



Is the World of the Elites Really Flat? The View from Egypt: Critical Remarks on Sandra Halperin's Re-Envisioning Global Development

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Sandra Halperin, *Re-Envisioning Global Development: A Horizontal Perspective*. (London: Routledge, 2013), 312 pages.

Universalizing Dependency Theory

Sandra Halperin's book is a Janus-faced creature. On the one hand, Halperin attempts to retrieve dependency theory, an approach to socio-economic analysis that many have relegated to the dustbin of history. On the other, Halperin attempts to retrieve dependency theory by universalizing it. In doing so, however, she attempts to sever dependency theory from its historical association with the national liberation struggles of the Global South. That Halperin's book takes dependency theory so seriously may perhaps explain why it has been ignored, for it has not been reviewed in any English academic journal as far as I can tell. Yet for those of us who do not believe that dependency theory is dead, this book raises important questions: what are the costs that one incurs when one attempts to retrieve dependency theory by disconnecting it from the Global South struggles to which it has been tethered? This question animates this review. While I argue that Halperin's attempt to revive dependency theory by universalizing it ultimately leads to an erasure of imperialism, the value of this book is precisely that it brings such issues to the forefront. Thus, what is at stake in this book is the relevance of theories of imperialism for the study of the Global South.

Halperin's main thesis is that the key to understanding the development of historical capitalism – actually existing capitalism as opposed to an ideal model of how capitalism works – is to understand that it was not a process, or a set of processes, that pivoted around nation-states. Rather, it was one that pivoted around *specific regions* of nation-states: cities. While Halperin is engaging in a critique of dependency theory, whose adherents emphasize the draining of surplus from the “periphery” to the “core,” we can also understand her as attempting to universalize dependency theory. By this, I mean that Halperin argues that before WWII, the economies of the states that are designated as belonging to the “core” by dependency theorists shared all of the features that have been employed in order to describe “peripheral” economies by dependency theorists (84).[1]

Halperin argues that, for the most part, the relationships between what dependency theorists call the periphery and what they call the core were not as hierarchal as the dependency theorists claim, if by “hierarchal” we mean that power imbalances between elites in those different regions were such that surplus was systematically drained from the “periphery” towards the “core.” More specifically, Halperin argues that we should not think of these relationships in terms of relationships between nation-states. Instead, Halperin argues that we should think of global capitalist development in terms of horizontal relationships between export-oriented urban centers ruled by elites, who collectively constitute a trans-national elite. As Halperin puts it: “As capitalism expands it is characterized, not by the formation of a global core and periphery, but by the interdependent and synchronous growth of sites of elite accumulation across Afro-Eurasia and the Americas. *In the nineteenth century, this regime of accumulation was consolidated and maintained by an imperial order that was far more cooperative,*

distributed its benefits far more widely than many scholars recognize or have been willing to acknowledge" [my emphasis] (xiv).

Halperin's key aim is to re-orient understandings of development. She does so by pointing out that it was only after World War II that the economies of Western Europe ceased to be dualistic, or to be characterized by the lack of integration amongst different sectors of the economy due to the export-orientation of some sectors which hence respond more to external demands than they do to domestic demands. This pattern was only sustained until the 1970s. In other words, the main dynamic of growth for capitalist economies, except for the period from 1945 to the 1970s, is based on production for export as opposed to production for domestic consumption.

Class Struggle as the Royal Road to Development

Furthermore, she emphasizes that the Western European economies, as well as the settler economies of the United States, Canada, Australia, and New Zealand, became developed only after WWII. This occurred through a process of class struggle that led to what she calls the "nationalization" of capital, whereby the social power of the landowners, specifically in Western Europe and the United States, was broken. As a result, capital was nationalized, in the sense that production was undertaken for the domestic economy. There was also a greater re-distribution of wealth among different sectors of the population, which was necessary for the growth of demand in the domestic market. This, in turn, shows that development can only be achieved by class struggle (174-181). She points out that global struggles amongst elites (the two world wars) weakened elite power vis-à-vis their own working classes, who had been mobilized for war in massive conscript armies. Ruling elites were also forced to increase industrial capacity, geared towards domestic consumption, to sustain the war effort (172). One important consequence of Halperin's project is to undermine the thesis that development can be viewed as an apolitical, technocratic project. She thus aims to undercut the discourse of development as an "anti-politics machine" (Ferguson 1994). The traditional historical account whereby the development of "Western economies" is attributed to specific facets of transformations in Europe in the eighteenth century, or even earlier in the sixteenth century, serves an ideological function, according to Halperin. It conceals the importance of social struggles, and specifically class struggles, in the post-WWII period in bringing about "development."

Rethinking the Industrial Revolution

Halperin's reconceptualization of the industrial revolution supports the thesis that the capitalist elites were not interested in developing national economies.[2] According to Halperin, the traditional view of the "industrial revolution" in Britain is incorrect in several ways. First, the "industrial revolution" did not

completely change the manner in which the workforce was distributed in the ostensibly “core” countries. She points out that by 1914 almost half of the workforce in Western European countries was still employed in agriculture (146). Moreover, she challenges the idea that the “industrial revolution” was driven by technological transformations of world-historical significance. She points out that there were no significant technological changes in relation to industry in the mid-eighteenth century, the traditional date for the beginning of the set of transformations referred to as “the industrial revolution” (61). Instead, Halperin argues that elite accumulation by production for export was the main driving factor behind the transformations in question. Specifically, she argues that the rural hinterland of cities like London was de-industrialized, and production, geared towards export, was concentrated in the cities (66).

Neoliberalism as the Norm and the Generalization of Delinking as a Solution

Halperin argues that capitalism is a global system and has always been characterized by the existence of a transnational elite. Those elites are primarily interested in the accumulation of capital rather than the development of national economies. For them, production for export is a means by which they can reinforce the dominance of capital over labor. She is, then, arguing that neoliberalism and globalization are not essentially novel phenomena. She suggests that insofar as neoliberal reforms have aimed at re-integrating domestic economies into the global economy, and hence at dis-articulating those economies by tethering certain sectors of those economies to global markets and untethering them from their relation to other sectors of the domestic economy, what is called neoliberalism is essentially an attempt at a return to the past. Specifically, she sees neoliberalism as an attempt to re-establish the pre-1945 economic and social order in the “West” (213-214). Halperin’s characterization of neoliberalism as involving the withdrawal of the state from regulating economic activities is perhaps overly simplistic. For example, certain features of neoliberal reforms presuppose strong intervention by the state, like the commodification of communal land in some regions of the world. Instead of thinking of the state as withdrawing from regulating economic activities, it would be more fruitful to ask: what kinds of economic activities are being regulated today by the state? And what kinds of activities is the state helping to commodify and transform into economic activities? And for whose benefit and at whose expense?

For Halperin, the role of the state in development is crucial. She argues that only when the working class is able to re-direct state policies can it forge the conditions for the development of internally articulated economies and the social welfare programs that are associated with them.[3] We might return to the point that was made earlier: Halperin’s project is essentially a generalization of dependency theory. We may see this in her proposal that the aim of the working class in each state should be to “delink” from the global economy and to bring about “the nationalization of capital” by putting forward and implementing policies that aim at developing the domestic market along with a more egalitarian distribution of wealth.

In other words, Halperin would agree with Samir Amin when he calls for the “refusal to submit national-development strategy to the imperatives of ‘globalization’” (Amin 1987, 435). However, she would disagree with the claim that delinking is a development strategy to be pursued only by the “Global South.” Instead, she would point out that the working class in every region of the world, including the “First World” or the “Global North,” must delink.

Critical Comments on Halperin’s Account of Imperialism and the Transnational Elite: The Egyptian Case Study

Taking Egypt in the nineteenth century as a case study, one can argue that insofar as Halperin argues that “elites were bound predominantly by relations of cooperation, producing surplus, rather than inequality and active exploitation” (128), she underestimates the power imbalance between the elites of the imperialist powers and the elites of the colonized regions. I focus on Egypt for two main reasons: first, Halperin is a “Middle East specialist” and her treatment of the Middle East is the most empirically developed aspect of her account. Second, and more importantly, the occupation of Egypt by the British in 1882 and the events leading up to it have been central to the Anglophone literature on imperialism from Hobson onwards (Hopkins 1986). In other words, the Egyptian case has served as a paradigm for the understanding of European imperialism in the nineteenth century. Thus, the strength of Halperin’s model of European imperialism in the nineteenth century can be assessed in relation to whether it provides a better account of this case than “conventional” theories of imperialism. Such theories conceive of imperialism in terms of unequal hierarchal relations between the elites of the colonial powers and colonized elites leading to a systematic draining of surplus from the colonized region and to the colonial metropole. Moreover, Egypt is often recognized as the first non-European state in the nineteenth century to attempt to “emerge” from its “peripheral” status (Amin 1984, 2016). Hence, it is instructive to consider how the Egyptian elite’s attempt to improve their position vis-à-vis the Ottoman elite and, more importantly for our purposes, the British elite, was thwarted by way of the utilization of the military might that was at the disposal of the British elite.

The characterization of Mehmed Ali’s project as “an attempt to escape from the status of being a peripheral economy” may be criticized for uncritically accepting the Egyptian nationalist narratives which depict Mehmed Ali as “the father of modern Egypt”. To preempt this objection, it is necessary to note that I do not claim that Mehmed Ali undertook the ventures that he did in order to create and defend a nascent nation-state, nor do I wish to claim that Mehmed Ali saw himself as the protector of the Egyptian people.[4] The nationalist narrative has been thoroughly criticized by Khaled Fahmy, who has argued that Mehmed Ali was a Turkish-speaking Albanian (assimilated into Ottoman culture) who was not at all interested in creating an Arabic-speaking Egyptian nation-state, and that he, in fact, saw the Egyptian peasants in semi-racialized terms as “wild beasts” (Fahmy 2003, 282). Fahmy’s critique of the nationalist

narrative, a critique that I think Halperin herself would endorse given her criticisms of histories of capitalism that presuppose the nation-state as the primary unit of analysis, is well taken.[5] However, even if we accept the claim that Mehmed Ali undertook his projects for the sake of his family, we can nonetheless observe the manner in which the interests of the Egyptian elite, exemplified in this context by Mehmed Ali and his family, were eventually subordinated to the interests of the British elite.

Mehmed Ali, who became the pasha of Egypt in 1805, embarked on an industrialization program by imposing a monopoly on trade. Mehmed Ali's program of agrarian reform aimed at allowing the state to concentrate almost all of the agricultural surplus in its hands, and was completed by 1815. The state was able to buy cash crops, primarily cotton, from the producers, and sell them at a profit to foreign merchants. For example, in 1833, the Egyptian state bought cotton at £48 per ton and sold it abroad at £119 per ton (Batou 1993). The revenue thus accrued was re-invested in industrialization programs. Halperin claims that during the course of the nineteenth century Egypt was essentially converted by its ruling elite into a giant cotton farm (136). Halperin is correct. However, she neglects to mention that Egypt was turned into a mere cotton farm only after Mehmed Ali's industrialization project was undermined through the intervention of European elites. Mehmed Ali reinvested the income that was obtained through the trade monopolies in industry in an attempt to offset the harmful effects that stem from the unequal exchange associated with the exporting of raw materials and the importing of manufactured goods (Al-Sherbiny 2007). Mehmed Ali focused on developing the cotton industrial sector, and by the 1830s, Egypt could produce between 2000 and 3000 tons of yarn per year and 10 million m² of cloth per year. Mehmed Ali also established ironworks, sugar refineries, glass manufacturing factories, and paper factories. Moreover, contrary to what is usually claimed, the industrial sector that was established by Mehmed Ali did not exclusively aim to service his new conscript-based army. As Batou notes, "civilian outlets absorbed some 80% of locally produced cotton goods, and almost the whole output of sugar, indigo, paper, ink, glass, not to speak of machinery and equipment" (Batou 1993, 285). The industrial sector that Mehmed Ali built up also produced its own machinery.

Like many other attempts at industrialization, Mehmed Ali's project was based on the exploitation of the countryside for the sake of developing the industrial urban centers (Barakāt 2018, 182). At least in this respect, Mehmed Ali's Egypt accords with Halperin's account of industrialization in the late eighteenth century and the nineteenth century. There was also a process of uneven regional development, which also accords with Halperin's account. Upper Egypt was drained of surplus, which went towards the large urban centers of Lower Egypt: Cairo and Alexandria (Richards 1977).

Nonetheless what is central is that this expansionist project put Mehmed Ali in competition with British elites over the markets of the Near East.: "from 1830 to 1840 British trade with the Middle East had increased dramatically. Indeed, its exports of cotton goods to this region had quadrupled in physical terms" (Batou 1993, 305-306). As the Egyptian historian Muḥammad Ṣabry al-Dāly has noted, Khaled

Fahmy's influential *All the Pasha's Men* (2003) underplays the significance of Mehmed Ali's efforts at industrial expansion in explaining British policy towards Mehmed Ali, as well as the significance of British ambitions to dominate the Near Eastern market as an explanatory factor (Al-Dāly2007, 39). Another key factor that contributed to the British decision to move against Mehmed Ali was concern about the balance of power with the Russian Empire. The British elite feared that an Ottoman collapse would allow Russia to expand its influence towards Constantinople and challenge British naval control over the Mediterranean.

By 1840, the British were blockading Egypt's coasts and bombarding coastal cities in the Levant. Mehmed Ali was eventually forced to accede to British demands. As a consequence of the settlement of 1840, Mehmed Ali was forced to abandon all his conquests. In 1841, he was forced to abandon some of his trade monopolies, and by 1843 he had to abandon the monopoly on cotton. With the state no longer able to concentrate the revenue accrued from cotton and re-invest it in industry, and with the undermining of Mehmed Ali's protectionist policies, the nascent state capitalist industrial sector in Egypt began to decline in the face of competition from imported manufactured goods. Under Mehmed Ali's successors, Egypt became a mere cotton farm for British factories with no significant industry.

Hence, even if Halperin is right to point out that in the course of the nineteenth century Egypt was transformed into a giant cotton farm with the acquiescence of its ruling elite, we must take into consideration that this collaboration was *the collaboration of the vanquished*. In other words, Halperin does not sufficiently historicize the processes which led to the adoption of a collaborationist stance by the colonized elites. In some cases such as in Egypt, local elites attempted to resist the imperialist elites. To be sure, they did not, for the most part, do so for nationalistic considerations, they resisted so that they could keep more of the surplus extracted from the local peasantry and working class. But they were defeated, and forced to accede to a settlement that made them dependent, weakened partners of the colonialist elites. Hence, when Halperin notes that Egyptian elites came to see themselves as participants in a cosmopolitan culture of elites across the world (by learning French, building European style villas, etc.), she does not take into account that this does not imply that the imperialist project was a collaborative project between more or less equal elites (126).[6] Moreover, even when Halperin gestures at recognizing that not all elites gained to the same degree, *she does not attempt to quantify the differential distribution of the extracted surplus, which in fact is the crux of the matter.*[7]

As noted above, Egypt became a cotton supplier to Britain, and Britain became its most significant trading partner. By 1880 Britain took 80 percent of Egypt's exports, mostly cotton, of course, and supplied 40 percent of her imports. This fact partially undermines Halperin's argument that contrary to what the proponents of dependency theory have claimed: "the 'core' did not import raw materials and minerals necessary for its industrial expansion, but luxury goods and foodstuffs that made it possible to depress wages" (142). In the case of Egypt, the main commodity that the British elite imported was raw

material, in the form of raw cotton, for their textile factories. Thus, Halperin understates the difference in content between exports and imports in her account of trade between the West and the Global South.

Under the rule of Sa' id (r. 1854-1863) and Isma' il (r. 1863-1879), Egypt's foreign debts grew massively (Al-Sherbiny 2007, Amin 2012). European lenders offered loans to the Khedives with extremely harsh conditions. For instance, between 1863 and 1876, Isma' il contracted debts worth £54 million, but the Egyptian state only received £32 million, the difference being deducted as fees and discounted interest (Amin 2012, 31). As Galal Amin (2012) notes, when one studies the loans contracted under Sa' id and Isma' il, but especially the latter, one observes that the loans were determined by supply rather than demand. European elites pressured Isma' il into accepting loans that his state did not need. The debts contracted by the Egyptian state to British and French investors represented a way to profitably invest British and French capital with a guaranteed return, since Isma' il had to pay, otherwise, he would be deposed. By the 1870s, it was clear that Isma' il would not be able to pay off the debts contracted by the Egyptian state. By the late 1870s, Egypt's finances were placed under the control of European supervisors.[8] The treatment of Isma' il is quite instructive in terms of understanding the relationship between European elites and subjugated, non-European elites during the nineteenth century. As long as he succumbed to pressure to contract loans that the Egyptian state did not need, and as long as he managed to squeeze the peasantry to service his debts, he was feted by European elites as a modernizer and as one of their own. However, as soon as it became clear that he would no longer be able to service the debts, he was depicted in the British and French press as a cruel oriental despot from whose rapacious rule Egypt had to be saved (Marlowe 1974, 110). In 1879 he was deposed, and replaced by Tawfiq (r. 1879-1892), who nominally ruled Egypt, but did not actually take any part in managing the affairs of the Egyptian state. Salisbury's (then serving as foreign secretary in Britain) view of the relationship between the British elites and the Egyptian elites is also instructive in relation to understanding the extent to which Halperin's insistence that the relationship between elites in different parts of the world was (for the most part) characterized by equality rather than hierarchy and exploitation, is misguided. Salisbury thought that Anglo-French policy towards Isma' il should be to apply enough pressure on him to "make him subservient to Anglo-French policy" (Marlowe 1974, 238). Hence, Halperin's model of imperialism according to which the relationship between European elites and non-European elites is understood in terms of collaboration in which "agents were working jointly with one another" as opposed to one party "working for another" (131), does not seem to fit the Egyptian case. The British and French elite wanted to make the Egyptian elite work for them, and to a large extent, they succeeded in doing so.[9]

Furthermore, in the late nineteenth century there was a greater availability of foreign capital, for the European elites were encouraged to invest more in Egypt, since after 1882 it had become a country occupied by the British. However, capital was only made available for projects that expanded cotton

production: land reclamation programs, irrigation works, and railways for the transportation of cotton (Ayubi 1995, 91). From the 1880s through to the 1920s, some members of the Egyptian elite, specifically a segment of the big landowners, had recognized that dependency on cotton production for the global market (and specifically for British factories) hampered their ability to maneuver in relation to the European elite. They, therefore, attempted to enter into the banking and the industrial sectors (Al-Sherbiny 2007, 46). Members of the European elite who controlled the banking sector in Egypt systematically thwarted some members of the Egyptian elite's attempted entrances into the banking sector, e.g., Şīnūt Ḥanā, Maṣṣūr Yūssef, and the Wīṣā family, in the late nineteenth century (Al-Sherbiny 2016, 46; Tignor 1977).[10]

We can see that Halperin's model of relations amongst the capitalist elite in different parts of the world does not adequately take into consideration the existence of hierarchies of dependence and domination amongst the transnational elite. Halperin attempts to critique histories of capitalism that adopt the nation-state as the primary unit of analysis. However, she ends up underestimating the significance of the power imbalances that structured interactions between European elites and non-European elites in the context of imperialism. Indeed, such power imbalances allowed European elites to *systematically* prevail in contests with the colonized elites over the distribution of surplus.

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[1] Halperin argues extensively for the similarities in the developmental trajectories of the West and the Global South in her first book (Halperin 1997).

[2] This point is not original to Halperin. Fernand Braudel and Immanuel Wallerstein have made similar arguments. Halperin herself acknowledges her debts to them (24). However, she also argues that Wallerstein "fails to break with the national frame" (19). To this extent she conceives of her project as going beyond Wallerstein and as involving a more radical break with the "national frame."

[3] The importance of focusing on attaining state power at the national level is also emphasized by Samir Amin (Zeilig, 2017), which further supports my point about the similarity of Halperin's proposed remedies to the remedies that dependency theorists advocate, i.e., Halperin generalizes the solutions proposed by dependency theorists.

[4] I also do not take myself to contradict Peter Gran's claim that by the 1760s Egypt was already undergoing a structural transformation away from being a social formation that can be characterized as an instantiation of the tributary mode of formation and towards a social formation that can be characterized as an instantiation of the capitalist mode of production (Gran 1998). I.e., Mehmed Ali did not emerge in a vacuum.

[5] Although one must say that Fahmy's thesis is not in fact original. Anouar Abdel-Malek had argued in the 1960s that Mehmed Ali had no intention of creating an Egyptian nation-state, and that while his actions did contribute to the rise of Egyptian nationalism this was despite his own intentions: "what for Mohammed Ali was only a move on the chessboard of power within the Ottoman Empire became in the eyes of Egyptians a national movement aimed against the Turkish occupant, the most hated of all" (Abdel-Malek 1968, 358).

[6] Halperin attempts to downplay the significance of cultural differences between European elites and non-European elites in influencing the manner in which they interacted with one another (28). She also attempts to undermine the significance of constructions of racial and cultural difference as a causal element in structuring interactions between European elites and non-European elites. The British ruling elite had no illusions about the hierarchal nature of their relationship to Mehmed Ali. They did not view him as a more or less equal collaborator whose interests should be taken into consideration when it comes to achieving a settlement. Lord Palmerston, who served as foreign secretary at the time, made this quite clear: "to subjugate Muhammad Ali to Great Britain. . . could be wrong and biased, but we are biased; the vital interests of Europe require that we should be so" (quoted from Al-Sayyid-Marsot 1984, 240). Moreover, Palmerston himself never concealed the fact that he viewed Mehmed Ali as an uncivilized barbarian: "for my part, I hate Mehmet Ali, whom I consider as nothing but an ignorant barbarian. . . I look upon his boasted civilization as the arrantest humbug" (quoted from Fahmy 2003, 303). If we examine the language which was used to describe the British occupation of Egypt in 1882, we will encounter similar Orientalist themes. For instance, Gladstone described the invasion of Egypt as an "upright war, a Christian war" (quoted from Hopkins 1986, 381). Malet, the British Consul in Egypt, wrote to Salisbury (then serving as foreign secretary) the following note of congratulations after the occupation of Egypt: "you have fought the victory of all Christendom and history will acknowledge it" (quoted from Galbraith and Al-Sayyid Marsot 1978, 478). The point is not that the British elite took the decision to occupy Egypt because they were motivated by a crusading ethos. As Hopkins (1986) convincingly argues, the main cause of the British occupation of Egypt in 1882 was the need to preserve the financial interests of the British and French creditors of the Egyptian state. The point is that Halperin is overemphasizing the extent to which European elites in the nineteenth century thought of the elites of the colonized (or soon to be colonized) regions of the world as being their equals, or as inhabiting the same cultural spheres as them. We may add in relation to this point about the importance of cultural

analysis that in the first chapter of *Orientalism*, Said draws heavily on Lord Cromer's description of Egypt as an example of Orientalist thinking (Said 1978, 35-49). Lord Cromer served as British Controller-General of Egypt from 1877 to 1879, and then as the British Consul-General after 1882 until he resigned in 1907.

[7] Utsa Patnaik estimates that between 1770 and 1820, colonial transfers of surplus from India and the West Indies essentially served to double Britain's capital formation out of domestic savings (Patnaik 2006, 50). Hence, even if we recognize that the British elites did not intend to develop a national economy, we should recognize that their power vis-à-vis the colonized elites meant that they systematically earned a greater share of the surplus.

[8] In general, her account of nineteenth-century imperialism also understates the significance of international finance, and the role of the pound sterling as the dominant currency. This point was suggested to me by Philip McMichael.

[9] Even Tignor, who criticizes dependency theory, contends that by 1920, "all of Egypt's exports, much of its internal commerce, the mortgages on its most valuable asset, land, and its currency were in the hands of foreigners" (Tignor 1980, 103).

[10] Bank Misr, which was founded in 1920 in order to serve as a source of capital for Egyptian industrialists who wanted to maintain independence from foreign capital, was subjected to heavy pressure by the British authorities in order to force its board to agree to work with European capitalists (Salem 2018, 435). Eventually, it had to succumb to British pressures and in 1939 its directorship was placed in the hands of capitalists who were more acceptable to the British.

