

GROWTH IN SERVICES, INTERNATIONAL DIVISION OF LABOR AND
THE FUTURE OF THE INTERNATIONAL SYSTEM

By Johan Galtung

Goals, Processes and Indicators of Development Project,
United Nations University, Geneva

Institut Universitaire d'etudes du Developpement, Geneve

Whereas the primary and the secondary sectors of the economies are not too difficult to define the tertiary sector becomes problematic. On the one hand there is the concept of the services; on the other hand there is the tendency for the tertiary sector to come out as a residual category, as that which is left behind in the division of occupations or persons when the primary and secondary sector have gotten their share. Given the mixed content of that residual in highly division-of-labor oriented societies it is a difficult category to work with analytically. Hence, there will be a tendency to subdivide it, "services" being possibly, one such component of the residual. But there seems to be little agreement about where the borderlines should be drawn, nor is that agreement so necessary. It does make some sense to distinguish between activities with a low level of processing of that which is given by nature (the lowest being gathering, plucking); activities that also operate on material things but process them much further; and the rest that cannot be said to deal with material things. Some comments on this.

First, the basic cut here is between material and non-material production; a problematic one, like all such dichotomies. One might approach it in terms of the product (is it tangible or not?) or in terms of the production (mainly manual, mainly mental processes involved?) - or both. Doing both would yield two relatively clear and two more mixed categories, which is normal in social affairs. We shall not let this bother us: the distinction is valuable and useful like the distinction between the sexes even given the dialectic nature

of reality, that there is something masculine in women and something feminine in men however one tries to cut the categories.

Second, to try to overcome some of these difficulties the unit referred to above was not a production unit (the farm, the factory, the firm being the three f's that stand for the three sectors), nor any given human being, but an activity. Even that is probably not atomistic enough to attain purity, but it helps to underline a point. No production unit engages in only material or only non-material production. In any such unit there is decision-making to be done, in general, and about the allocation of capital in particular; and there is more or less hard thinking about how to carry out the activity in general. In other words, there is a need for administration, financing and research, at whatever level of sophistication, in any production unit. But that does not necessarily mean that there is a special group of individuals, bureaucrats, capitalists and researchers/intellectuals inside any production unit who can be said wholly or mainly to engage in such activities. There are these activities, some would say functions, and something has to be done about them. In any material production there will have to be non-material elements; and in any non-material production material elements (the canvass of the painter, the writing pad etc. or typewriter without which the intellectual may become rather helpless).

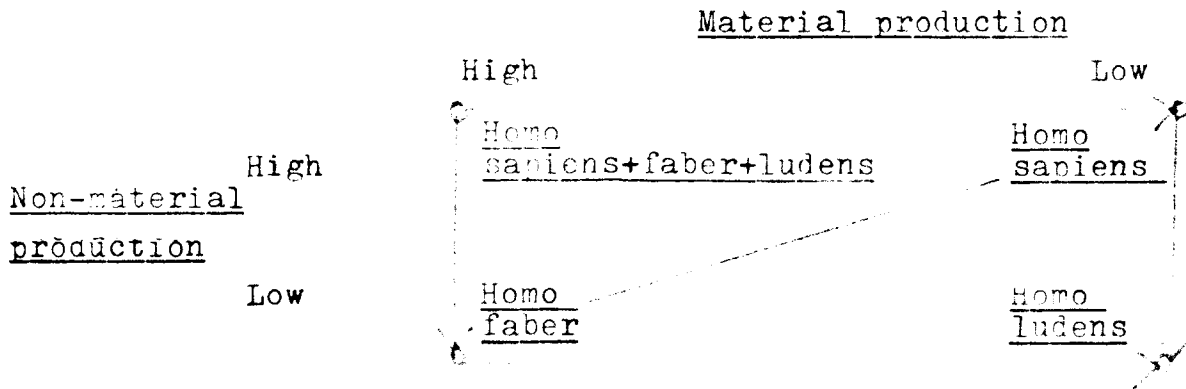
Third, any analytical distinction into primary, secondary and tertiary sectors that does not take into account the inseparability of these elements will tend to become itself a tool in the trend towards ever increasing division of labor, particularly between material and non-material activities, and will tend to be used by those in whose vested interest such distinctions are made. An effort to categorize people or production units as one or the other is also, implicitly, a way of indicating, normatively, where they belong. Thus, the distinction falls down flat in face of one of the most important social innovations of this century: the Chinese People's Commune. Roughly speaking the

idea is as follows: In a given territory cultivate the land, introduce small-scale factories and "urban services" - particularly in the fields of schooling, medical service and administration etc. so that the people's commune becomes, roughly speaking, self-reliant (tzu li keng sheng). The unit, the commune (which is not very big, on the average around 10.000 people), hence, cannot be classified as primary, secondary or tertiary any longer, to say "predominantly agricultural" would be to miss the whole point, only revealing that the analytical scheme is incapable of registering important changes. But what about classifying people? It does not work either for they are rotating between these categories of activities, partly on a seasonal basis to absorb the slacks in the agricultural annual cycle, partly even on a daily or hourly basis in order to be and become all-round and not to be stifled humanly by the routines of a limited spectrum of activities. But if one subdivides what any given person does into sufficiently infinitesimal time intervals activities can probably be classified as predominantly this or that.

Fourth, and implicit in what has been said above: perhaps more interesting than how to classify people and units and the classification itself with reflections on the statistical distributions would be an effort to ask why we have such classifications and what purposes they serve. The following is one effort to say something about that. Thus, let us collapse primary and secondary sectors into a material sector, a sector of material production, and refer to the tertiary sector as a sector of non-material production (preferring that term to "immaterial" which also has another connotation in English). We then take it for granted that human beings may be more or less productive on either and that they may tilt towards material or towards non-material production - and that there have been phases in human history where the material and the non-material came more together than is the case today, both at the production unit and at the individual human beings levels. This type of process is reflected in the

following Figure:

Figure 1. A view of social differentiation processes.



Like all such figures this one should not be taken too seriously. What it purports to illustrate is the following. From a situation where material production went intimately together with decision-making (because it was not yet sufficiently routinized given the dependence on nature), with religious ritual, with artistic ornament, with togetherness social processes have tended to drive wedges between material and non-material production. At the two extremes would be people who may be very high on material production (meaning high productivity) but with practically speaking non non-material components built into the work process (the assembly line being the standard example although it is statistically unimportant); at the other people who practically speaking only are in non-material production, producing neither foodstuffs nor other tangibles. And then there is a fourth category, neither materially, nor non-materially productive.

One way of viewing this process would be to say that the process has served to cultivate, to purify, certain aspects of human beings - as indicated in the Figure: Man, the maker in a concrete sense; Man, the knowledgeable, the wise being; and playful Man. Predominantly this can be done by organizing work in such a way that all mental components are eliminated from the production process; there is no uncertainty left, all is routine. A physician performing completely routine operations is obviously in this category even though he has been to the same type of tertiary sector training, tertiary education,

university as people whose task it is to overcome uncertainty, to reduce entropy through non-routine processes (which is a tautology) - decision makers of various kinds, researchers, artists. A TV repair man following slavishly the operations manual prepared by some purified homo sapiens does not differ significantly from the TV factory worker; the artisan in the village who puts something together in ways even unthought of by anybody else, even a TV set for that matter does still possess some integration between his homo faber and homo sapiens elements.

Thus, what today is referred to as the primary and secondary sectors would generally fall into the homo faber category in the Figure: high on material and low on non-material productivity. In the homo sapiens category would come the specialists in administration, financing and research - the bureaucrats, capitalists and intellectuals, for short the BCI - but also artists, artisans (admittedly an in-between category) the clergy and others. What happens inside a family or in other groups may also be referred to this category (although this is not reflected in the term "homo sapiens"): "production" of love, of friendship, togetherness, joy, esteem, feelings of belongingness. In short, if one should try to arrive at one basic characteristic that defines the diagonal in the Figure, separating the material from the non-material, then it would be the element of creativity, of the non-programmed, the non-standardized, the non-routinized. Thus, farmers were probably much closer to the non-material corner at earlier times than they are today.

Fifth, and now it starts becoming more political: In this Figure there is not only a categorization of production activities, or inactivities, but also a power dimension. The Figure deals with class, not only with sectors. For there is much more than merely a "division of labor" that separates the two extremes on the diagonal of the Figure; for those on one end are making the programmes, indeed programming, those on the other end. What the diagonal is about is roughly speaking the differ-

ence between those who make and those who follow the standard operating procedures of the society. There is the division of labor between those whose task it is to produce and reproduce, and those whose task it is to decide what to produce and how. The latter will use the human and political problems of the former as raw material and process them into decisions and (less ad hoc) rule; and they would take the cognitive problems and process them into regularities, research "findings". In the Western tradition both normative laws and descriptive laws tend towards universalism, being world-encompassing, the emergence of a rule- and law-making class of bureaucrats and researchers points in its ultimate consequence to a world state with a world rule and cognitively based on a universal science. This is particularly evident for the secondary sector of economic production where the penetration by the rule-makers is most evident: for what is a high level of processing except imprinting form on nature, and what is form except the result of non-material, creative production? Culture stamped on nature is what processing is about, for good or for bad, thus making the secondary sector much more dependent on non-material production (the reason why there are more engineers in factories than in the countryside). However, the turn towards increasingly industrialized patterns of farming makes for ever higher levels of non-material penetration into that sector too, thus reducing the farmer more and more to pure homo faber.

Sixth: just as class is a relation, not a list of status characteristics, the sectors however defined are also related to each other. Taken alone, in isolation, they do not make sense. However, this is or rather was less true of the primary sector, particularly of pure agriculture, fishing and hunting than of the others. It was or is still to some extent possible to survive on the basis of intra-sector activity. Self-reliance presupposes food, but neither machines, nor ministries - those who make the latter also need food. Hence, the

last redoubt, the last hold-out, is the agricultural unit, the farm, the village, the commune; the "countryside" in broad terms. And yet a most important characteristic of the contemporary world scene is that this is precisely where most of the extreme misery in the world is located. Why should those who produce the food also be the most hungry, even to the point that they escape and constitute enormous slums around some cities, the citadels of the other two sectors, in the hope that this may offer a basis for a viable existence?

The famous German economist, Friedrich List, had something important to say about this already in 1821; in an effort to characterize bureaucracy:

" - - separated from the people, spread all over the country but with a high concentration in ministries; a world of functionaries, unacquainted with the real needs of the people and how the citizens live, circulating around in endless cycles, insisting that they have monopoly on public administration, regarding citizen initiatives as dangerous, pitting against such activities their own rules, elevating their own caste prejudices to state wisdom - -"

Except for the onesided focus on bureaucrats one might accept this as a relatively good characterization of the BCI elite, of all three; even more valid today because of the increase in numbers of these categories. At this point only one little remark about how little socialism in Eastern Europe differs from capitalism in Western Europe and North America: after the elimination of C as a class, B and I were not slow in filling the empty hole, thus constituting the "new class".

Seventh, and this is a major problem in all kinds of social science analysis: how is it possible that a class that is materially non-productive, and even with an admixture of non-materially non-productive elements - pure parasites, not only exploiters - can survive so well and base their life on the circumstance that others will do the material production for them and supply them with material goods? There are a number of possible explanations that intertwine and mix

throughout history; let us try to mention some.

One is simple: mystification of the relationship. Without denying the fruitfulness of such categories as tertiary and service sectors for some purposes, mainly for economic analysis, they tend to obscure political realities. To refer to bureaucrats, capitalists of the state and private varieties and intellectuals as engaging in services, even as servants is indeed putting the cart before the horse when what in fact happens is usually just the opposite. Not only do these categories have the most interesting jobs, grosso modo, of the society, with the highest load of creativity-intensive activity; they usually also have their material interests best satisfied through various kinds of privileges including good salaries and fringe benefits. To be both on top in important kinds of non-material and important kinds of material needs satisfaction and yet if that were not enough refer to oneself as engaged in service of others requires a high level of hypocrisy that must have been built into them/us at an early stage and quite efficiently. And one of the tricks here, probably unintended, has to do with the tertiary sector as category: it does include true servants, literally sneaking (domestiques in the French sense), thus mixing together the service sector and the serviced sector. And, as is well known, what statistical bureaus have put together it is often not given to man, even researchers, to pull apart, to disaggregate. Hence, it is never enough to conclude that the tertiary sector is increasing in (almost) all countries. Does it refer to those at the top or those at the bottom? And - if those at the top also expand - as they do, and quickly in the Third world - are they really creative or imitative elites, repeating formulas developed elsewhere?

The next one is the self-reinforcing character of class. There is an aura surrounding these elites, the paraphernalia of power and privilege not to mention the incomprehensible, in earlier ages derived from proximity to secular and sacred power, in these days from jargon of intellec-

tual and professional discourse. Coupled with mobility chances, however slim, they constitute something to aspire to, a higher form of existence. Helpful in this connection is the deeply reactionary theory of a hierarchy of needs, eg as proposed by Maslow, giving to the non-material a much higher status than the material, indicating that first when the material is satisfied does the time come for the non-material. Although true at a level of extreme deprivation this also serves as a pretext to maintain a strict division of labor between material and non-material sectors, the assumption being that the latter are of a higher kind and have to have their material needs (well) satisfied in order to bestow on the world the fruits of their non-material production. The material basis being finite this would tend to limit the numbers of specialists in non-material production - a not unwanted consequence.

Then, there is the penetration mentioned above; the idea of organizing production in such a way that the non-materially productive elites become indispensable - intra- and inter-nationally. Instead of dependency on nature a dependency on a center is created, and production technologies are selected that are center-intensive, meaning capital-, research- and organization-intensive -- or, in less abstract terms, capitalist, bureaucrat and researcher-intensive. The dependency on what these elites can deliver will tie the homo faber at the bottom inextricably to the homo sapiens at the top in a symbiosis that is highly asymmetric, yet a conditio sine qua non not only for the materially non-productive elites to survive by having others produce food for them, but for the materially productive masses to be able to produce at all. And this is exactly the type of relationship that is now permeating First world-Third world interaction. The autonomous, self-reliant production unit constitutes a threat to this system, eg because it might one day develop its own non-material production capacity (or revive it) and refuse or simply be uninterested in delivering food to the materially non-productive -- within and between countries. The notion of "economic growth" serves to conceal such matters, of course.

Next, there is the monopoly on non-material production, particularly on the plane of intellectual production. There is the transition from artisanal to industrial modes of intellectual production typified by the lonely, highly brain-intensive scholar on the one hand, and the think tank, laboratory highly capital-intensive style of research on the other. In the latter libraries, computers, data banks, assistants etc. are concentrated and styles of research are propagated whereby only that which is produced in this manner is considered real research, thus reinforcing the monopoly. To compete one has to join the club, after joining the club the incentives accruing to the loyal become increasingly obvious, the rewards in being autonomous more obscure -- and one more student radical has been won over.

Nevertheless, all of this may not work, opening for other ways of stemming the ways of protest from the internal and external proletariat created through the social differentiation processes. There is, of course, the obviously repressive methods engaged in by the military and the police, themselves a part of the "service" sectors. Here it also becomes more obvious whom they serve: those who are already well served in maintaining the intra- and international division of labor. The military campaigns to put down barbarian revolts in the case of the Roman Empire of the liberation struggles by the colonized peoples in the case of (latter-day) Western imperialism are cases in mind. It should also be noted that in doing so the materially non-productive elite in fact grows further, adding the components deemed necessary for its own security. That these components may have a stifling impact by being somewhat less non-material in their heavyhandedness, not to mention not very creative and may lead to even more repressive and sclerotic regimes goes without saying.

The system, however, also has other methods in its reservoir. Important here are the old Roman panem et circenses formulae, the latter-day homologues being the welfare state on the one hand and the television/

football or sports in general on the other. The latter is then institutionalized into the notion of "leisure", of "freetime", of constituting time slots and space regions dedicated to unadulterated homo ludens activity, without any danger of producing anything material or non-material (that there is an industry of people catering to homo ludens, producing the setting for homo ludens, is another matter). As the system "progresses" and gets into crises through overproduction, both material and non-material, these time slots and also space regions will have to expand to cater to people condemned to be non-productive, having parasitism forced upon them through much too high productivity (in quantity, certainly not in quality) among small groups of homo faber and homo sapiens specialists.

And this may well become the end of the process, for at this point the process runs so clearly against basic human needs of the more non-material varieties that reactions are bound to come. One might postulate two such needs: a need to be creative, and a need to have a sense of meaning with life. If homo sapiens takes away all the creativity and leaves behind only a mechanized homo faber who one day will be replaced by a much more efficient, "productive" robot, pushing man into a homo ludens corner (or homo videns, the watcher, the observer - eg. the TV watcher) then not very much remains that is human. Granted that most people enjoy leisure for some time and may enjoy the first periods of it as a reaction against standardized homo faber work--homo ludens activity being what homo sapiens offers to make homo faber work--to be condemned to being neither creative nor useful in the sense of producing anything for others to use at all is something quite different. The reactions are predictable: human beings want to do something and even to do their own thing, to produce and to create. If other ways are blocked to socially deviant will be used, indeed including criminal activity which to be good has to be highly creative. Thus, with higher productivity for a smaller part of the population there will also be higher productivity of deviant activity, and for a growing part of the population. Society will produce its own pathology, and increasingly so

Among these social pathologies or socially induced pathologies criminality, the somatic diseases known as "civilization diseases" (eg cancer and cardio-vascular diseases), mental diseases including suicide, perhaps also alcoholism and drug addiction in general would be the best known because they are so visible. Sheer boredom, tedium, sense of meaninglessness, however, are probably both numerically and in terms of consequences much more important because of the ease with which they can be used as raw material for processing into fascistoid social formations. However that may be, social pathologies lead to the creation of new professions to counteract the symptoms of the pathologies. These professions, materially non-productive and with a big question mark as to their non-material productivity, are themselves probably more a part of the problem than of the solution, taking even personal problems away from people, protecting their problem-solving monopolistic status with a licentia practicandi.

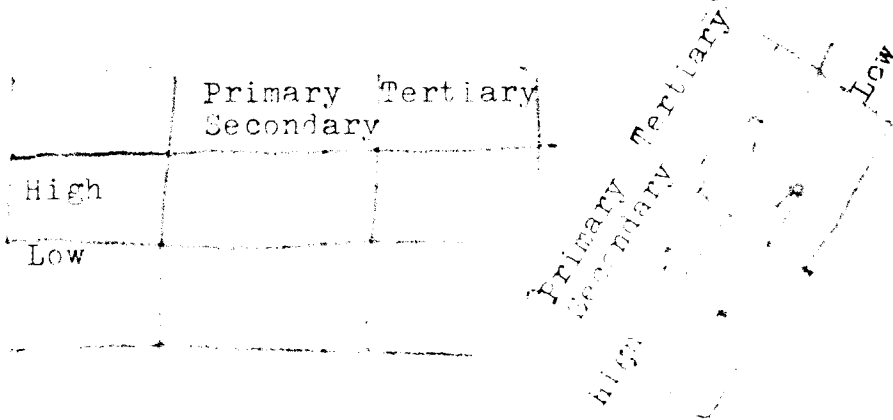
Let us now use this last point to ask a more general question: why does the service or tertiary sector grow? , for growing it does, that seems to be a very well established historical fact, although not in a monotone fashion if sufficiently long time perspectives are considered. Thus, it probably expanded during the heyday of the Roman Empire until its collapse, contracted considerably during the manorial production system that dominated Europe throughout the Middle Ages, highly self-reliant with little trade and based on small units, then expanded again with the general expansion of the West (say, from the fourteenth century onwards) to achieve colossal proportions in our days, and will then probably contract as Western imperialism is coming towards the end of the road. In short, the tertiary sector grows in periods of expansion, contracts in periods of contraction of the total system. Why? Two possible explanations can be given, one cultural, the other more structural.

The cultural explanation might run as follows. There is an expansionist western cosmology drawn upon, defining, legitimizing, giving meaning to what the West does in periods of expansion. A part of that cosmology is a penchant for viewing the world according to a certain epistemology: highly analytical, dividing what is into small elements, abstracting away from totalities and contexts, then tying these components together in usually bivariate relationships, sometimes causal, in turn tying these relationships together in deductive pyramids called "theories". The exercise presupposes distance relative to nature in general and man-made nature in particular, meaning human beings and the societies of their making. The result of this distance and abstraction and putting together of what has been pieced apart is called science, or research. It has produced an astounding amount of insight that has changed the world, but is perhaps better at cars and nuclear bombs than at harmony, happiness, love, peace, development in the sense of human development. The activity is difficult to master and therefore renders itself easily to division of labor. Given another component of western cosmology, the drive towards universalism, the masters of the craft will tend to produce universal insights - the normative and descriptive laws referred to earlier. The more general the domain of pretended validity, the more limited the scope - the more abstract and removed from concrete reality of the non-initiated. Thus, the culture itself tends to set the non-material producers in a category all by themselves and above material producers, thereby legitimizing, if not necessarily spurring expansion.

The structural approach comes closer to the goal of explaining the expansion. First, due to these laws and rules productivity of the primary and secondary sectors increases tremendously so that the supply outstrips the demand for the products. In order to reduce the production there has to be a transfer into the tertiary sector, as long as that sector is able to absorb excess labor, that is. At the

same time the tertiary sector is not just one other sector: in its upper ranges the control platforms of society are located, as argued above. The rewards of getting into that niche are tremendous by standard social measures, so there is certainly not only a push away from the other sectors and classes, but also a pull towards the "tertiary, high" combination. A realistic image of the class structure, hence, is probably not like the figure to the left, but more like the figure to the right:

Figure 2. An image of social stratification



To be in the tertiary, high - the "serviced-sector" seems so much to be what people strive for, as evidence by the effort to get into the institution that might give them the access (unless too flooded by entrants)- the universities. Thus, there is a pressure on the tertiary, high category to expand, and as a "waiting room" the tertiary, low category might serve - the "service-sector" - the road held out for the peasant and the workers, the primary and secondary low respectively, if the intra-sector channel via landownership and factory ownership do not work (as they usually do not).

So much for the intra-national structural factors; add to this the international factors of the same kind. Given the pressure on the tertiary, high to expand the gates have to open unless very repressive measure are to be used. To see to it that there is sufficient material production at prices that make it possible for the materially non-productive to maintain privileges (and they are relative rather than

absolute, they are "positional goods") either the productivity of the primary and secondary sectors has to be increased or the production has to take place elsewhere, possibly with lower productivity but also at lower costs, eg at lower labor costs. Thus the primary and secondary production are gradually pushed outside the country, with such notable exceptions as the highly productive US agriculture (which is now so industrialized in its mode of production that the clear prediction would be an increase in mental diseases etc. in the rural environment).

And this is where the international division of labor really would enter the picture. Ultimately one might even imagine a world system with homo sapiens and homo dilens located in the former "rich, industrialized" countries, replicated by similar elites in the former "low developed countries", turning the latter into primary and secondary and lower ranges tertiary sector countries, producing and even performing services. Thus, if a TV is produced in a former Third world country, why could one not send it back there for repairs too, given the way this would increase the transportation sector, and hence the number of administrators, finance people and researchers needed to run that sector? After all, to do this would only be in line with the dominant trends in the world after the Great Discoveries anyhow, producing and reproducing dependencies, with shifts and changes in the exact logic of the international division of labor as long as international division of labor there is, always preserving for the center in the West the materially and non-materially most rewarding tasks or activities. Needless to say, such activities and patterns are obscured by the tendency to look at countries as independent units in the world economic system, to look at differences rather than relations between countries.

However, we do not really believe it will come to that point. For one thing, the policy of exporting material production facilities is

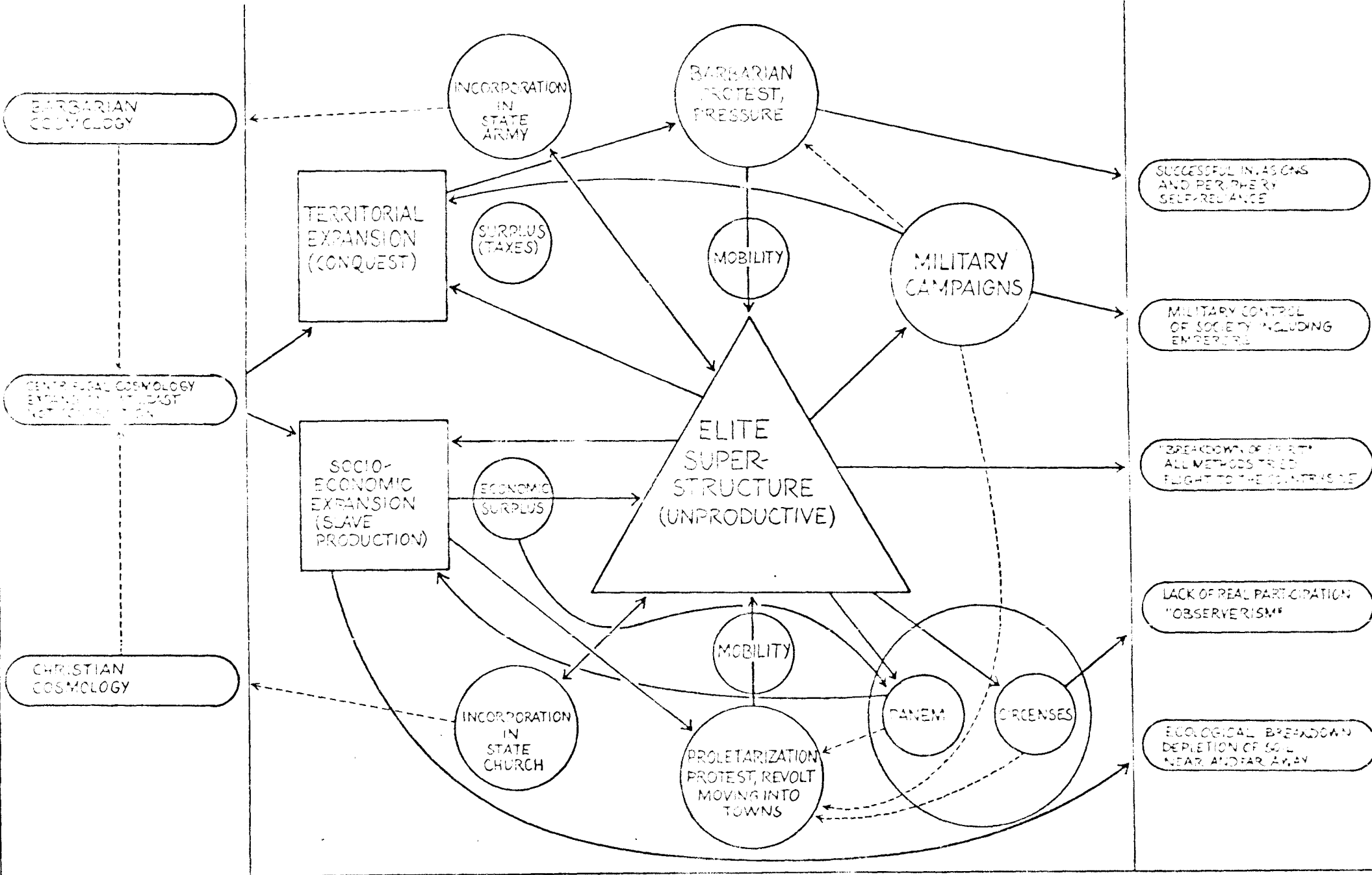
extremely risky to say the least: in all probability it will lead to nationalization when a sufficient amount of capital goods has been transferred, leaving the tertiary overdeveloped countries to their paper-shuffling - which is what B, C and I essentially do. Third world self-reliance may reproduce the same system inside the Third world, within and between countries - but it will also force the First world to reconsider its social differentiation, after it no longer is able to control the protests from the external proletariat with military and police repression, alone or in conjunction with regimes of their liking, and no longer able to control the reactions of their own internal proletariat through costly welfare state programs, and vast entertainment and leisure industries. And that brings us back, in a sense, to the point of departure: from social differentiation processes back to social integration - probably materially less productive, possibly non-materially even non-productive. The rise and fall of the tertiary sector - and with it great potentials for a more human existence for the majority of the citizens, more like human beings, less like well kept animals in a zoological garden, attended to by the service-sector, administered by the serviced-sector; the unholy alliance constituting the tertiary sector of the economy.

DIAGRAM I

THE DECLINE AND FALL OF THE ROMAN EMPIRE

A HYPOTHETICAL FLOW CHART

→ POSITIVE EFFECT
- - - NEGATIVE EFFECT

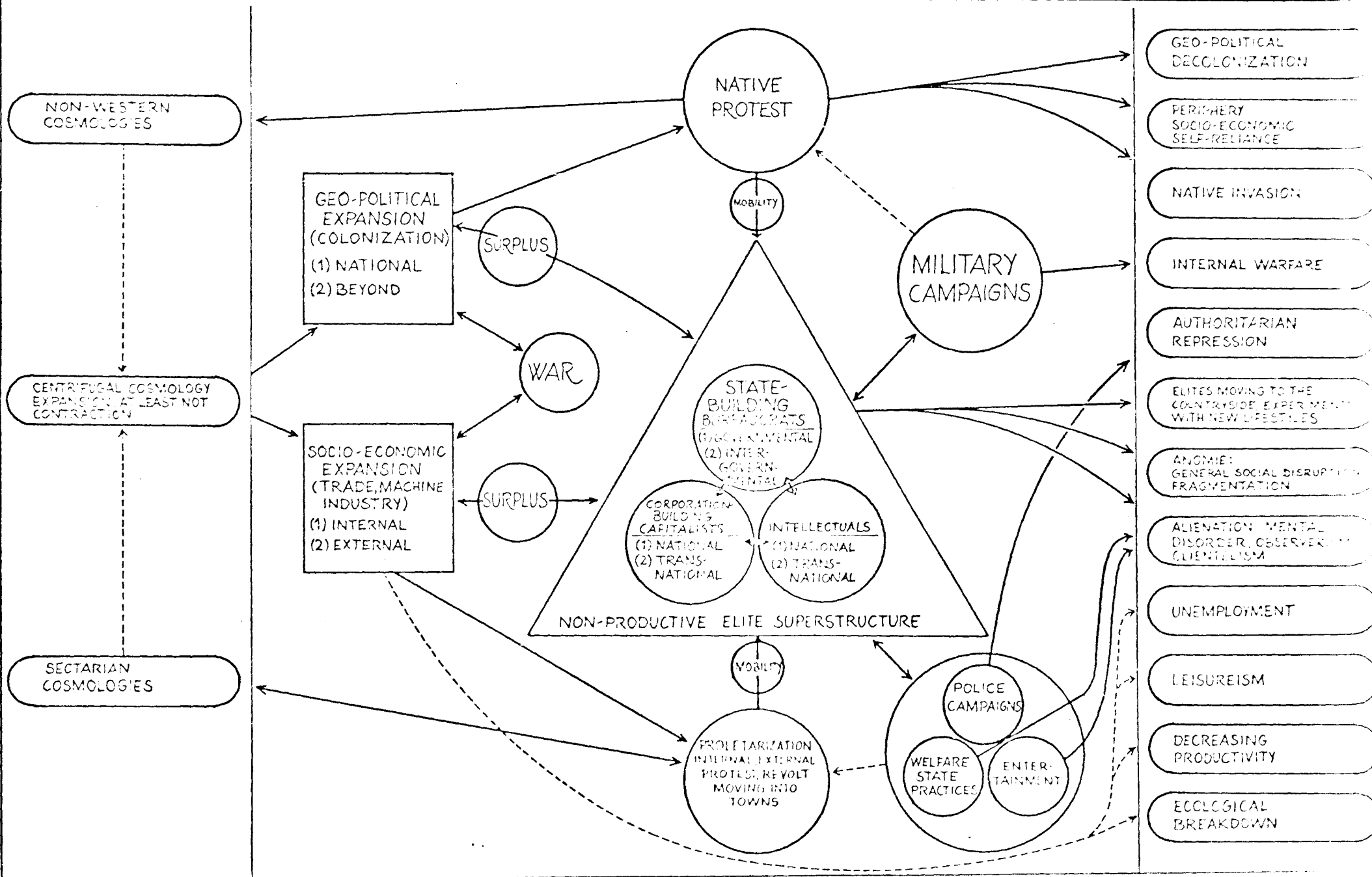


17-

DIAGRAM II

THE DECLINE AND FALL OF WESTERN IMPERIALISM
AN HYPOTHETICAL FLOW CHART

→ POSITIVE EFFECT
- - - - - NEGATIVE EFFECT



-18-