

## **PERSPECTIVES ON CONTEMPORARY SOCIOECONOMIC DEVELOPMENT**

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### **Summary**

Eschatological visions typically accompany the change of centuries and millennia. Not because of this tradition but because of the current deep and rapid changes in the social and economic organization, the transition to the twenty-first century deserves a careful analysis. In fact, the beginning of the new millennium raises provoking questions about accomplishments in the past, present day puzzles of orientation and action and about prospects for the future. The crucial task is to detect, as Max Weber impressively did, profound changes in the ‘spirit of time’. In the midst of the turmoil after the First World War he warned that the certainty of unifying ideologies was lost. The small gods of everyday preferences have grasped the opportunity to wage their devastating wars. All-pervading disenchantment and conflicts have become the norm in a situation of uncertainty and rapid change (Weber, 1992 [1919]).

With many variations from country to country and from year to year, this is basically the situation of the world today. The dust of devastating wars and of political rallies of excited millions has settled. Mixed feelings accompany the new experience. As never before in history, substantial segments of advanced societies are involved in challenging production and services. Their jobs require high education, sophisticated skills for working with modern technology, initiative and responsibility. Their work is well paid and this is the major source of the high purchasing power at least in the western world. Its inhabitants can afford high quality entertainment and leisure time, travel and well-organized life-long learning. In large parts of the world there is an abundance of goods on the market. Millions enjoy freedom of speech, organization and communication as achievements of civilization. State institutions work smoothly and guarantee security of

mass wellbeing for some 20% of the world population. This stability of the institutions is mostly a consequence of the stability of a large, well-educated and politically active middle class in the economically developed part of the world.

However, even in advanced societies one can identify pockets of poverty and various forms of exclusion and suffering due to economic and social disparities. Despite the general increase of incomes and of level of education, in the rest of the world unemployment, hunger, illiteracy, local wars and rather limited life chances for large segments of the population are still widespread. Work there is usually less challenging since it requires a low level of education, elementary skills and is badly paid (World Employment Report, 2001). In developing countries, where some 80% of the world population live, only small segments of the population enjoy life in economic and social dignity. This is the dark side of the present day social and economic situation in the world. In addition, environmental pollution, crime and terrorism are threats to everybody everywhere.

What should be the implications of this sobering experience for the analysis of the current social and economic situation? First of all, analysts have to adjust their concepts and methodology to a reality in flux. In some national settings the changes have reached the phase of institutional and value-normative stabilization. In others the wave of rapid social innovations continues. Moreover, most societies in the world are still plagued by substantial disparities between aspirations and need-satisfaction, knowledge and practical action, change and order. Because of their instability and the high level of uncertainty we observe a large variety of situations which can be properly described by using the concept of *risk society*. The risks concern the preservation, reproduction and enrichment of all life support systems.

In conditions like these everybody trying to put a diagnosis on the current social and economic situation cannot escape the fate of being at risk. Cognitive capacities are put to severe test. In addition, there are understandably strong requirements for objectivity and practical relevance of the analysis and conclusions. What is most at stake is the integrity of knowledge about the complexity of social dynamics and its outcomes. Given this complexity, one may opt for various approaches to the subject matter and presentation of results. The most promising approach is to turn the challenge into opportunity by strengthening the reflexivity of the analysis. This means to highlight both the social and the intellectual context of the studies on moving forces, problems and prospects of socioeconomic development. This cannot be done without explicitly bridging past, present and future.

## **1. The Accomplishments of the Twentieth Century**

The twentieth century was marked by tremendous achievements of creativity and productivity in all spheres of action. At the same time, its place in history is marked by dramatic examples of suffering, loss of human life and annihilation of productive assets. Like no other period in human history, the twentieth century sharpened the opposition between the constructive and destructive potentials of humankind.

On the surface, this is most visible in the development, use and abuse of *science and*

*technology*. In every moment of the twentieth century there were more people involved in science activities than in all other periods of human history taken together. Research and technological development became the fastest growing sector of national economies in advanced societies. In the course of the century, R&D absorbed larger and larger shares of their domestic product and increasingly influenced their economic growth and social development. As a result, the century was marked by scientific achievements and new technologies which changed the world profoundly. The discovery of the potentials of the combustion engine, radio waves, nuclear chain reaction, rocket propulsion, the effects of semi-conduction, integrated electronic circuits and many other physical and chemical processes paved the way to tremendous breakthroughs in technological development. In the field of biology the assembling of a working draft of the human genome is undoubtedly the greatest achievement in the twentieth century. In the area of economic and social sciences, the mathematical models of macroeconomic processes became the backbone of new visions about social development.

As a result of these intellectual breakthroughs, the mass production of cars, radio and TV broadcasting, nuclear power production, space flight, computers and robots became possible. One may immediately notice the ensuing changes in organization and quality of life by looking at the tremendous improvement of transportation and communication. Space and time have been substantially compressed by modern transportation. New information and communication technology and notably Internet are everyday realities for billions of people making information exchange fast, cheap and reliable. Genetic engineering opens unbelievable prospects for agriculture and animal husbandry, health care and environmental protection. Due to the advancement of economic and social sciences, the socioeconomic systems are now much more manageable than was the case before the Great Depression.

All these achievements notwithstanding, the twentieth century also brought about the greatest tragedies and disenchantment in human history. The First and the Second World Wars marked enormous leaps forward in the rationalization of warfare in terms of equipment and logistics. The use of chemical, biological and nuclear weapons together with extremely sophisticated “conventional” weapons changed the very concept of war, of armed forces and civil population, of front and rear. The “hot” wars together with the Cold War consumed resources which could help to radically resolve burning issues of poverty and illiteracy worldwide. Peace treaties were coined in a way predetermining future conflicts. The variety of divisions and confrontations experienced during the century undermined moral values and trust as the major integrating factor of social action and structures.

As seen from another point of view, the history of the twentieth century offers impressive examples of both use and abuse of nature by human kind. The involvement of larger and larger quantities of natural resources into the production process and the careless pollution of the natural environment by industrial and household waste put the environmental balance of the planet under strong pressure. It was as late as the 1970s that a group of concerned scientists and politicians loosely organized in the Club of Rome rang the bell for the implications of the far reaching distortion of environmental balances. The world summits on environmental issues held in Rio de Janeiro and Kyoto during the 1990s revealed diverging vested interests which devalued the decisions taken

there.

The economic and social consequences of the research on the human genome and of genetic engineering are still unclear. In the long run, they will most probably make human life longer, more comfortable and secure. But they might also bring about effects raising deep legal and moral concerns.

Together with the very substantial increase of intellectual and organizational capacities to manage economic and social processes, deep imbalances of wealth and income, access to information and participation in decision-making developed on the world scale, between regions in the world and in particular societies. Despite the rise of agricultural production, some 800 million of the world population suffer significant malnutrition. The pandemic of AIDS clearly shows that the capacities of the present day civilization to cope with new diseases are still rather limited in spite of the enormous advances in medical research and the pharmaceutical industry. The global progress in education is very encouraging but the number of illiterate people remains relatively constant worldwide. More than one billion of the world population live on less than 1 US dollar per day. This cannot be a life full of choices, human accomplishment and human dignity. The decisions on eradication of poverty taken at the world summit on social development (Copenhagen, 1995) were clearly over-optimistic since no substantial progress could be reported at the follow-up summit (Geneva, 2000).

Thus, being the legacy of the turbulent twentieth century, the present day situation of human civilization is far from harmonious and stable. Beliefs that the spread of liberal ideology and market mechanisms would bring about the end of the conflictual history of humanity (Fukuyama, 1992) soon proved to be unrealistic. On the contrary, it is already clear that the seeds of future disparities, confrontations and conflicts are in-built in the very social and economic organization inherited from the last century. These seeds arise from the technological and information divide, economic and political inequality and cultural intolerance. Against this background the upcoming challenges are tremendous.

## **2. Facing the Challenges of the New Millennium**

Given the controversial legacy of the twentieth century, the new millennium begins with demanding historical tasks. One of them is caused by the very need to re-establish the positive image of science and technological development. This should not mean a return to strong rationalistic beliefs in the civilizing and rationalizing power of scientific knowledge. After the horror of the nuclear explosions and the widely known destruction of nature by modern industry this could hardly be possible. Nevertheless, it is both a matter of everyday understanding and of precise calculation that the majority of current problems of human society require technological solutions. This applies to energy production, water supply, urban transportation, etc. The extremes of technological pessimism might have some justification but they offer no solution to the problems looming in front of the major trends of socioeconomic development.

Therefore, despite the disenchantment due to the abuse of science and technology, one may foresee an acceleration of research and technological development in the years to come. The result will be the new boom of telecommunications, nanocomputing,

robotics, energy production, the aviation industry and air traffic, genetic engineering, etc. Developments in information technologies promise the use of natural languages and wearable computers together with breakthroughs in artificial intelligence. The merger of cellular phones with various digital assistants will make communication rapid, fully mobile and multi-dimensional (Human Development Report, 2001). Due to genetic engineering, better nourishment and new products of the pharmaceutical industry will be widely accessible. Together with improved shelter, more sophisticated medical equipment, well-organized leisure time and sports they will continue to make life expectancy longer for large segments of world society. Cancer and AIDS will cease to be fatal diseases. Space stations and long travels in space are going to become everyday realities. The list of foreseeable scientific and technological achievements is long. There are undoubtedly numerous scientific discoveries and technological innovations which cannot be even imagined today. Thus, there is and will be no more rationalistic scientific and technological optimism about the brave future of the technotronic civilization. But social and economic life is going to be more and more based on science and technology.

The emerging knowledge and technology-based society will be better organized, more efficient and more affluent than the most advanced and affluent present day societies. Since technology itself is changing from related to traditional machinery towards technologies related to software, technology is more and more becoming part and parcel of social interactions. One might interpret this development as a shift from industrial technologies towards information and communication networking (Castells, 1999). This shift implies an accelerated increase of efficiency of all everyday activities. Another implication is the higher and higher level of dependence of everyday life on technological systems. Breaks in electricity in large agglomerations or in the command systems of chemical or power production plants might provoke horrors which would by far exceed the virtual reality of horror films. The incidents in Bhopal in India and in Chernobyl were alarming signals of the destructive potential of technological disasters.

The worst scenario would be a large-scale high-tech war. Its implications for the life support systems are very difficult to foresee but they could be certainly comparable to the effects of collision of objects in outer space. This warning might not be enough to prevent high-tech military conflicts. Indeed, the danger of large and even world wars has not been eliminated although their potential annihilating effects remain a factor of deterrence, as was the case during the Cold War.

Dramatic scenarios notwithstanding, there are already enough serious challenges to prosperity, well-being and human safety which are part of the “normal” functioning and development of human civilization. One of them concerns the need to cope with the continuing growth of the world population. During the next quarter century the population of our planet will most probably increase by two billion. A major dimension of the issue is the uneven population growth from region to region. More precisely, the whole population growth will be practically entirely in the poorest countries and regions of the world. The reasons vary from the calculation of children as old-age insurance for the parents to religious beliefs and neglect of contraceptives due to poverty or cultural underdevelopment. In some particular cases, population growth is even seen as a geo-strategic weapon for resolving ethnic or religious conflicts.

Whatever the reasons, the first implication of this development is the need to increase food production. The prospects in this respect are not too encouraging since, after the “green revolution” of the 1950s and 1960s, grain production has registered a rather slow increase worldwide. The reasons are manifold. Genetic changes of crops have their limitations. Worldwide there is a looming crisis of fresh water needed for agriculture. Large agricultural plots have already been made unusable for agriculture due to excessive irrigation and the ensuing salination of the soil. Soil erosion, climate changes and deforestation have resulted in progressing desertification of large areas, especially in Africa.

In broader terms, the issues concerning the use and protection of environmental resources are going to become more and more complicated and crucial. It is often said that local wars in the future will be increasingly caused by water shortages. Humanity may continue the overexploitation of the natural environment and may not be able to introduce effective control of environmental pollution. Indeed, humankind may be unable to control the destructive processes in the physical and biological life support systems. This is a threatening prospect since due to the technological advances of the interaction between humans and nature these systems are increasingly becoming part of social life itself. Who could tell the extent to which rice paddies or poultry production lines are parts of nature or of social metabolism?

The issues of population growth and preservation of the natural environment are becoming more and more complex in the context of the continuing growth of inequalities on a world scale. Economists usually argue that some level of inequality is needed in order to motivate people for efficient work and rational calculation of expenses. While this argument is basically valid, in many cases worldwide technological, economic, political and cultural inequalities are too deep to be acceptable. They undermine the motivation of the under-privileged for productive work, and erode their trust in public institutions and respect for legal rules and common good. Societies marked by extreme forms of inequality are usually less stable, innovative and democratic. Growing inequality worldwide would have basically the same implications as it has in national contexts. Humanity will have to cope with these implications in a constructive way or suffer from the destructive consequences.

The major point of the debates on inequality and its consequences concerns poverty. It is often understood in a rather simplistic way as economic deprivation alone. No doubt, deprivation of wealth and income matters. However, deprivation of access to education, health care, housing, sanitation, political participation and prestige due to poverty also matter. Following a multi-dimensional approach to the issue, all of these are typical characteristics of human poverty. The task to reduce them is not just noble, or a matter of philanthropic intention. It is determined by the current and foreseeable destructive effects of poverty on whole societies and human civilization (World Development Report, 2001).

The task is not easy to accomplish since inequality and poverty has deep roots in global trends characterizing present day human civilization (Albrow, 1996). Thus, global society might be unable to cope with inequality and poverty on a global scale as it may not be able to adjust to the accelerated globalization of relations and processes. The

inability to cope with population growth or with the overexploitation of natural resources are just the most visible signs of such a potential failure. Another telling example would be the threat of the deepening polarization of wealth and income on the global scale. In the long run, no less explosive might be the “digital divide”, namely the deeper and deeper polarization in terms of access to information and means of communication. Indeed, all these threats become truly relevant on the global level of interactions. Thus globalization is the crucial issue that humankind has to cope with in the decades and centuries to come.

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### **Biographical Sketch**

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