unveiling Inequality* (Korzeniewicz/Moran 2009) we have discussed how current challenges to world inequality have taken two forms: increased migration (both

[14] Of course, not all is exclusion. Institutions of high inequality exclude important sectors of the population of other nations from some markets, but seek to include them in others (for example, such as the one constituted by intellectual property).

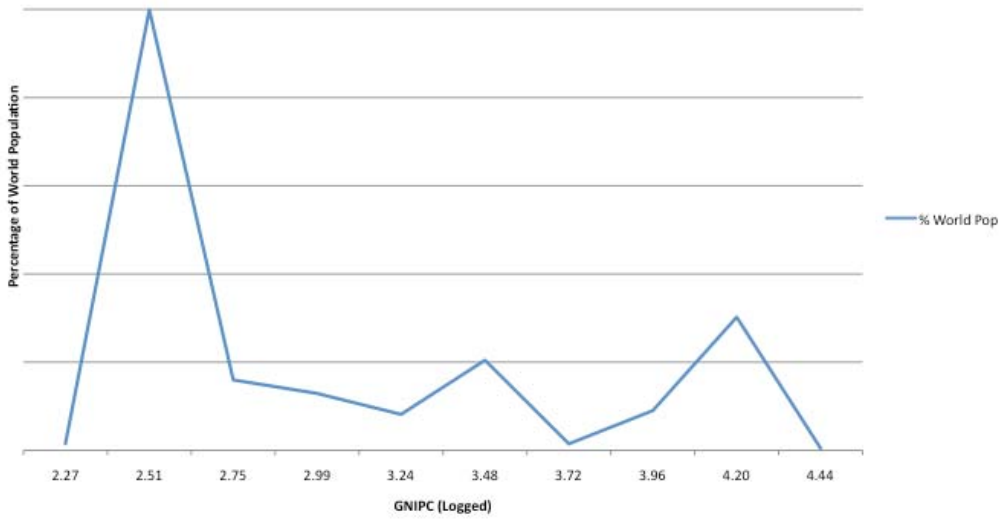
documented and undocumented), and the rise of (mainly) China and (more recently) India. Such challenges would not have surprised Adam Smith. For Smith, as indicated above, the political organization of town dwellers allowed them to get, through selective exclusion, significant competitive advantages vis-à-vis rural inhabitants. But over time, the very success of these arrangements in generating advantages eventually led to their erosion. The accumulation of stock in towns, for example, eventually led to growing competition among stockholders, and, hence declining profits. Eventually, according to Smith (1976 [1776]: I, 143) these competitive pressures "forces out stock to the country, where, by creating a new demand for country labour, it necessarily raises its wages". By reintroducing competition among those who hitherto had been protected from such pressures, mechanisms of selective exclusion between town and country began to break down.

A la Smith, the very growth of between-country inequality through most of the last two centuries has become a driving force for the migration of labor and capital. Growing income disparities between nations over time have generated strong incentives (e.g. drastically lower wages in poor countries) for both the migration of workers to higher-wage markets and the "outsourcing" of skilled and unskilled jobs to peripheral countries. Both trends exercise a "market bypass" that in effect overcomes the twentieth century institutional constraints on labor flows that characterized the development of the low inequality pattern through most of the twentieth century. As suggested in Figure 8, such are the processes at hand in the recent decline of between-country inequalities (although the extent of this decline is under debate).

As we have noted, between-country inequality always has been characterized by the mobility of individual nations, such as in the cases of Sweden in the late nineteenth century, Japan in the immediate post-World War II era, or South Korea in the 1970s and 1980s. But in the past, as we show, the upward mobility of individual nations took place within a setting whereby systemic inequality continued or became even more pronounced. The large populations of China and India make today's story different than before, as their effective mobility, even if limited to any one of those two countries, implies a potentially dramatic shift in patterns of between-country inequality.

We illustrate the extent of this transformation by focusing on the changing contours of global social stratification. In Figure 9 below, we show the distribution of the world population into ten percentiles, calculated on the basis of national income data, in 1980. As shown, this distribution had a clear trimodal distribution, with the world population divided into low-, middle- and high-income clusters (or peripheral, semiperipheral and core nations), with most of the world population falling into the lower end of the spectrum.

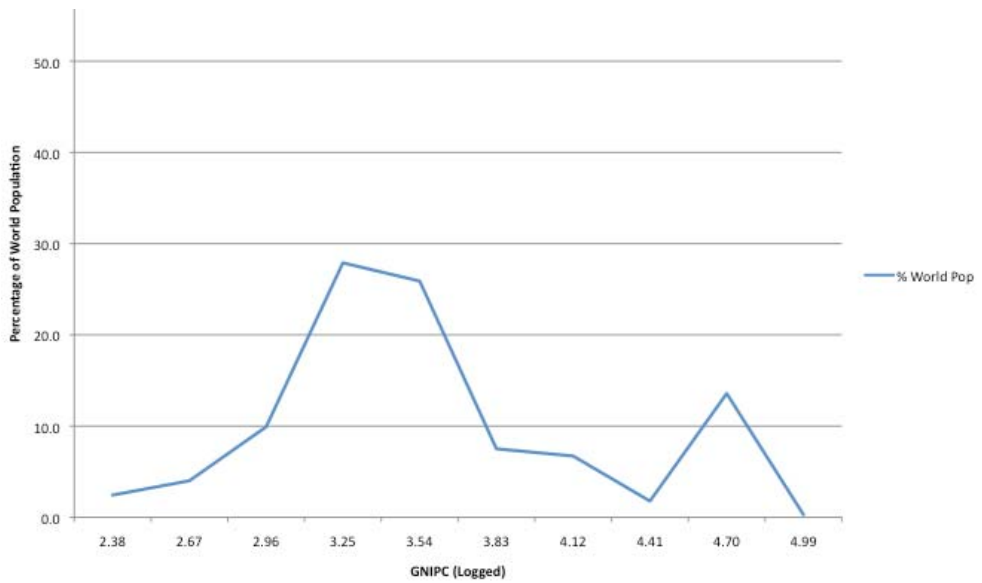
Figure 9: Percentual Distribution of the World Population in Ten GNIPC (Logged) Clusters, 1980.



Source: Calculated on the basis of data available in World Bank (2010).

Now compare in Figure 10 below how the distribution of the world population changed by 2008 as a consequence, primarily of the rapid growth of China. What used to be a trimodal distribution has now become clearly bimodal. In fact, Figure 10 represents with national income figures what had been previously suggested by Figure 5: the upward movement of wages and incomes in China is transforming the relative standing of various occupations, but broader patterns of global social stratification as well.

Figure 10: Percentual Distribution of the World Population in Ten GNIPC (Logged) Clusters, 2008.



Source: Calculated on the basis of data available in World Bank (2010).

The world-historical interpretation advanced here differs from that which prevails among many contemporary observers, for whom the decline in between-country inequality is normatively interpreted to be either (1) merely a consequence of the gradual diffusion of modernization/industrialization/markets to areas of the world-economy that had remained traditional and/or autarchic; and/or (2) an effort by world elites to enhance their privilege through the expansion of markets and exploitative. From a world-historical perspective, we argue, much more is at play. Were current trends to continue in a sustained way, between-country inequality could eventually break out of the logic that has shaped global stratification for well over a century: the use of institutional arrangements revolving around national identity that selectively excluded the vast majority of the world population from access to opportunity.

4. Conclusion

Since the emergence of the social sciences, and in their subsequent development, inequality and stratification have been conceived primarily as processes that occur within national boundaries. Such a focus has produced a number of influential overarching narratives. One such narrative is that the relative well-being of people is shaped most fundamentally by the capacity of home-grown institutions to promote economic growth and/or equity. Another, that people over time have become more stratified by their relative achievement and effort rather than by the characteristics with which they are born. A third one, a corollary of the other two, is that upward social mobility is fundamentally the outcome of the adoption of better domestic institutions by countries, and/or the acquisition of greater human capital by individuals. Looking at the unfolding of social inequality in the world as a whole over a long period of time – in other words, from a world-historical perspective – calls into question these narratives.

Moreover, shifting the relevant unit of analysis from the nation-state to the world-system, changes our understanding of what Rawls (1971: 99-100) would call the "relevant positions" from which to assess current tensions associated with "globalization" and inequality[15]. As argued in this paper, from a global perspective there are indeed tradeoffs: the same institutional mechanisms through which inequality historically has been reduced within some nations often have accentuated the selective exclusion of populations from poorer countries, thereby enhancing inequality between nations.

[15] Rawls (1971: 8) indicates that his theory of justice applies to a national society conceived "as a closed system isolated from other societies". The world-systems perspective adopted in this book provides an alternative understanding (particularly insofar equal citizenship is not forthcoming globally as Rawls assumes it is at a national level).

We are thus facing similar dilemma as those that characterized the expansion of world markets in the late nineteenth century. The latter was another period of uncertainty, in which the growth of markets generated both a constituency for globalization but a protective reaction as well. Current patterns of social stratification, mobility and inequality might be transformed in the future as a consequence of the very opportunities generated by the growth of between-country inequalities through much of the twentieth century – similarly to the way in which Adam Smith discussed how the unequal development of town and country generated the very market forces that would eventually bring such inequality to an end. On the other hand, the interests challenged by such a transformation might engage in the type of protective reaction experienced in the early part of the twentieth century to roll back such challenges (although the size of India and China, together with their linkages to other countries in Asia and elsewhere, might contribute to producing very different outcomes than those of the twentieth century). Deciding where to stand when facing these choices will involve difficult decisions for progressive forces across the Western world, but it is important to note that having to make such choices is itself a sign of the relative privilege such forces have hitherto enjoyed.

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