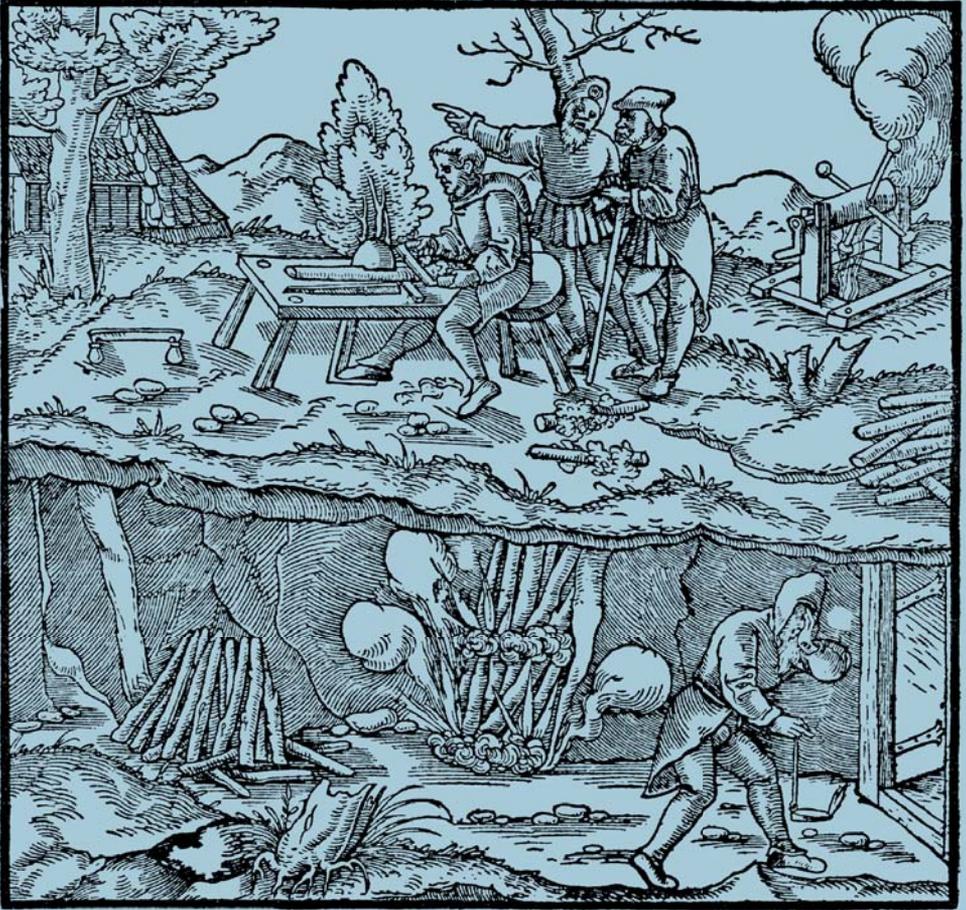


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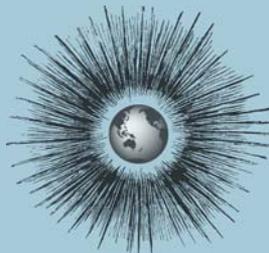


SPECIAL ISSUE:

GLOBALIZATIONS FROM 'ABOVE' AND 'BELOW' THE FUTURE OF WORLD SOCIETY

EDITED BY :

MARK HERKENRATH, CLAUDIA KÖNIG, HANNO SCHOLTZ, & THOMAS VOLKEN



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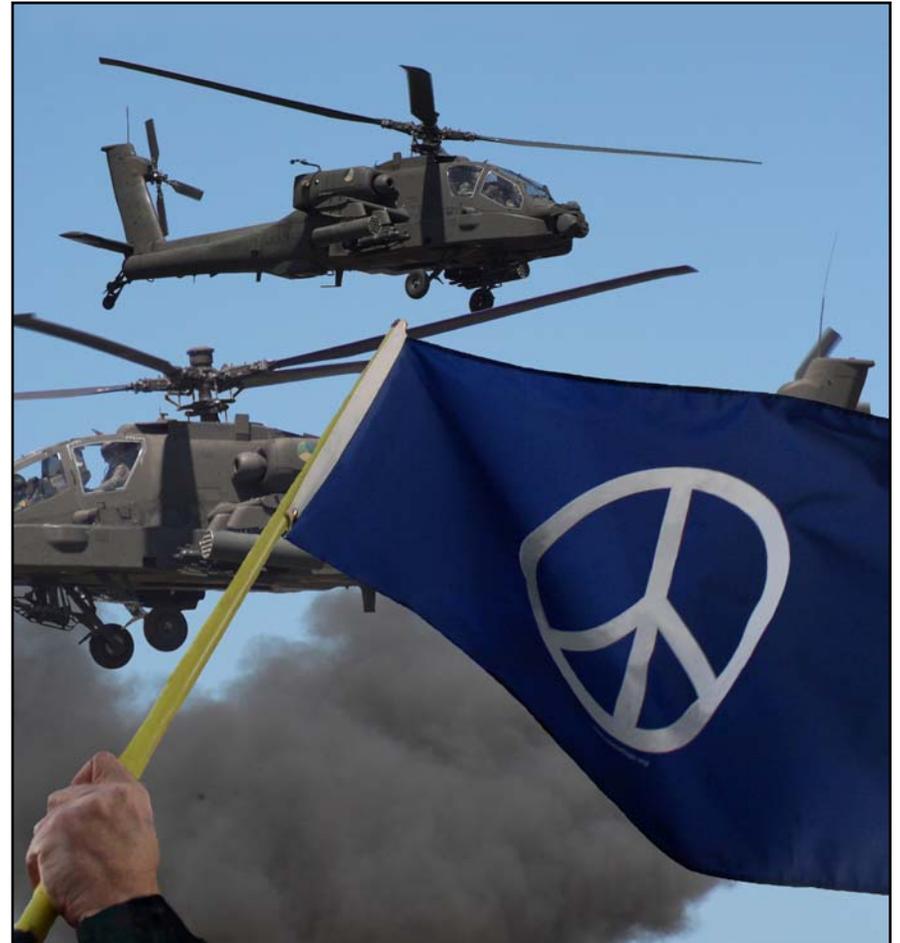
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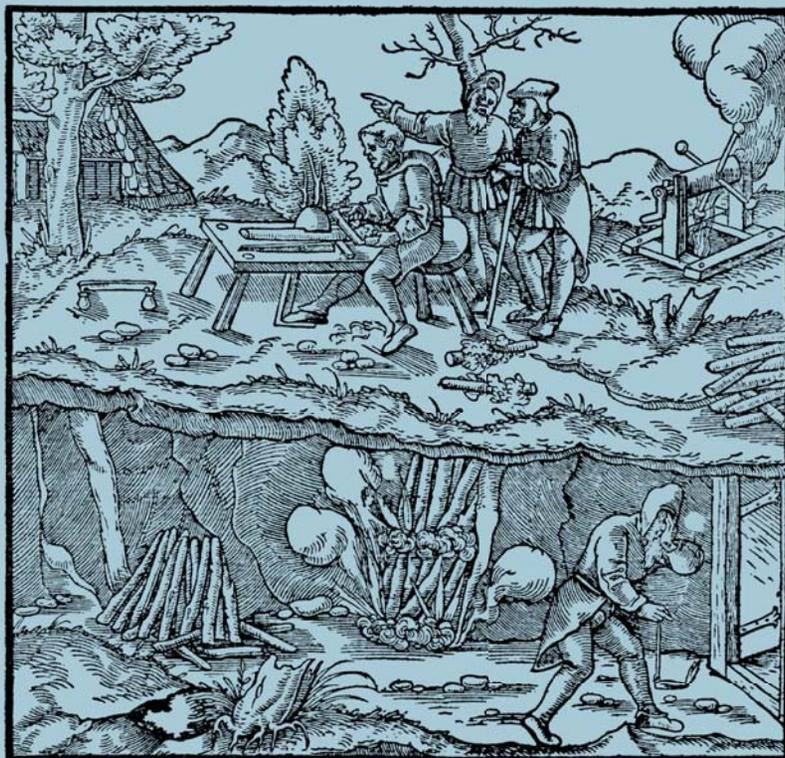
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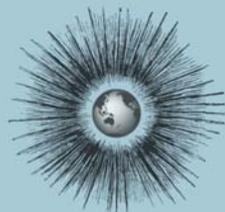


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PRELIMINARY REMARKS

Earlier versions of the articles in this issue were presented and discussed at the international symposium on "The Future of World Society," held in June 2004 at the University of Zurich.¹ The theme of the symposium implied two assumptions. One, there is in fact a world society, though still very much in formation. And two, as social scientists we are in a position to predict the future of that society with at least some degree of certainty. The first of these assumptions will be addressed in Alberto Martinelli's timely contribution, "From World System to World Society?" It is the second assumption which is of interest to us in this introduction. Are the social sciences really able to predict the future of world society?

As is well known, over the last two decades public demand for scholarly models of global social change has grown considerably, and is still growing. Increasingly dense webs of transnational trade relations and investment flows have raised the

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overall level of global interconnectedness and (uneven) (inter-) dependencies, while ever more efficient worldwide communication technologies have accelerated the pace of what Harvey (1989: 240 ff) calls “time-space compression.” The nation state, hitherto the most significant locus of political decision-making and reference point of individuals’ identities, has been challenged in its traditional functions by international organizations and other global governance institutions. Therefore, for most individuals these changes have brought about what they view as a new source of insecurity and loss of control over the very conditions of their daily lives. They perceive what is usually referred to as ‘globalization’ as an emergent phenomenon, i.e. an occurrence without historical precedents and beyond the grasp of commonly accepted everyday theory. What is needed, then, is an analysis that helps us to make sense of current processes, indicates the direction, or possible directions, in which we are heading, and contributes to our knowledge of how we may alter the course of these processes.

The articles in this issue undertake this task from different theoretical and methodological vantage points. Informed by a comparative macro-historical approach, Christopher Chase-Dunn, George Modelski, and Joachim K. Rennstich draw the (very) ‘big picture’ of global change over the last few centuries. Their articles help us to contextualize current globalization processes and to separate characteristics that are radically new from those that are continuations of long-lasting trends or new emanations of recurring cycles. Chase-Dunn’s article, for example, makes it clear that the modern world-system has been experiencing continuous waves of economic and political integration since its very origins. And these waves are again described as the “contemporary incarnations of the pulsations of widening and deepening of (intersocietal) interaction networks that have been important characteristics of all world-systems for *millenia*” (Chase-Dunn, in this issue, emphasis added). Hence, Chase-Dunn and like-minded scholars deserve credit for putting current globalization processes in an adequate long-term perspective and for enabling the analysis of historical commonalities and differences.

Practitioners of the world-systems approach help us to better “understand how the most recent wave of corporate globalization is similar to, or different from, earlier waves of globalization” (ibid.). Most importantly, they demonstrate that contemporary global change is not as radically new as many ‘hyper-globalists’ claim. Yet, their macro-historical approach also poses some difficult problems. In the kind of ‘big picture’ analyses that world-systems researchers are concerned with there is a great danger that important details are incorrectly depicted, or not depicted at all. For Appadurai (1996: 18), the study of globalization processes—not to mention the comparative analysis of different world-systems over several millenia—must therefore be seen as a kind of “mild exercise in megalomania.”

For it is almost, if not entirely, impossible to simultaneously do rigorous (empirical) analyses of all the processes that are likely to have an important impact on the dynamics of global social change. It is critical, therefore, that there be dense collaboration between scholars of several disciplines and theoretical orientations. Scholars of the world-system must draw on the thorough knowledge gathered by scholars who specialize in the analysis of sub-areas of this system—and *vice versa*.

With this in mind, we combine in this special issue macro-oriented contributions with those focusing on processes at the meso level of social life, i.e. the level of organizations, groups and networks. Jeffery Kentor and Michael Nollert, for instance, examine transnational corporations and the elite networks built by their executives, whereas Neera Chandhoke and Gordon Laxer study transnational networks of social movements and non-governmental organizations. Unfortunately, however, there are no studies in this issue that look at processes of global change from the micro-perspective of individual behavior. Yet, occasional exceptions notwithstanding, there are very few such studies in the extant sociological literature (exceptions include surveys on the perceptions of, and attitudes to, global change: e.g., Eurobarometer 2003). We would thus like to encourage research on the (re-)production of global dynamics at the level of individual behavior and everyday practices. Knorr-Cetina and Bruegger’s (2002) qualitative study on the “global microstructures” of financial markets—where the authors focus on the interaction orders governing interdealer communication in long-distance banking transactions—shows that microglobalization studies can indeed yield extremely interesting results. They contribute to our understanding of how globalization, both from ‘above’ and ‘below’, is produced by individuals who have to overcome the manifold challenges of intercultural communication and trust-building at a distance.

GAZING INTO THE CRYSTAL BALL: CAN SOCIOLOGY PREDICT THE FUTURE OF GLOBAL CHANGE?

Most observers of contemporary (global) social change emphasize just how fast the rate of this change has become. And yet, the social world has always been changing. Extrapolating from past experiences, the safest prediction we can make about the future of the social world is, therefore, that the world will continue to change. But can extrapolations from the past still inform us about the future? Is it not true that we are experiencing radical change and emergent outcomes? Is the world perhaps facing a transition to qualitatively new stages of social organization? To the degree that the answers to these questions vary, there is no consensus in the social sciences as to whether we can make meaningful predictions about future social change. Some argue that global social change has reached too

great a level of complexity to be grasped by conventional scholarly means. We will discuss their approach in more detail below. Others disagree, arguing that contemporary globalization processes constitute a rather unspectacular sequence of a long-lasting trend of social evolution, from which it is possible to extrapolate the probable course of the future.

For Guidry, Kennedy, and Zald (2000: 9) it seems quite clear that current globalization processes neither follow any “underlying master mechanism of rationalization” nor show any other ordered pattern. The social world must be seen as an interaction field in which vastly different interests clash, then form compromises, and bring about rather unexpected consequences. Global change, they conclude, is “embedded more in historical contingency than driven by a specific teleology” (ibid.) or any other meaningful pattern. Keck and Sikkink (1998) agree, as they emphasize that “The globalization process we observe is not an inevitable steamroller but a specific set of interactions among purposeful individuals. Although in the aggregate these interactions may seem earthshaking, they can also be dissected and mapped in a way that reveals great indeterminacy at most points of the process. There is nothing inevitable about this story: it is the composite of thousands of decisions which could have been decided otherwise” (ibid.: 213). In other words, the (globalized) world involves too many actors to think of global social change as being somehow predictable.

Keck and Sikkink’s argument in their book on transnational advocacy networks is probably meant to bring an empowering message to all progressive actors who oppose the neoliberal drift of current global politics. While neoliberal thinkers try to convince the global public of their T.I.N.A. argument (‘there is no alternative!’), Keck and Sikkink tell a very different story. Globalization as they perceive it is not an inevitable *vis major*. Rather, it is a process that has to be constantly (re-)produced in everyday practices, which is why acts of everyday resistance can influence the course of global change. Even small decisions can make a difference. The problem, however, is that exactly the same point of view also reinforces the notion of arbitrariness, which may again create frustration and, paradoxically, contribute to the widespread feeling of powerlessness. The notion of global change as the result of complex interactions obscures causal relations and, hence, fails to reveal the strategically important points at which resistance and protest can bring leverage to bear. If, as Keck and Sikkink put it, the dynamics of global social change are the composite result of thousands of individual decisions, to whom should social movement activists address their claims? Who should be challenged? Since social movements have to frame their claims in terms of (unassumed) responsibility, depicting the world as being driven by a myriad of quite indiscernible individual decisions is not particularly helpful.

Keck and Sikkink treat as a side issue the alleged indeterminacy of social change, an issue that is, of course, related to the question of structure versus agency. But in complexity theory and its applications in the social sciences, the same issue is one of the core concerns. Complexity theorists would clearly agree with Keck and Sikkink’s point that global social change is the composite of thousands of individual decisions taken by actors who pursue quite different agendas. Yet, they also emphasize that social actors constantly change their behavior as a reaction to what other actors do, thus creating an impressive number of interconnected feedback loops. According to complexity theory, these feedback loops create dynamic systems in which causal relations are non-linear and outcomes quite impossible to predict (cf. Thompson 2004: 412). In dynamic systems, Law and Urry (2004: 401) note, “Relationships between variables can be non-linear with abrupt switches, so the same ‘cause’ can produce qualitatively different kinds of effects in specific circumstances.” For complexity theorists, who put “emphasis on multiple futures, bifurcation and choice, historical dependence, and...intrinsic and inherent uncertainty” (Wallerstein 1996: 61, 63, cited in Law and Urry 2004: 400), the question of what the future of the world will look like is utterly inadequate and quite unanswerable. Why, then, do we pose this question? Why have the authors in this special issue not refused to use it as the starting point for their analyses?

Though skeptics might dismiss complexity theory as the ultimate expression of post-modern arbitrariness,² it opens up many fascinating perspectives. Its emphasis on dynamic social systems, however, clearly overstates the relevance of ‘flows’ and the number of ‘fluid’ interactions. Complexity theorists neglect almost entirely the importance of the tenacious social structures in which these flows are embedded and by which interactions are shaped. As Thompson (2004: 420) reminds us, “The trouble is that the world is not one that is in a continuous state of flux. It is not all movement and performance. Most of the time things stay the same—too often and for too long for many of us!” Most importantly, these structures drastically restrict the number of interactions that actually happen. In a model world of complexity theory, global communication and transportation systems allow for an infinite number of border-crossing contacts, while manifold (economic, technical, or linguistic) barriers prevent this potential from being sufficiently tapped. Moreover, since social actors have been socialized by the social structures surrounding them, most interactions merely reproduce and stabilize

² Skeptics might also point to the relativistic epistemology involved in many complexity theories (see for example Luhmann 1996 [1984]). If anything goes, nothing is predictable and everything contingent.

these barriers. Accordingly, the authors in this special issue adopt a theoretical stance that recognizes the dialectical relationship of 'solid' structures and 'fluid' agency, in which one shapes the other, and *vice versa*. They acknowledge that global social change displays a certain degree of complexity and unpredictability, but do not overstate this. Therefore, some articles describe the future in very abstract terms, leaving room for a wide range of possible concretions. Or they depict the future in a somewhat more detailed manner, but provide several alternative scenarios of equal plausibility.

To apprehend the importance of 'solid' material worlds and 'tenacious' social structures, consider, for instance, that long-distance communication and transportation presume the existence of highly immobile platforms such as roads, railway stations, airports, telephone lines, ports, and so on. Urry (2004: 123–24), though himself a proponent of complexity theory, points out that, ironically, "the so far most powerful mobile machine, the aeroplane, requires the largest and most extensive immobility, the airport city with tens of thousands of workers helping to orchestrate the four million airflights each day." Add to this the fact that the use of long-distance transportation and communication presumes an adequate budget (in terms of both money and time), and it becomes clear that the geographical distribution of 'physical' transportation and communication hubs is structured by the socially produced distribution of economic wealth. For most people on this planet, the radius of meaningful interaction is limited to their immediate neighborhood, whereas communication with the 'rest of world' is mostly restricted to the (passive) reception of information produced in Hollywood, Bollywood, or the headquarters of CNN. There is only the ghost of a chance for their opinions and decisions to be taken note of on a global scale and to influence the allegedly complex course of global social change. As Thompson puts it,

The problem encountered in the real world, of course, is that there are *boundaries and limits*, to the degree to which it is possible to count others as real contacts available for any meaningful social interaction let alone ones simply available to communicate with. The actual world is made of *barriers*—socially constructed and reproduced, calculated for and regulated, monitored and policed—which prevent (often for good reasons) the complete integration of everyone on a global scale (and even on a national, local or community-level scale). (Thompson 2004: 417, emphasis in original)

A second problem with complexity theorists' notion of dynamic unpredictability is that it eludes the issue of power. Since social power is highly concentrated, a handful of very influential actor groups have a much greater impact on the dynamics of global social change than all the others do. To stress Keck and Sikkink's metaphor once more, global social change may well be the com-

posite result of thousands of individual decisions—but most of these decisions are rather inconsequential, after all, in comparison to the decisions taken by those who control economic wealth and military might. The decisions of the US administration have obviously much greater impact on the global future than do the decisions of, say, the Peruvian government. Likewise, the decisions of Peruvian entrepreneurs are probably more influential than the decisions taken by indigenous peasants. Hence, the vectors of global social change are excessively shaped by the interests of the most powerful actors, and this clearly reduces the range of future developments that are likely to take place. This is not to say, of course, that there is no such thing as 'communicative power' or 'soft power', i.e. the ability to shape political discourses (and, eventually, political decisions) by means of persuasion. The relation between soft and hard power, however, is contested and calls for further empirical research (Nye 2004). We assume that hard power is positively related to soft power insofar as economic wealth influences the mass media and as a physical force can be used to control public gatherings. Nevertheless, the question of how these actors, who have no access to traditional sources of power, can join forces to obtain soft power, is of utmost importance. This will be addressed by Christopher Chase-Dunn, Neera Chandhoke, and Gordon Laxer.

A third problem with complexity theory (in the tradition of Luhmann, 1996 [1984]) is that it neglects the need for coordination within the (economic, cultural, etc.) sub-systems of the world-system. And it also neglects the processes of coordination between these social systems. Since social systems are conceived as autopoietic, closed, and referring to a unique system-specific binary code of communication (money, power, love, etc.), communication—and thus coordination—between systems is essentially impossible. In other words: systems have no clue how other systems perceive their environment. However, this view sharply contradicts the social reality where many instances of communication between different social systems can be observed. Most prominently, we find stabilizing structures and processes of interest articulation, negotiation, coordination, and conflict resolution all over the political sphere (the United Nations, the European Union, the World Trade Organization, or local government institutions). Not only does this sphere integrate various systems—which would not be possible without a common code of communication—but the various codes of communication seem to be highly convertible as well. If, as indicated above, hard power can buy soft power, then economic, political, and cultural systems must have a common understanding of their respective internal logics, otherwise such attempts at coordination would completely fail.

Thus, the question of how actors with limited or no access to traditional sources of power can join forces to obtain soft power becomes one of explaining

the scope and limits of institutional properties which allow for inter-systemic as well as intra-systemic communication, negotiation, and interest articulation. Christopher Chase-Dunn, Neera Chandhoke, and Godon Laxer will also cover these aspects.

In sum, the most recent wave of (neoliberal) globalization has led to a higher degree of global connectedness, but for most people on this earth, global 'integration' is a predominantly passive one-way process. Their experience of globalization is one of heightened dependence on decisions taken 'out there' on the global level, but their impact on the course of global developments is virtually null. We thus contend that global social change is far less complex, and less unpredictable, than has been argued by proponents of complexity theory. The question of what the future of world society will look like is, after all, a perfectly valid question. Moreover, it can be broken down into a set of (interrelated) issues that are far more manageable—namely, the relation between the means of hard and soft power; the dominant interests of those who control these means; and the challenges faced by those actors who are trying to build (transnational) alliances in order to countervail their lack of hard power by collective soft power. These are the issues that, in one form or another, run through all the articles in this special issue of *JWSR*.

OVERVIEW OF THE ARTICLES

Chase-Dunn argues that despite the rather high degree of international integration among political and economic elites, there is quite likely to be another round of hegemonic rivalry within the core. As in the 20th century, when high degrees of internationalization prevailed, world wars were not prevented; so in the 21st century warfare among "the great powers" is likely to reoccur, unless serious alternatives are put forth. On a global scale, two additional major problems, which in Chase-Dunn's perspective also stem from the specific capitalist logic of production, threaten the existence of large parts of mankind: environmental catastrophes and increasing global inequalities.

However, the hegemonic cycle, Chase-Dunn argues, does not take the same form each time around. Rather, resistance from below and the interaction between the powerful and the less powerful are important driving and intervening forces in the evolution of the world-system. Transnational antisystemic movements, in the current hegemonic sequence, are central loci of resistance. In Chase-Dunn's optimistic view, antisystemic movements may succeed in ameliorating, or even in preventing, the three major negative consequences of hegemonic rivalry and capitalist production in the world-system. What may emerge, as a result of hegemonic rivalry, is therefore no longer a new hegemon but global democracy.

In a similar vein, George Modelski argues that beyond the well-known hegemonic cycle, there is a related institutional process at a higher level of organization: the evolution of global politics "from a condition in which the chief institution organizing it is global leadership, to 'global organization', one of a more fully institutionalized form of governance" (Modelski, in this issue). Today, in the early 21st century, this evolutionary process is in a long period of selection and formation of global organization, and is in a phase of cooperation and integration that might very well extend to the last quarter of the century. It is not yet clear, then, which type of global political organization will emerge from this time of transition. Will it be a multipolar system, or a 'community of democracies'? Modelski points out that, for the first time in human history, democracies hold a majority position in the world. This is why on the level of global organization "the odds for the long term do lie on the side of a democratic community" (*ibid.*).

The analyses of Modelski and Chase-Dunn converge in the idea that the world-system will potentially evolve to something beyond the hegemonic nation state—at least in the long-run. In contrast, Joachim Rennstich puts more emphasis on the nation states. Although regular clustering of innovations leads to the emergence of new leading sectors and these mark the pulse of the *global* economic web and determine the speed and form of its weaving, the clustering of innovations is tied to *national* territories. Systemic chaos, i.e. hegemonic rivalry, is normally driven by the clustering of innovations outside the current hegemon's realm. Against this background, Rennstich discusses two possible scenarios: the Phoenix cycle with the renewed hegemony of the United States and the new leadership, with China as the hegemonic power to come.

While many more would argue that China is upwardly mobile in the world-economy and a potential hegemonic power, Jeffrey Kentor suggests otherwise. Yet, in his analysis of the expansion, spatial distribution, and concentration of transnational corporate power, he is also able to demonstrate both the apex and (it seems) the decline of US hegemony. Although Kentor suggests that the presence of foreign subsidiaries may result in a loss of power for the host country, the impact may vary as a function of the economic and political strength of the host economy.

Michael Nollert further explores the important subject of transnational economic power, putting specific emphasis on transnational corporate networks. Several scholars have argued that the emergence of such networks would result in the declining importance of the nation state, the declining significance of the division between core and periphery, and the emergence of a transnational capitalist class as a class-for-itself—however, none of these hypotheses can be substantiated when confronted with Nollert's empirical data. Although transnational networks are undoubtedly a reality, Nollert finds no strong evidence that

the formation of transnational networks goes hand in hand with the destruction of national networks.

If the current world-system is one of complex interdependence where agents are linked at various levels—regional, national, global—the question of world society comes to the fore. Has the world-system been transformed into a world society? The answer to this question is essential. On the one hand, the genesis of global antisystemic movements, global democracy, or global organization is inherently dependent on core attributes of societies, i.e. shared norms, values, and expectations, and shared identities and myths. On the other hand, the solution of global problems, as pointedly argued by Chase-Dunn, is bound to the successful creation of global institutions by antisystemic movements.

Alberto Martinelli stresses that the contemporary world is still a system made of societies; but he then turns to the controversial question of whether a world society is in the making. He addresses this question against the background of various concepts of world society and outlines his polyarchic model of global governance as a blueprint for a peaceful global world. He emphasizes the lack of normative consensus reflected in commonly accepted institutions on the world level, but also points to the central role civil society plays in the process of the creation and institutionalization of new norms. And as he discusses the emergence of a cosmopolitan ethics and a transnational civil society, the element of the global antisystemic movement, already discussed by Chase-Dunn, is back on the agenda. The formation of a “world association of peoples, nations, and transnational communities, integrated and regulated by a polyarchic form of global governance,” will depend on “the conscious efforts of individual and collective actors” (Martinelli, in this issue).

The idea that transnational civil society—alternatively labeled antisystemic movements or global civil society—is crucial in the creation and legitimization of a just global democratic order and the propagation of human rights, is central to many scholars and to the global civil society itself. But how global is global civil society? Does civil society have to be global in order to achieve its goals? Is a global civil society at all possible?

On the one hand, Neera Chandhoke, in her discussion of the human rights movements, argues that the violation of, and not the non-fulfillment of a right, dominates the global discourse of rights and thus reflects a specific bias of the West. Hence, what is claiming to be global is highly ethnocentric. On the other hand, Gordon Laxer claims that global civil society is neither necessary nor possible. Effective and inclusive political aggregation is bound to be local, i.e. bottom-up democracy is contingent on vibrant communities, solidarity, and identity. Therefore, national and popular sovereignties remain the necessary means to achieve goals in a highly interdependent world.

Taken as a whole, the articles in this issue propose that the future of world society is neither fully predictable nor fully contingent. Instead, the authors shed light on probable futures which are the result of dialectic forces—local and global.

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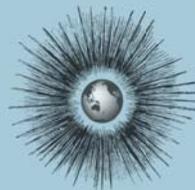


SPECIAL ISSUE:

GLOBALIZATIONS FROM 'ABOVE' AND 'BELOW'
THE FUTURE OF WORLD SOCIETY

EDITED BY :

MARK HERKENRATH, CLAUDIA KÖNIG, HANNO SCHOLTZ, & THOMAS VOLKEN



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ABSTRACT:

The idea of world society implies a fully articulated complex culture and consciousness. This has been emerging on a global scale, but the old world-system of multiple cultures continues to exist at the same time that a global culture is in formation. This article

discusses the historical evolution of world orders, the coming dark age of deglobalization and the potential for the eventual emergence of a collectively rational and democratic global commonwealth.

SOCIAL EVOLUTION AND THE FUTURE OF WORLD SOCIETY

Christopher Chase-Dunn

CYCLES AND TRENDS IN THE HISTORICAL EVOLUTION OF WORLD ORDERS

This article is about the idea of world society and the possible futures of the world-system in long-term evolutionary perspective. Though I share a social constructionist and institutional approach similar to that of the Zurich and the world polity schools, my structural approach to world capitalism and the notion of world society emphasizes the importance of markets, money and geopolitics in the modern system, while seeking to take account of the ideological projects of both the contenders for predominance and those who have resisted domination and exploitation.¹

My perspective also shares some characteristics with the Gramscian approach to international relations pioneered by Robert Cox, though my insistence on the continuing relevance of the interstate system and state-based geopolitics has led some critics to call me a vulgar geopolitical realist. The emergence

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¹ An earlier version of this article was presented at the symposium on "The Future of World Society," University of Zurich, June 23–24, 2004, and published in the conference volume (Chase-Dunn 2005). Thanks to Mark Herkenrath, Claudia König, Hanno Scholtz and Thomas Volken for organizing this excellent conference in tribute to the work of Volker Bornschier and the Zurich School. I began working with Volker in 1975 on cross-national comparative studies of the effects of dependence on foreign investment on national development. Volker and I published *Transnational Corporations and*

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of the Marxist global capitalism school and the wide diffusion of “new economy-speak” seemed to relegate all considerations of military power to the dustbin of history. But with the rediscovery of new forms of empire, brought out of the shadows by recent U.S. unilateralism, the ideas about long-term world-systemic cycles and continuities have regained plausibility (Harvey 2003). The kinder, gentler world-system of successive development models has begun to look more and more like the intricate and shifting combination of consensus and coercion that it has arguably been all along. Imperialism, old and new, has been a feature of this system since its beginning and it has reasserted itself in new ways in every crisis and restructuring. Primitive accumulation is not the birthing stage of capitalism. It is a fundamental and necessary feature of capitalism.

The idea of social evolution, washed clean of its unscientific corollaries (teleology, inevitabilism, progress),² provides a useful handle for clearing away the “fog of globalization,” and for delineating future human possibilities more clearly. The comparative world-systems approach that I have developed with Tom Hall (Chase-Dunn and Hall 1997) retools the conceptual apparatus that emerged from the first generation of world-systems scholars for the purpose of studying social change on a millennial time scale. These concepts (core/periphery hierarchy, interstate system, capitalism as including peripheral capitalism, etc.) were originally invented to analyze and tell the story of the modern Europe-centered system. For the purpose of comparing small, medium-sized and global world-systems, the concepts needed to be opened up, and the links among them loosened.

World-systems are defined as intersocietal networks of regularized interaction. Networks are not a unique feature of a recently emerged information society. Networks have been the key to social structure since the emergence of language. The idea of a core/periphery hierarchy is defined generally as any

Underdevelopment in 1985, and that same year I finished writing *Global Formation* (Chase-Dunn 1998 [2nd ed.]). Chapter 5 of the book, entitled “World Culture, Normative Integration and Community,” was an effort to formulate a world-systems perspective on global culture that was informed by the writings of Immanuel Wallerstein, Samir Amin and Andre Gunder Frank, but also of Peter Heintz and Volker Bornschier (founders of the Zurich school) and the new institutionalism of John W. Meyer and his students, later called the “world polity school.”

² Stephen Sanderson (1990) admirably separates the scientific core of evolutionary explanations from the confusing and unscientific baggage that has accompanied much earlier work on long-term social change. The study of patterns of social structural change does not need to include assumptions about progress, teleology or inevitability.

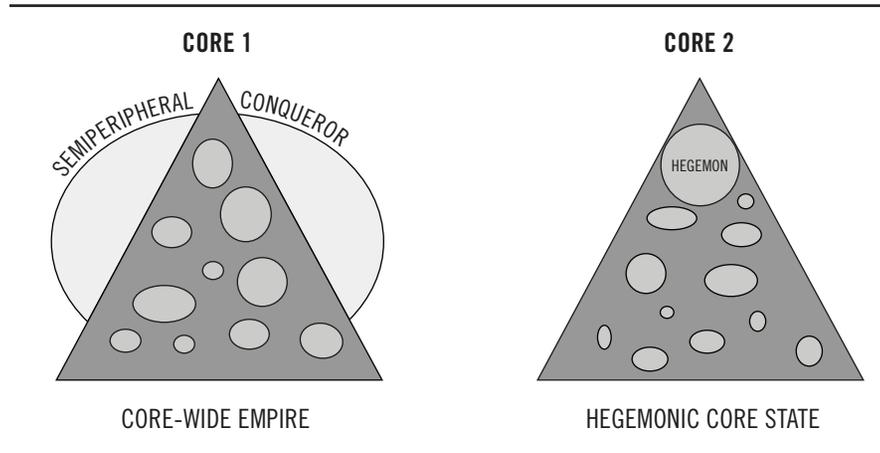
kind of power hierarchy among polities or regions, and is turned into a question rather than an assumption, i.e. “does a particular world-system have core/periphery relations, or not?” The question of interstate relations is broadened to include systems of interacting polities, so that tribes and chiefdoms may be studied. The analysis of hegemonic ascent and decline is expanded to include the rise and fall of large chiefdoms, states and empires as well as modern hegemons.

This comparative perspective, which combines archaeology and ethnography with world history, allows us to see important patterns that are much more clearly visible once one systematically juxtaposes smaller, older systems with larger, more recent ones. It becomes apparent that while early core/periphery hierarchies were unstable and power was not projected over very long distances, the emergence of new techniques of power allowed core/periphery hierarchies to become spatially larger and more stable. States, markets, empires, religions, military infrastructure and organization are all important institutions that allow greater integration and more efficient long-distance exploitation and domination. Small-scale stateless world-systems have very little in the way of core/periphery hierarchy (e.g., Chase-Dunn and Mann 1998).

The other important recurrent pattern that becomes apparent once we use world-systems as the unit of analysis for analyzing social evolution is the phenomenon of “semiperipheral development.” This means that semiperipheral groups are unusually prolific innovators of techniques that both facilitate upward mobility and transform the basic logic of social development. This is not to say that all semiperipheral groups produce such transformational actions, but rather that the semiperipheral location is more fertile ground for the production of innovations than is either the core or the periphery. This is because semiperipheral societies have access to both core and peripheral cultural elements and techniques, and they have invested less in existing organizational forms than core societies have. So they are freer to recombine the organizational elements into new configurations and to invest in new technologies, and they are usually more motivated to take risks than are older core societies. Innovation in older core societies tends toward minor improvements. Semiperipheral societies are more likely to put their resources behind radically new concepts.

Thus knowledge of core/periphery hierarchies and semiperipheral locations is necessary for explaining how small-scale interchiefdom systems evolved into the capitalist global political economy of today. The process of rise and fall of powerful chiefdoms (called “cycling” by anthropologists [Anderson 1994]), was occasionally punctuated by the emergence of a polity from the semiperipheral zone that conquered and united the old core region into a larger chiefly polity or an early state. This phenomenon is termed the “semiperipheral marcher chiefdom” (Chase-Dunn and Hall 1997: 83–84; Kirch 1984: 199–202).

Figure 1 – Core-Wide Empire Compared to Core with Hegemon

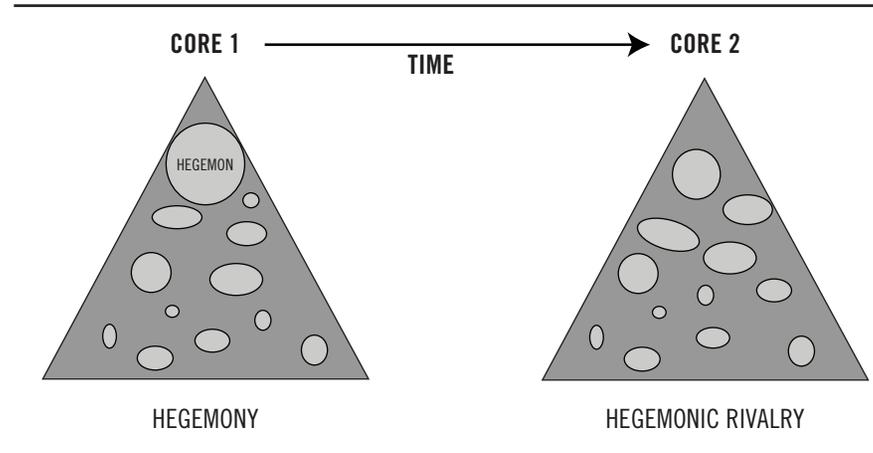


Much better known is the analogous phenomenon of “semiperipheral marcher states” in which a relatively new state from out on the edge of a core region conquered adjacent states to form a new core-wide empire (Mann 1986; Collins 1981). Almost every large conquest empire one can think of is an instance of this. A less frequently perceived phenomenon that is a quite different type of semiperipheral development is the “semiperipheral capitalist city-state.” Dilmun, early Ashur, the Phoenician cities, the Italian city-states, Melakka, and the Hanseatic cities of the Baltic were instances. These small states in the interstices of the tributary empires were agents of commodification long before capitalism became predominant in the emergent core region of Europe, itself a still semiperipheral region in the larger Afroeurasian world-system.

The semiperipheral development idea is also an important tool for understanding the real possibilities for global social change today because semiperipheral countries are the main weak link in the global capitalist system—the zone where the most powerful antisystemic movements have emerged in the past and where vital and transformative developments are most likely to occur in the future.

The hegemonic sequence of the last four centuries (the rise and fall of hegemonic core states) is the modern version of an ancient oscillation between more and less centralized interstate systems. All hierarchical systems experience a cycle of rise and fall, from cycling in interchiefdom systems to the rise and fall of empires, to the modern sequence of hegemonic rise and fall. In state-based (tributary) world-systems this oscillation typically took the form of semiperiph-

Figure 2 – The Modern Hegemonic Sequence



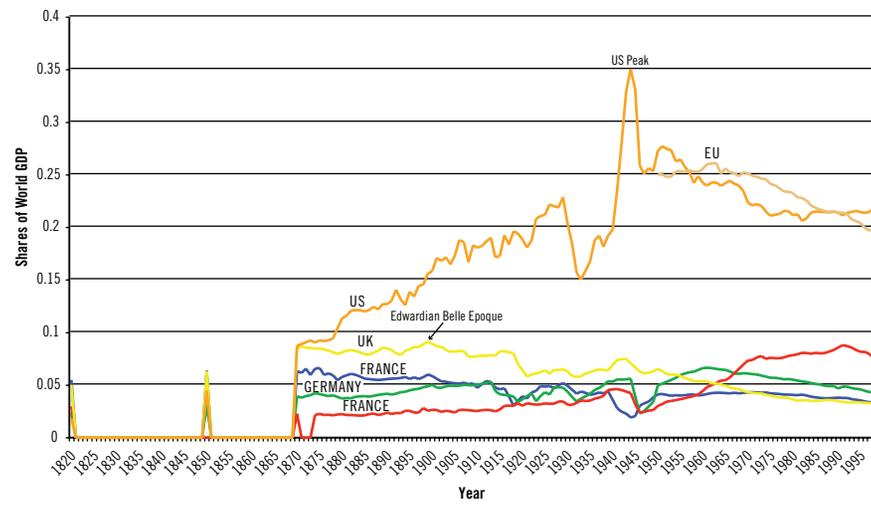
eral marcher states conquering older core states to form a “universal empire” (see Figure 1).

One important consequence of the coming to predominance of capitalist accumulation has been the conversion of the rise and fall process from semiperipheral marcher conquest to the rise and fall of capitalist hegemony that do not take over other core states. The hegemony rises to economic and political/military preeminence, but they do not construct a core-wide world state, at least up to now. Rather, the core of the modern system oscillates between unipolar hegemony and hegemonic rivalry (see Figure 2).

One implication of the comparative world-systems theory is that all hierarchical and complex world-systems exhibit a “power cycle” in which political/military power becomes more centralized followed by a phase of decentralization. This is likely to be true of the future of the world-system as well, though the form of the power cycle may change. Our species needs to invent political and cultural institutions that allow for adjustments in the global political and economic structures to take place without resort to warfare. This is analogous to the problem of succession within single states, and the solution is obvious—a global government that represents the interests of the majority of the peoples of the Earth and allows for political and economic restructuring to be accomplished by democratic processes.

Capitalist accumulation usually favors a multicentric interstate system because this provides greater opportunities for the maneuverability of capital than would exist in a world state. Big capitals can play states off against each

Figure 3 – Declining U.S. Economic Hegemony



other and can escape movements that try to regulate investment or redistribute profits by abandoning the states in which such movements attain political power.

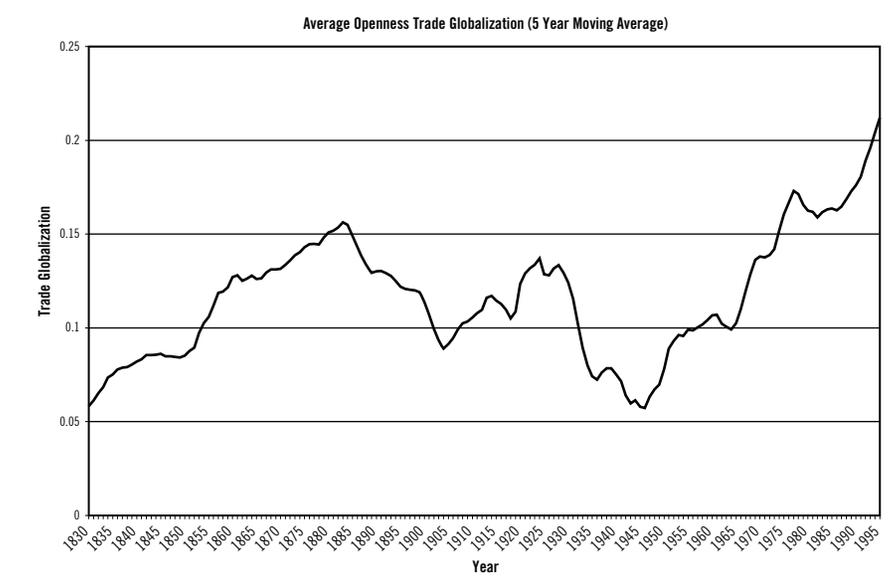
The three hegemonies of the modern world-system have been the Dutch hegemony of the seventeenth century, the British hegemony of the nineteenth century, and the U.S. hegemony of the twentieth century. World-systems analysts see a strong analogy between the decline of British hegemony after 1870 and the trajectory of the United States after the 1970s. Figure 3 shows the declining U.S. share of world GDP since 1945.

The modern world-system has experienced waves of economic and political integration (structural globalization) (Chase-Dunn, Kawano and Brewer 2000). These waves of global integration are the contemporary incarnations of the pulsations of widening and deepening of interaction networks that have been important characteristics of all world-systems for millennia. But these have occurred in a single global system since the nineteenth century. Figure 4 shows the waves of global trade integration in the nineteenth and twentieth centuries.

CAPITALIST GLOBALIZATION

The historical development of the modern world-system can be understood in terms of the evolution of certain key institutions that have been shaped by tremendous struggles: commodity production, technology and techniques of

Figure 4 – International Trade Relative to the Size of the Global Economy, 1830–1994



power. The struggles have included conflict among contending powers and between the core and the periphery over the past six centuries as Europe rose to hegemony and capitalist globalization expanded in waves of commodification and integration.

The story of how global orders have been restructured in order to facilitate capitalist accumulation must be told in deep temporal perspective in order for us to understand how the most recent wave of corporate globalization is similar to, or different from, earlier waves of globalization. Of particular interest here is the phenomenon of world revolutions and increasingly transnational antisystemic movements. In order to comprehend the possibilities for the emergence of global democracy we need to understand the history of popular movements that have tried to democratize the world-system in the past.

The most relevant for comprehending our own era is the story of the nineteenth century and its *tsunami* (tidal wave) of capitalist globalization under the auspices of British hegemony. Transnational antisystemic movements, especially the trade union movement and the feminist movement, emerged to contend with global capitalism. Workers and women consciously took the role of world citizens, organizing international movements to contend with the increasingly transnational organization of an emergent global capitalist class. Political and economic elites, especially finance capitalists, had already been

consciously operating on an intercontinental scale for centuries, but the degree of international integration of these elites reached a very high level in the late nineteenth century.

The British created the Concert of Europe after defeating Napoleon. This was an alliance of conservative dynasties and politicians who were dedicated to the prevention of any future French revolutions. The British Royal Navy suppressed the slave trade and encouraged decolonization of the Spanish colonies in the Americas. The English *Anti-Corn Law League's* advocacy of international free trade (carried abroad by British diplomats and businessmen) was adopted by most European and American states in the middle of the century. The gold standard was an important support of a huge increase in international trade and investment (Chase-Dunn et al. 2000; O'Rourke and Williamson 1999). The expanding Atlantic economy, already firmly attached to the Indian Ocean, was accompanied by an expanding Pacific economy as Japan and China were more completely and directly brought into the trade and investment networks of Europe and North America. American ginseng was harvested in Pennsylvania as an important commodity export that could be used in lieu of silver in the trade for Chinese silk and "china."

The nineteenth century wave of capitalist globalization was massively contested in a great globalization backlash. The decolonization of Latin America extended the formal aspects of state sovereignty to a large chunk of the periphery. Slave revolts, abolitionism and the further incorporation of Africa into the capitalist world-system eventually led to the abolition of slavery almost everywhere. Within Europe socialist and democratic demands for political and economic rights of the non-propertied classes strongly emerged in the world revolution of 1848.

I have already mentioned the idea of *semiperipheral development* (Chase-Dunn and Hall 1997: chapter 5). Institutional development in premodern world-systems occurred because innovations and implementations of new techniques and organizational forms have tended to emerge from societies that have semiperipheral positions within larger core/periphery hierarchies. Semiperipheral marcher chiefdoms conquered adjacent core polities to create larger paramount chiefdoms. And semiperipheral marcher states conquered adjacent core states to create larger and larger core-wide empires (e.g., Chin, Akkad, Assyria, Achaemenid Persia, Alexander, Rome, the Islamic Empires, etc.). And semiperipheral capitalist city-states (Dilmun, Phoenician Tyre, Sidon, and Carthage; Venice, Genoa, Malacca, etc.) expanded commercialized trade networks and encouraged commodity production within and between the tributary empires and peripheral regions, linking larger and larger regions together to eventually become the single global economy of today.

The modern hegemons (the Dutch Republic of the seventeenth century, the United Kingdom of Great Britain in the nineteenth century, and the United States of America in the twentieth century) were all formerly semiperipheral nation-states that rose to the position of hegemony by transforming the institutional bases of economic and political/military power in response to challenges from contenders for hegemony and challenges from popular movements contesting the injustices of capitalism and modern colonial imperialism. The modern world-system has experienced system-wide waves of democracy rather than separate and disconnected sequences of democratization within individual countries (Markoff 1996). These waves have tended to start in semiperipheral countries and the institutional inventions that have diffused from country to country have disproportionately been invented and implemented in semiperipheral countries first (Markoff 1999). Both the Russian and Chinese Communist challenges to capitalism emerged from the semiperiphery.

The workers' movement became increasingly organized on an international basis during the nineteenth century. Mass production made working conditions increasingly similar for industrial workers around the world. Labor organizers were able to make good use of cheap and rapid transportation as well as new modes of communication (the telegraph) in order to link struggles in distant locations. And the huge migration of workers from Europe to the New World spread the ideas and the strategies of the labor movement. Socialists, anarchists and communists challenged the rule of capital while they competed with each other for leadership of an increasingly global antisystemic movement that sought to democratize the world-system.

The decline of British hegemony, and the failure of efforts after World War I to erect an effective structure of global governance, led to the collapse of capitalist globalization during the depression of the 1930s, culminating in World War II. Figure 4 above demonstrates that capitalist globalization is a cycle as well as a trend. The great wave of the nineteenth century was followed by a collapse in the early twentieth century and then a reemergence in the period after World War II. The global institutions of the post World War II order, now under the sponsorship of the hegemonic United States, were intended to resolve the problems that were perceived to have caused the military conflagrations and economic disasters of the first half of the twentieth century. The United Nations was a stronger version of a global proto-state than the League of Nations had been, though still a long way from the "monopoly of legitimate violence" that would be the necessary effective center of a real state.

The Bretton Woods institutions—the World Bank and the International Monetary Fund—were originally intended to promote Keynesian national development rather than a globalized market of investment flows. Free trade

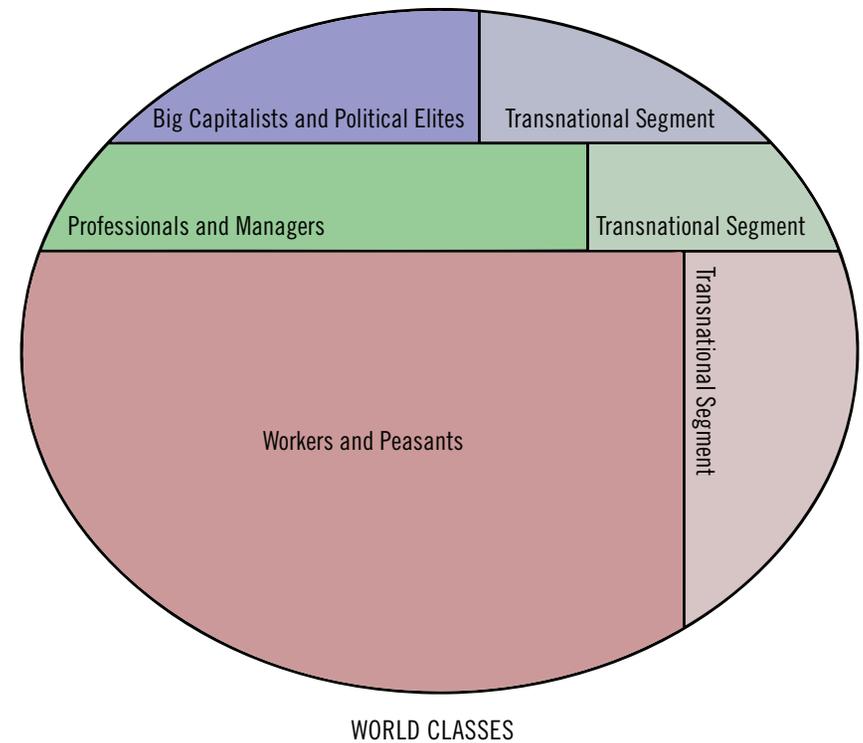
was encouraged, but important efforts were made to track international investments and to encourage the efforts of national states to use fiscal policy as a tool of national development. The architects of the Bretton Woods institutions were suspicious about the effects of volatile waves of international capital flows on economic development and political stability because of what they perceived to have been the lessons of the 1920s. The restarting of the world economy after World War II under the aegis of the Bretton Woods institutions and U.S. support for relatively autonomous capitalism in Europe and Japan succeeded tremendously. But the growing power of unions within the core, and the perceived constraints on U.S. fiscal and financial interests imposed by the Bretton Woods currency regime, along with the oil crisis of the early 1970s, led the U.S. to abandon Bretton Woods in favor of a free world market of capital mobility. The “Washington Consensus” was basically Reaganism-Thatcherism on a global scale—deregulation, privatization, and renegeing on the “social contract” with core labor unions and the welfare state. The IMF was turned into a tool for imposing these policies on countries all over the world.

The theorists of global capitalism contend that the most recent wave of integration has created a single tightly wound global bourgeoisie that has overthrown the dynamics of the hegemonic sequence (hegemonic rise and fall and interstate rivalry) (e.g., Sassen 1991; Robinson 2004). While most world-systems theorists hold that the U.S. hegemony continues the decline that began in the 1970s, many other observers interpret the demise of the Soviet Union and the relatively greater U.S. economic growth in the 1990s as ushering in a renewal of U.S. hegemony. In Figure 3 (above) the U.S. share of global GDP can be seen to have turned up in the early 1990s.³ The theorists of global capitalism contend that the U.S. government and other core states have become the instruments of an integrated global capitalist class rather than of separate and competing groups of national capitalists.

Walter Goldfrank (2000) contends that both models (global capitalism and the hegemonic sequence) are operating simultaneously and are interacting with one another in complicated ways. Despite the rather high degree of interna-

³ While some interpret this U.S. upturn in the 1990s as the beginning of another wave of U.S. “leadership” in the global economy based on comparative advantages in information technology and biotechnology, Giovanni Arrighi sees the 1990s as another wave of financialization comparable to the “belle époque” or “Edwardian Indian summer” that occurred in the last decades of the nineteenth century. Much of the economic expansion in the U.S. economy was due to huge inflows of investment capital from Europe and East Asia during the 1990s.

Figure 5 – World Class Structure with Transnational Segments



tional integration among economic and political elites, there is quite likely to be another round of rivalry among core states. Indeed, the imperial over-reach pursued by the current Bush administration is provoking some of this kind of rivalry within the core. Global elites achieved a rather high degree of international integration during the late nineteenth century wave of globalization, but this did not prevent the World Wars of the twentieth century.

Admitting to some aspects of the “global capitalism” thesis does not require buying the whole cake. Some claim that information technology has changed everything and that we have entered a new age of global history in which comparisons with what happened before 1960 are completely inappropriate. The most important thesis of the global capitalism school is the part about global class formation, and this needs to be analyzed for workers and farmers as well as for elites (Goldfrank 1977). Figure 5 illustrates the idea that a portion of all the objective classes in the world class structure are transnationally integrated. Thomas Reifer is currently leading a research project that is comparing the

nineteenth and twentieth century global elites as to their degree of international integration, as well as changes in the patterns of alliances and connections among the wealthiest and most powerful people on Earth (Reifer et al. 2004).

The hegemonic sequence is not a simple cycle that takes the same form each time around. Rather, as Giovanni Arrighi (1994) has so convincingly shown, each “systemic cycle of accumulation” involves a reorganization of the relationships among big capitals and states. And the evolutionary aspects of hegemony not only adapt to changes in scale, geography and technology, but they also must solve problems created by resistance from below (Silver 2003; Boswell and Chase-Dunn 2000). Workers and farmers in the world-system are not inert objects of exploitation and domination. Rather, they develop new organizational and institutional instruments of protection and resistance. So the interaction between the powerful and less powerful is a spiral of domination and resistance that is one of the most important driving forces of the developmental history of modern capitalism.

ANTISYSTEMIC MOVEMENTS

The discourse produced by world-systems scholars about “the family of anti-systemic movements” has been an important contribution to our understanding of how different social movements act *vis-à-vis* each other on the terrain of the whole system (Arrighi, Hopkins and Wallerstein 1989). It is unfortunate that public discourse about globalization has characterized recent protest movements in terms of “antiglobalization.” This has occurred because, in the popular mind, globalization has been associated primarily with what Phil McMichael (2000) has termed the “globalization project”—the neoliberal policies of the Washington Consensus and the hegemony of corporate capitalism. This is the political ideology of Reaganism-Thatcherism—market magic, deregulation, privatization, and allegedly no alternative to submitting to the “realities” of global capitalist competition.⁴

The terminology of antiglobalization conflates two different meanings of globalization to imply that the only sensible form of resistance to globalization involves the construction of local institutions to defend against the forces of

⁴ Giovanni Arrighi (2003) contends that the Reagan-Thatcher corporate globalization project that emerged in the 1970s and 1980s was importantly a reaction to the world revolution of 1968 that appropriated the anti-state ideology and many of the tactics of the New Left.

global capitalism. Structural globalization means economic, political and cultural international and transnational integration. This should be analytically separated from the political ideology of the globalization project (Chase-Dunn 1999).

The globalization project is what the demonstrators are protesting, but the term antiglobalization also implies that they are against international integration and global institutions. Our usage of the term antisystemic movements needs to be carefully clarified so that it does not contribute to this confusion.

Local and regional protectionism is indeed an important component of the emerging resistance to corporate globalization and neo-liberal policies (e.g., Amin 1997; Bello 2002). But one lesson we can derive from earlier efforts to confront and transform capitalism is that local resistance cannot, by itself, overcome the strong forces of modern capitalism. What is needed is globalization from below. Global politics has mainly been the politics of the powerful because they have had the resources to establish long-distance connections and to structure global institutions. But waves of elite transnational integration have been accompanied by upsurges of transnational linkages, strategies and institutions formed by workers, farmers and popular challenges to the logic of capitalist accumulation. Globalization from below means the transnationalization of antisystemic movements and the active participation of popular movements in global politics and global citizenship.

An analysis of earlier waves of the spiral of domination and resistance demonstrates that “socialism in one country” and other strategies of local protection have not been capable of overcoming the negative aspects of capitalist development in the past, and they are even less likely to succeed in the more densely integrated global system of the future. Strategies that mobilize people to organize themselves locally must be complimented and coordinated with transnational strategies to democratize or replace existing global institutions and to create new organizational structures that facilitate collective rationality for all the peoples of the world.

Globalization is producing a backlash much as it did in the nineteenth century and in the 1920s. Capitalist globalization, especially the kind that has occurred since the 1970s, exposes many individuals to disruptive market forces and increases inequalities within countries and internationally. The gap between the winners and the losers grows, and the winners use more coercion and less consent in their efforts to stay on top. Karl Polanyi’s (1944) notion of the double movement by which marketization produces defensive reactions and new forms of regulation is conceptually similar to the notion that expansive capitalism produces efforts to decommodify labor and communities, and that these then drive capitalism to mobilize on a larger scale in order to overcome the

constraints that political resistance produces. Boswell and Chase-Dunn (2000) have metaphorically characterized these processes as the “spiral of capitalism and socialism.”

Amory Starr (2000) has studied fifteen transnational social movements that name corporate capitalism as the enemy. She divides these movements into three categories: (1) contestation and reform (e.g., human rights, the peace movement, cyberpunks), (2) globalization from below (populist global governance); and (3) delinking of localities from the global economy to rebuild small-scale communities that are protected from global corporations. Starr herself favors delinking, and several other critics of global capitalism also envision a process of deglobalization as desirable (e.g., Bello 2002; Amin 1997; McMichael 2004).

One of the big challenges is how the different kinds of progressive social movements can work together to struggle against capitalist globalization. The issue of alliances is complicated by the fact that some of the groups in opposition to capitalist globalization are reactionary rather than progressive. So the enemy of my enemy is not always my friend. And even among the progressives there are major issues. Environmentalists and labor groups have notorious differences. Core and peripheral workers may have different interests regarding issues such as global labor standards. And there are obvious contradictions between those who want to democratize global governance and those who want to abolish it altogether in favor of maximum local autonomy. It is my position that the human species needs both more democratic global governance and more local autonomy, and that the globalization-from-below movements should work together with the local-autonomy movements, or at least with those who are progressive and willing. I contend that socialism or anarchism within one country or one community will not work for very long, and that we must confront the difficult issues of global governance head on in order to move toward a more humane and equitable world society. This will not require homogenization and further subordination. Cultural differences and diversity are desirable as long as they are not used as an excuse for domination and/or exploitation. And I favor the principle of subsidiarity in which problems that are most efficiently and equitably dealt with on a local or regional or national level need not be the concern of global governance. But some problems (global environmental degradation, warfare among states, reducing international inequalities) cannot be effectively solved by exclusively local jurisdictions. Thus we must envision and eventually create a democratic and collectively rational global government in order to survive and prevail as a species. Some localists will support this project.

The rest of this article will concentrate mainly on matters of strategy and tactics for the antisystemic movements. I do not wish to suggest that all the

problems of ultimate goals have been resolved. The model of global democracy based on new worldwide institutions and market socialism proposed in Boswell and Chase-Dunn (2000) is only the beginning of a huge conversation about political and organizational goals (see also Wallerstein 1998). But for now I want to discuss some tactical issues that are already pressing themselves upon the transnational movements that are challenging global capitalism.

The major transnational antisystemic movements are the labor movement, the women’s movement, the environmental movement and the indigenous movement. Of these, the environmental movement and the women’s movement have had the most recent success in forming transnational linkages and confronting the difficult issues posed by regional, national and core/periphery differences (Moghadam 2004). But the labor and indigenous movements have made some important recent efforts to catch up. Transborder organizing efforts and support for demonstrations against corporate globalization show that the AFL-CIO in the United States is interested in new directions. One important task for world-system scholars is to study these movements and to help devise initiatives that can produce tactical and strategic transnational alliances.

Let us imagine that the family of antisystemic movements has managed to organize a working alliance (perhaps with the help of the World Party, an organization dedicated to the building of a global socialist commonwealth [Wagar 1992; Boswell and Chase-Dunn 2000]). This assumption is not meant to trivialize the practical and theoretical difficulties that will be involved in the emergence of such an agent of human sanity. But I wish to discuss some additional problems that will likely need to be confronted down the road.

Besides attending to its own contradictions, what difficulties would such an alliance be likely to face in the coming decades? I see three major potential disasters in the path:

- A return, within the next two decades, to a condition of hegemonic rivalry among core states and competing groups of capitalists that will again pose the danger of warfare among “the great powers,” except with a potential for mass destruction that could result in a major global die-off.
- Possible environmental catastrophes caused by the continuing process of capitalist industrialization, energy utilization and new technologies.
- Increasing global inequalities and consequent multiple challenges to the hegemony of global capital and U.S. power.

All of these problems are predictable from what we know of the cyclical regularities and secular trends of capitalist development in the world-system (Chase-Dunn and Podobnik 1995). Each of them poses great dangers, but also

some opportunities, for the family of antisystemic movements. We must try to prevent or ameliorate the worst aspects of each of these likely disasters. And we also need to consider the best routes to take if truly disastrous events do occur.

This complicates an already thorny program. The calculus of tradeoffs between reforming existing institutions vs. radically restructuring them or replacing them will need to include considerations about reducing the likelihood of, or the worst consequences of, the above potential disasters. The issue of organizational goals needs to be informed not only by a consensual political philosophy, but also by a coherent structural understanding of the cyclical processes and secular trends of the world-system and their likely consequences in the next several decades. Long-term goals need to be clarified and their short-term and medium term pursuits needs to take into account the dynamics of the capitalist world-system.

AVOIDING WAR AMONG CORE STATES

Here is an example of this sort of problem. Warren Wagar's (1992) fictional scenario, *A Short History of the Future*, tells the story of the next fifty years under the title "Earth, Incorporated." It is a story of further expanding domination by huge capitalist corporations, continued technological development, ecological degradation and the emergence of a capitalist proto-world-state, but not yet the dismantling of the military structure of the interstate system. U.S. hegemony continues to decline. Immigration, slow economic growth, growing inequalities and the emergence of greater class and racial divides in the U.S. eventually result in the election of a Mexican-American woman as president. Heartland Republicans start a civil war, but the U.S. army, now staffed by a large majority of non-white personnel, quickly puts down the opposition. The U.S. begins to support semiperipheral states that are resisting the hegemony of the global corporations and so the world government (under the control of the "megacorps") decides upon a nuclear first strike to take out the leftist U.S. regime. Thus begins a three-year nuclear war that destroys most of the cities of the Northern Hemisphere. In the aftermath the World Party is able to pull together a global socialist commonwealth.

If something like Wagar's scenario is at all probable, the antisystemic movements need to work to prevent such a catastrophe. It is ethically unacceptable to simply wait for global capitalism to destroy itself and then pick up the pieces. Wagar gets the timing of the onset of world war wrong because he believes that world wars occur during economic downturns. But Joshua Goldstein's (1988) research on Kondratieff waves and war cycles shows that wars among core states usually occur at the end of the K-wave upswing when states have lots of

resources with which to wage war. This means that the next window of vulnerability to world war will occur in two or three decades.

If it is true that another period of hegemonic rivalry will include a substantial risk of renewed warfare among core powers, this extremely risky situation could be avoided by a revitalization of U.S. leadership (hegemony) because the single superpower configuration is militarily stable. Without a bipolar or multipolar military configuration there will be no war among core powers. Continuing U.S. economic decline would arguably eventuate in the inability of the U.S. to serve as world policeman, and will result in the rearming of possible hegemonic contenders (e.g., Japan, Germany). If this can be prevented for another twenty or thirty years the system will have gotten through the sticky wicket of hegemonic rivalry until the next interregnum of the power cycle.

A truly democratic global peacekeeping government should be the eventual goal of the family of antisystemic movements. But the problem is that the emergence of an effective global state within the relevant time frame (the next two or three decades) is highly unlikely. This would require that the existing core states devolve a substantial portion of their sovereignty to the global state and there will be considerable resistance to this. A comparable situation in the European Union, while it is far more advanced than at the global level, shows how slowly consolidations of this kind move forward.

A more feasible alternative (within the relevant time frame) would involve the perpetuation or renewal of U.S. economic hegemony that is sufficient to prevent the reemergence of potential core military challengers. Some scenarios that focus on new lead industries (information technology and biotechnology) foresee the strengthening of the economic basis of U.S. hegemony (e.g., Rennstich 2001). The information technology (IT) industry has already run through most of the standard course of the product cycle. Technological rents are few and globalized competition over the costs of production and services, with IT jobs being outsourced to the semiperiphery, seems to imply that this sector will no longer serve as an engine of U.S. economic hegemony. Biotechnology⁵ has been heralded as the new engine, but so far most of the money that has been made is in the selling of stocks. Governments and venture capitalists have put up great sums with the hope of grand paychecks down the road, and huge amounts have been spent on attorneys' fees obtaining patents on processes and

⁵ The revolution in biotechnology involves such radical recombinations that grave mistakes are almost certain to occur as these new technologies are applied to agriculture, pest control and biosphere engineering. Biosafety is a major concern.

genomes. Significant competition has emerged in Singapore and the People's Republic of China, challenging the notion that the United States is the only serious contender. A rapid expansion of real profits could occur, but more likely the development of real-world economic applications will continue to be slow. If this is the case biotech will not serve, in the next few decades, as an engine of renewed U.S. economic hegemony.

Perhaps a more realistic alternative to another round of U.S. hegemony would be a core-wide condominium of global governance that includes the U.S. and allies and possible challengers (Germany, France, Japan, Russia and China). In this scenario the United Nations would be reformed so that it more realistically represents the core states, as well as the peoples of the world. Right now Germany and Japan are not permanent members of the U.N. Security Council. The Security Council needs to be expanded to include Germany and Japan and to better represent the non-core countries as well. This, and the beefing up of the U.N. peacekeeping capability, could be accomplished without greatly threatening the sovereignty of the core states. This would be a combination of enhanced proto-global-state formation and a partial renewal of U.S. hegemony that would get us through the next sticky wicket of hegemonic rivalry unscathed. It would move in the direction of a more legitimate global government as well. The key would be to get Europe and Japan to invest in multilateral peacekeeping rather than in beefing up their own national forces. This is what is meant above about needing to include the calculus of emergent systemic crises in the organizational strategies of the antisystemic movements and the necessity of compromises between medium-term and long-term goals.

ENVIRONMENTAL CRISES

Ecological disaster could arrive in smaller or larger, more catastrophic, dimensions. The current Hollywood film, "Day After Tomorrow" portrays the nightmare version. Peter Taylor (1996) portrays the emerging "global impasse," the ecological impossibility of the non-core countries developing the same level of energy and resource utilization as already exists in the United States. If the Chinese eat as many eggs and drive as many cars per capita as citizens of the United States do, the global biosphere will fry. Clean water is going to become scarce within the next twenty-five years. Gasoline prices have gone up a lot lately and are likely to go up a lot more in the long run. Global warming may produce destructive or even cataclysmic consequences. As with warfare, the anti-systemic movements must try to prevent catastrophes at the same time that we invent institutions that can make our collective life sustainable. Preparation for these developments means coordinating with extant world parties such as

Greenpeace to educate about the causes of capitalist ecological degradation and feasible movement toward sustainable and democratic development.

GROWING INEQUALITIES

Growing inequalities (both within and among countries) were an important source of globalization backlash in the late nineteenth century (O'Rourke and Williamson 1999) and are already shaping up to be an important driving force in the coming world revolution. Mike Davis's (2001) analysis of late Victorian drought-famine disasters in Brazil, India and China shows how these were partly caused by newly expanded market forces impinging upon regions that were subject to international political/military coercion. He also documents how starving peasants created millenarian movements that promised to end the domination of the foreign devils or restore the rule of the good king. Islamic fundamentalism is a contemporary functional equivalent.

Huge and visible injustices provoke people to resist, and in the absence of true histories and theories, they utilize whatever ideological raw materials are at hand. The world-systems perspective has the potential to serve as the basis for a scientific understanding of social change that can be used by the antisystemic movements to organize an effective response to corporate globalization that constructs new institutions for democratizing the global political economy. But this will require popular communication of the main lessons of the world-systems perspective.

AN OUTLOOK

The phenomenon of semiperipheral development suggests that social organizational innovations that can transform the predominant logic of accumulation will continue to emerge from the semiperiphery. The Russian and Chinese revolutions of the twentieth century were efforts to restructure capitalist institutions and developmental logic that succeeded mainly in spurring the U.S. hegemony and the post World War II expansion of capitalism. The Soviet and Chinese efforts were compromised from the start by their inability to rely on participatory democracy. In order to survive in a world still strongly dominated by capitalist states they were forced to construct authoritarian socialism, a contradiction in terms.

We can expect that democratic socialisms will come to state power in the semiperiphery by electoral means, as already happened in Allende's Chile. Brazil, Mexico, and Korea are strong candidates, and India, Indonesia and China are possibilities. Democratic socialism in the semiperiphery would seem to be a good strategy for fending off many of the worst aspects of corporate glo-

balization. The transnational antisystemic movements will want to support and be supported by these new socialist democracies.

The ability of capitalist core states to destabilize democratic socialist regimes in the semiperiphery is great, and this is why support movements within the core are so important. Information technology can certainly be a great aid to transborder organizing. Issues such as sweatshop exploitation can help to make students aware of core/periphery inequalities and to link them with activists on other continents. The emergence of democratically elected challengers to global corporate capitalism will strain the ideologues of “polyarchy”⁶ and facilitate the contestation of narrow definitions of democracy. The emergence of a World Party to educate activists about the world historical dimensions of capitalism and the lessons of earlier world revolutions can add the leaven that moves the coming backlash against corporate globalization in a progressive direction. The World Social Forum raises the issue of a coordinated popular approach to confronting and transforming global capitalism. The issues of global party formation and coordinated action are on the table of world history once again (e.g., Stephen Gill’s 2003 discussion of the “post-modern Prince”) and the comparative world-systems perspective can help the citizens of the world move toward a democratic and collectively rational global commonwealth.

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⁶ William Robinson (1996) examines the struggle over the concept of democracy. He defines polyarchy as a system in which a small group actually rules and mass participation in decision-making is confined to leadership choice in elections carefully managed by competing elites. Polyarchy usually prevents the emergence of more egalitarian popular democracy that would threaten the rule of those who hold power and property. The notion of popular democracy stresses human equality, participatory forms of decision-making, and a holistic integration of political, social and economic realms that are artificially kept separate in the polyarchic definition of democracy.

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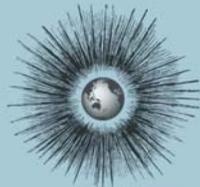


SPECIAL ISSUE:

GLOBALIZATIONS FROM 'ABOVE' AND 'BELOW'
THE FUTURE OF WORLD SOCIETY

EDITED BY :

MARK HERKENRATH, CLAUDIA KÖNIG, HANNO SCHOLTZ, & THOMAS VOLKEN



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ABSTRACT:

A revisit, and an extension, of the paper "From Leadership to Organization: The Evolution of Global Politics," originally presented at the University of Zurich in 1993. Three long-term processes:

the evolution of global politics (or political globalization); the rise and decline of world powers (the long cycle of global politics); and the emergence of the world system, have been reviewed and updated.

LONG-TERM TRENDS IN WORLD POLITICS

George Modelski

INTRODUCTION

The point of departure of this discussion is the paper entitled "From Leadership to Organization: The Evolution of Global Politics," first read in Zurich in 1993, and in Bielefeld in 1994, at the World Congress of the International Sociological Association, published in this journal in 1995, and finally, in hardcopy in 1999, in a volume edited by Volker Bornschier and Christopher Chase-Dunn. I mention these circumstances for two reasons. It means that I presume at least some general acquaintance with the content of its arguments but more importantly I wish to point to the lapse of time, more than a decade since its writing, and that makes it worthwhile to pose the question: are its arguments still valid and how were they affected by the passage of time and the eventful course of world politics since the early 1990s.

In that paper (subsequently referred to as "Leadership"), I examined in some detail the make-up of two important processes: the well-known long cycle of global politics, a.k.a. the hegemonic cycle, or the rise and decline of world powers; and the less well-recognized evolution of global politics, a related institutional process at a higher level of organization that is in effect one of "political globalization." I presented the thesis, and the prediction, that the working of long cycles activates, at a higher level of organization, the evolution of global politics, such that the political system at that level moves from a condition in which the chief institution organizing it is global leadership, to "global organization," one of a more fully institutionalized form of governance.

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The reference here was not to trends—understood as “prevailing tendency, drift, or general line of direction or movement” that can be described or perhaps extrapolated—but rather to processes understood as sequences of events that can be explained and whose overall outlines are capable of being predicted. Our representation of these processes amounts to constructing a calendar of global politics. Calendars (viewed as organization in time) are, of course, social constructions that were among the earliest achievements of civilization, but also are vital parts of everyday lives. But calendars are not just human handiworks for they model or reflect the working of natural processes. By building calendars we seek to accommodate ourselves to the forces of nature but we also try to harness them to our purposes.

On this occasion, I examine, and update when needed, two processes, starting with globalization, and followed by the long cycle, and place them in the context of the emergence of the world system. For each process we ask: where in its trajectory is global politics located at the present time, and what might be the prognosis for the future, up to a century ahead? We shall then review the current status of the main prediction. In conclusion I pose a more general question: does the “cascade” of processes subsumed under world system evolution represent a category of phenomena subject to general laws that chart the overall direction of the “future of world society”?

EVOLUTION OF GLOBAL POLITICS AS POLITICAL GLOBALIZATION

Let us reaffirm the basic argument of “Leadership,” namely that the processes we are discussing are evolutionary. By that we mean that they invoke structural change at the global level, and that they are explicable with the help of evolutionary theory. From what we know of the past millennium we can tell that such change has been significant, and that an evolutionary explanation makes sense. What evolves is global-level organization that is a condition of world society, and it evolves via the mechanism of evolutionary learning.

The evolution of global politics is a higher-order learning process than the long (or hegemonic) cycle (to be reviewed shortly). It is a process of globalization¹ creative of political institutions of world-wide scope in *periods* spanning half-a-millennium. It is one of political globalization because it accounts for the

¹ I do not regard “globalization” as “the natural doctrine of global hegemony” (as Brzezinski [2004: 143] would label it), because political globalization in fact accounts for the transition from the period of “global leadership” to that of “global organization.” But it is, as he also writes, “a phenomenon having a deeper moral dimension” (ibid: 219).

Table 1 – A Calendar of Global Politics: 1000 to 3000*

Learning Algorithm (g-c-t-r) at two levels	Periods (& Phases) of Global Political Evolution	Characteristic Global Institution	Major Interactors	
1 (g)	Preparatory	World Empire (Failed)		
		930 – 1190 –	Mongol federation	
2 (c)	Nucleus Formation	Global Leadership		
		Information	1430 – discoveries	Portugal, Spain
		Integration	1540 – Calvinist international	Dutch Republic, Spain
		Political formation	1640 – Europe's Balance	Britain, France
		Economic innovation	1740 – industrial revolution	Britain, France
3 (t)	Selection	Global Organization		
		Information	1850 – IT revolution	USA, Britain, Germany
		Integration	1975 – democratic transition	USA, China, EU, UN
		Political formation	2080 – global organization	
4 (r)	Amplification	Economic organization	2175 –	
		Stability		

* What is being tested, and selected, in each period of global political evolution is the institutional set-up to govern global interactions. Upon the failure of the Mongol project of world empire, the second period tests an alternative form of organization (global leadership, whose elements include navies, bases, and alliances) against the designs of a number of aspirants for imperial rule. With Britain, it hits upon an acceptable middle solution: the informal role of global leadership, and not empire (as some have argued recently). By the 20th century, the United States steps into the now established role but at a time and in conditions that indicated that movement toward new forms of global organization was already underway.

The table shows each period of global political evolution as an instance of the working of the learning algorithm (that is, of the enhanced Lewontin-Campbell heuristic: g-c-t-r: generate-cooperate-test-regenerate, Modelski 2004), a sequence of four iterations of that algorithm at the global institutional level. In turn, each such period contains (in a nested, self-similar process) four long cycles, each representing one phase of that same algorithm.

formation of political structures that weave together several strands of relationships of world-wide range. Where earlier, in the classical era, political interaction was mainly either local or regional, at about the year 1000 new interactors began to emerge at the planetary level, and started to activate a process of global political evolution. Table 1 presents a calendar for four periods of that process (spanning two millennia) but highlights in particular institutional developments in the second and third periods.

Table 1 shows the first period of global political evolution as preparatory, that is laying down the technical preconditions of global order, in part by defeat-

ing the project of the Mongol world empire. The second created the nucleus of global organization by defeating even more imperial challenges² and by means of the institution of global leadership. The two British cycles represented the mature form of that organizational structure as it moved from selection, to amplification. The third period, that we entered as early as mid-19th century, is that of global organization. If the first period was one of no (or failed) organization, and the second one of minimal organization, the third is one of selecting an adequate structure of organization (to be completed in the fourth). By adequate structure I mean one that has the capacity to cope decisively with the problem of human survival, especially in respect of nuclear and environmental threats.

Where in this scheme do we stand at the beginning of the 21st century? The third period that we have already entered is certainly critical. The third period (selection and formation of global organization) is currently in the second of its preparatory phases (in the –c– phase of cooperation and integration) of this major institutional innovation that, on this analysis, will bring significant institutional change in the next, –g– phase of that process, a century from now. That (third) period will not be completed for two-three centuries. But we also recall that each such period consists of four phases, and in this instance, of four long cycles, and would extend over a half-millennium. Since about 1975 we have been in the second (integrative, community-building) phase of that third period, and that phase might extend to the last quarter of the century. That means that this, current, phase has several more decades to go.

The prognosis is this: the global political system has been, since 1850, in transition to global organization, and that means that the US cycle has been no mere repetition of the British experience, but was shaped by that fact. We are now, at the start of the 21st century, in the second, coalitional, phase of that of transition. That phase will not be completed until mid-21st century, and will determine the coalition that will shape future global organization: will it be the global democratic community, or a system of “multipolarity”?

One implication of the transition concerns the concept of power. In the period of global leadership, global power could be indexed by the ability of a nation-state to deploy forces of global reach, principally naval, and air. As political globalization consolidates, another, if related, power index grows in

² In “Leadership” (Modelski 1999: 32) the defining problem of the second period was “Balance of Power in Europe after 1713.” The defeat of imperial challengers was indeed a primary global problem but it was “global leadership” that was the institutional innovation of that period.

significance: the capacity to sway decision-making bodies, both executive and parliamentary devices of party organization. Current examples include the role of the United Nations Security Council, and the General Assembly. As global forces gain strength, toward the next century, the control of global organization, e.g. via majority voting blocs, would become the condition of organizational leadership. A democratic community might be one such case. Parallel changes would affect the world market for protection.

LONG CYCLES OF GLOBAL POLITICS

The concepts of “rise and decline of world powers,” or the long (or “hegemonic”) cycle are now familiar to students of this subject, and they highlight principally the role of leading states, and the imperial challengers that squared off against them. That is, it is an agent-based process that is in fact subsidiary to political globalization. That of long cycles in particular goes further and includes the notion that what we are studying is a four-phased learning process (and therefore one that is structurally identical, self-similar but on reduced scale, to the two other processes we are considering). It is a basic feature of the four-phased learning cycle that the first two of its phases are preparatory in character, and that real change sets in its third, the selection phase. As we have already seen, the phasing makes it possible to establish the location in time, of the system we are analyzing. We might also add, that this learning process (as we argue) assumes the “global leadership” (or “hegemonic”) form only in the second period of global political evolution that is in only one part of its trajectory.

At the time of writing “Leadership,” the early 1990s, the global political system was in the phase of Agenda-setting (1973–2000). At the present time, in the first decade of the 21st century, it has moved into the phase of coalition-building (2000–2026). Both of these are the preparatory phases of the new cycle, LC10, even while the United States is still filling its role of leadership. On the analogy with a four-year electoral cycle, global leadership is moving into the lame duck season, anticipating an approaching (s)electoral test.

A COMMUNITY OF DEMOCRACIES?

In “Leadership” (p.18) I predicted flatly that “by 2000, the global democratic community might be expected to become the focus of coalition-building.”

³ One of its recommendations (that the Foreign Minister of France was the only one to vote against) was the formation of “democracy caucuses” at the United Nations.

Indeed, in that year a “Community of Democracies” was organized at an international meeting of ministers from over 100 countries that met in Warsaw.³ A second such conference was held in Seoul in 2002, and a third is planned for Santiago, Chile in 2005. Maybe a more precise way of expressing that prediction should have taken the form “after 2000...” because the Community is not yet “the focus” of international organization; the movement is slow but the idea of global democracy is certainly in the air even though its ultimate shape is as yet uncertain.

The main alternative vision has, since the collapse of the Soviet bloc, been that of “multipolarity.” That is a notion advocated in France, but also one that at various times was also espoused by leaders in i.a. Moscow and Beijing. Lacking in detail, it seems to hark back to late-19th century conceptions of balance of powers, a time when the European system of states was beginning to line up into two opposing camps that ultimately faced off in World Wars I and II. At bottom, it is a counter to “unipolarity” that some see to be emerging on the basis of United States predominance. The default (but hardly promising) position is that of “international community” on whose behalf action is taken by a “coalition of the willing,” within or without the United Nations.

All in all, we are still early in the coalition-building phase, with some two more decades to go, and much is yet to happen. But it is also a hallmark of this phase that democracies now hold (for the first time ever) a majority position in the world,⁴ a condition that favors cooperation and makes war among a large portion of the world less likely. That is why the odds for the long term do lie on the side of a democratic community. In Table I, we can discern a growth of a democratic “lineage” that runs through the second, and plausibly, through, the third and fourth eras of the process and that is closely linked to democratization (the world-wide spread of democratic practices).

IMPERIA DETOUR?

A rounded conception of the two preparatory phases of a period of global leadership would also draw attention to the “lame duck” feature of that season of world politics. At a time when the “sitting” world power is past the phase of executing its primary agenda, that whose execution placed it in office in the first place, tension and uncertainty arise, prompting projects that amount to an “imperial detour.” A case in point, and a significant current example, is the Iraq

⁴ In 2000, 57.1 percent of the world’s population lived in democracies (Modelski and Perry 2002: 365).

war of 2003. For in the period of transition *from* global leadership, world politics is poised uneasily between “empire” as the historically familiar form of large-scale organization, and “global organization” as the new, promising but as yet untested way of the future. In fact, the major conflicts of that period involve the defense of clusters of autonomous states from the designs of imperial powers. The incumbents of the (only lightly institutionalized) office of global leadership are torn between the future promises of a global organization and the “traditional” pull of empire. Their primary agenda will have tackled the then urgent global problems (that included the defeat of imperial challengers) but as these problems have been met, they slip into “traditional” patterns and yield to imperial temptation.

Britain, past its second cycle, offers an illuminating example.⁵ In 1899 a Conservative government authorized a war against two small Boer Republics in Southern Africa, experienced early reverses, and sustained guerilla insurgency, challenges that were met by the deployment of large forces⁶ and at great cost to its international standing.⁷ Transvaal and the Orange Free State were annexed in 1902 but as early as 1910, under a Liberal government in London, all of South Africa became self-governing, soon to be led by the leaders of the Boer commandos, Botha and Smuts. English historian G.M. Trevelyan summed up the lessons of that war as follows: “It put an end to the somewhat boastful type of Imperialism, which dominated the last years of the Nineteenth century, a spirit which...would have made trouble in the dangerous epoch now approaching.”

The Boer war was hardly an isolated incident in the aftermath of Britain’s second (learning) cycle (1740–1850). By 1858 the British government was ruling

⁵ Similar patterns can be observed in the “lame duck” phases in each of the cycles of global leadership: following the first British cycle of 1640–1740, (the war of American Independence 1776–1783), the Dutch cycle of 1540–1640 (the Dutch East India Company launching the conquest of Java after 1650, to become a territorial power); and the Portuguese cycle of 1430–1540 (expedition in Morocco 1578).

⁶ The British forces of 450,000 included contingents from Australia, India, New Zealand and Canada; they suffered 22,000 fatalities.

⁷ Max Beloff (1970: 75) minimizes the original pretexts for that war, and stresses the determination of Alfred Milner (high commissioner for South Africa) and Joseph Chamberlain (Colonial Secretary) to “assume political control of the Transvaal, so as to prevent trouble elsewhere in South Africa and demonstrate the solidity and strength of the Empire.” Both Milner and Chamberlain were part of the “imperialist milieu” in Britain at the turn to the 20th century (Kennedy 2004: 18).

over the entire Indian subcontinent, and in 1877 Queen Victoria was declared Empress of India. The prevailing foreign policy orientation of Conservative governments under Lord Salisbury was one of free hand and avoidance of alliances. But the war revealed the dangers of such “splendid isolation”; it was followed, in short order, by the Anglo-Japanese alliance (1902), the *Entente Cordiale* (1904), and the Anglo-Russian agreement (1907).

But the war is worth recalling for another reason: it triggered a stream of writing denouncing “economic imperialism.” As the hostilities were coming to a close, in 1902, J.A. Hobson published *Imperialism: A Study*, proposing an interpretation that was in effect a generalization of that war’s experience: war driven by special interests, and large firms, (Rhodes’) seeking new markets and supplies (gold, diamonds), but not benefiting the national interest. V. I. Lenin picked up, and enlarged on these themes in his influential 1916 volume (written in Zurich). But his prediction, of a collapse of capitalism in its “highest stage,” proved wrong. The South African experience suggests that the “imperial detour” is a structural problem of the “lame duck” phases of the “global leadership” period of global political evolution that is troublesome but not beyond remedy.

MACRODECISION

Looking further ahead we come to the next phase of the current long cycle, its “selection” phase of Macrodecision (2026–2050). In the four earlier cycles this was the phase that generated global wars, and as their product, new leadership. In “Leadership” (p. 18) I argued that “there is no reason why in the future this process could not assume a different form, coming to a decision without resort to large-scale violence...such substitutes can in fact emerge from within the democratic community.”

We might consider two scenarios: in the first, we see a cohesive global democratic community, comprising not only the majority of the world’s population, but also the preponderance of its military, economic, and technological resources, and a majority “party” within the United Nations. This arrangement might present such unassailable strength that a direct military challenge would obviously be unproductive, if not utterly destructive but it calls for bold structural innovation in the institution of global leadership.

The second, multipolar, scenario, is more conventional but allows for the possibility of alliances between the several poles of that system, and within the United Nations, hence also between democratic and non-democratic states. This alternative might reduce the chances of deep division, but courts the dangers of large-scale military confrontation.

So much for the form a contested macrodecision might take two-three decades from now. As for its substance, we have argued elsewhere that at the present time the probabilities favor the re-selection of the United States to a second term of global leadership.

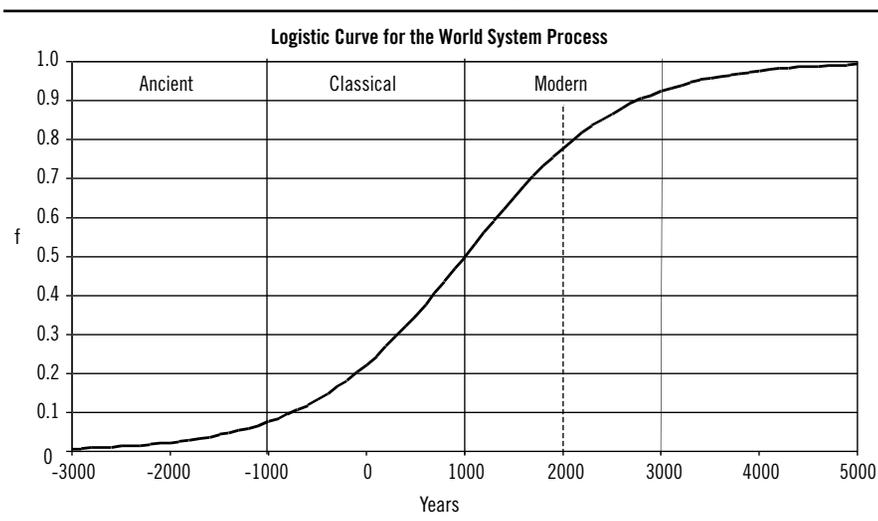
EMERGENCE OF THE WORLD SYSTEM

The social organization of humans today is manifestly more elaborate—more complex—than it was 5000 years ago (cities, writing, states, great communities, world trade, etc.). To explain this we postulate a cascade of evolutionary processes (Devezas and Modelski 2003) that includes political globalization and the long cycle. The highest of these is the world system process setting the major tasks in each phase of the (world-scale, species-wide) four-phase learning process⁸ and describing the world system (or world society) that still is a “work-in-progress.”

At this level, the four phases of that process appear as the familiar eras of world history: ancient, classical, modern and (presumptively) post-modern. But viewed as successive elements of a learning algorithm they become part of a generalized learning process; they each assume a character all their own, defined by a major theme (characteristic of that phase of the learning process): ancient, by creating the learning infrastructure; classical, by socio-religious organization; and modern, by the problem of collective organization on a planetary scale (for empirical tests, see i.a. Devezas and Modelski 2003). The emergence of the world system (or world society) might then be seen as if programmed by a four-phased learning algorithm represented in Figure 1: Logistic curve for the world system process.

Where are we now, and what is the prognosis? Figure 1 shows, at 1000, the flex-point that tips the emerging system toward the selection phase of collective (political) organization. Our present position, in about 2000, lies at the mid-phase of that phase. That position also indicates that as much as 80 per cent of that great learning project (of populating the planet, and organizing for living

⁸. We derive the following principles from our theoretical analysis (Modelski 2004): the human species is capable of self-organization at multiple levels (including also at the species-hierarchical level), over time in a cascade of (autocatalytic) learning algorithms (simple rules in the form of the enhanced Lewontin-Campbell heuristic), and in such a manner as to create replicators, and constitute a lineage, assuring continuity.

Figure 1 – The Four-Phased Millennial Learning Process of the World System*

* Curve for the world system process given by equation (1), for $n = 8$ ($g = 256$) evidencing the major phases of world history: ancient, classical and modern. We are now well into the third phase, the modern era, reaching 80 percent of completion of the whole process after Devezas and Modelski 2003:856.

$$(1) f = \{ 1 + \exp [- \partial/n (t - t_0)] \}^{-1}$$

f is the fraction of the process completed at time t

g is the number of generations

together) might now be complete, the reason being that most of the steep part of the learning curve is now behind us. That means that the bulk of the construction of the world system may now be in hand. No revolutionary changes loom ahead even if the work of putting the finishing touches on this great project still lies ahead.

In summary: Guided by the injunction: “to know the future, know the past,” this review of long-term trends in world politics” yields the following findings:

The main prediction (in “Leadership”) of a transition from the institution of global leadership to a form of global organization is holding up well. But such an advance might not take conclusive form for another century.

The foundation for such an advance is likely to be the emerging global democratic community. The “imperial detour” is a structural feature of the institution of “global leadership” that is unlikely to change the long-term trend just outlined. The world system as a whole is well underway in the modern era of collective organization for world society.

This account of trends in political globalization is of course only part of what evolutionary analysis can contribute to charting future tendencies. Other

processes that yield insights include the course of the current K-wave of economic innovation (peaking in the mid-2020s), the trajectory of world democratization (reaching 90 percent saturation by the end of the century), and related to it, the processes of equalization (that also characterized earlier eras of the world system).

SOME GENERAL CONSIDERATIONS

Implicit in this discussion has been the view that world politics holds important elements of order that are not so well hidden as to be unknowable, and that might lend themselves to systematic analysis. The calendar that we have presented suggests the working of an evolutionary “clock” that in turn raises the question whether such analysis implicates general principles or universal laws.

Nineteenth century “philosophies of history” proposed a number of schemes that elucidated laws of history or society, and prominent names that come to mind include Comte, Spencer, and Marx. Their schemes generated much attention and much political capital but lost traction in the course of the 20th century. The expansion of the social sciences—which they promoted—and the increase in historical understanding that has occurred made them appear dated, perhaps lacking in sophistication. But it could not be excluded that they also contained important insights when they portrayed large-scale processes as shaping portions of the human experience.

A relevant analogy might be derived from the physical sciences. Newton’s laws of gravity have been, for centuries, prominent metaphors if not models of social organization. But the fabric of the cosmos might be a set of phenomena made accessible by two distinct bodies of theory (so far unreconciled). These are general relativity, the science of the large that elaborates on gravity, and quantum mechanics, that deals with the realm of the small. While general relativity proposes general laws that govern the universe, quantum mechanics is the realm of uncertainty, and probability.

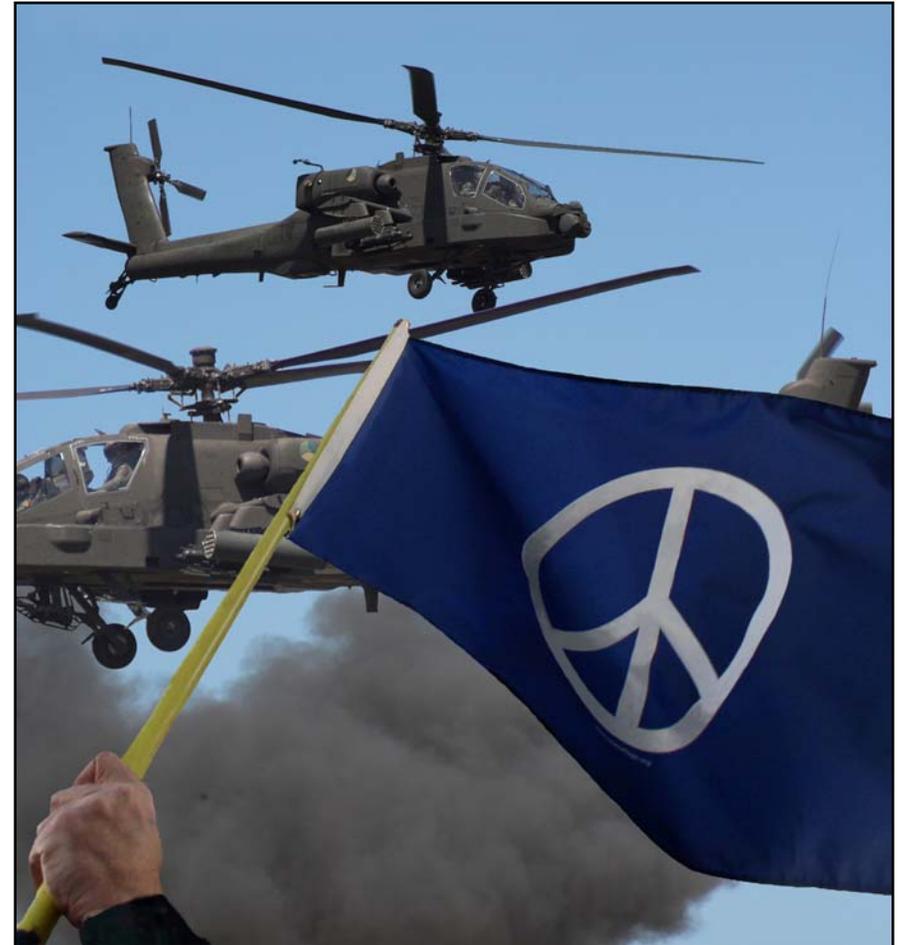
Might it be that the social sciences—that attempt to unravel the patterns in the fabric of the social cosmos—might be subject to the same condition? Could it be that the evolutionary study of globalization and world system emergence will reveal “clocks” that time (or programs that encode) the—possibly—simple rules that animate these structural processes? But such rules would also be unsuitable if relied upon to deal with the complexities of individual decision-making or collective behavior.

In 20th century historiography, the debate has been between those who favor the search for covering laws, in the Humean-Hempel mode, and others who disdain general principles and regard historical writing as the reenactment

of past experience in the *verstehen* mode. Similar arguments have, in this generation, pervaded the social sciences. Could it be that both sides of that argument have merit, depending on what is being investigated? And if we want to penetrate the hidden order of large-scale organization of humanity and the future of world society, we cannot neglect the search for general, and elegant and preferably non-complex, rules that might govern it.

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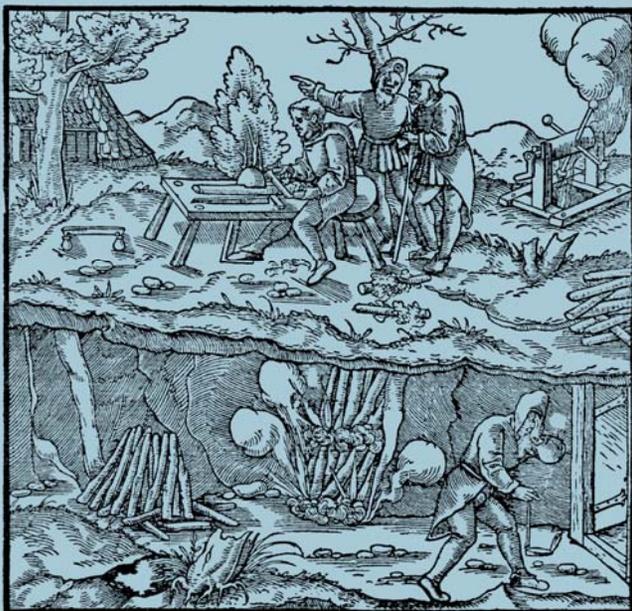
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SPECIAL ISSUE:

GLOBALIZATIONS FROM 'ABOVE' AND 'BELOW'
THE FUTURE OF WORLD SOCIETY

EDITED BY :

MARK HERKENRATH, CLAUDIA KÖNIG, HANNO SCHOLTZ, & THOMAS VOLKEN



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ABSTRACT:

Observing the latest trends of a rise in interest in the development of power distribution in a world-system created and dominated by states but increasingly challenged as such, this paper takes a deeper look at the historical evolution of this system, its current transformation, and likely future development. After a brief discussion of prevalent concepts of world(-)system development and its socio-political control, this work offers an evolu-

tionary perspective to place current changes of power and its distribution in the dynamic long-term development of global system formation. It then presents alternative visions of the future development of political and economic hegemony. It concludes that a further rise in instability of global political power distribution accompanied by a likely challenge to existing distributional patterns has a high probability of occurrence.

CHAOS OR REORDER? THE FUTURE OF HEGEMONY IN A WORLD-SYSTEM IN UPHEAVAL*

Joachim Karl Rennstich

INTRODUCTION

The latest resurgence of interest in the concept of hegemony¹—in the context of this study understood as the power of a state to exercise functions of leadership and governance over a system of sovereign states (Arrighi 1994: 27)—and empire, both in the popular and academic realm, has been mostly the result of a change in the perception of power, specifically its sources, application, and distribution. But what kind of hegemony? Hegemony over what? And why the sudden burst of interest in “empires,” at times used as a substitute for hegemony (implicitly or not), but often to describe a new or different kind of hegemonic power? More to the point, though: How did such confusion arise, when those concepts, especially in the sociology literature, had received plenty of attention and scholarship, not only recently but several decades ago? These questions make it well worth it to remind ourselves not only of the unfortunate disjunc-

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¹ “Hegemony” and “hegemonic leadership” are highly contested concepts and definitions vary significantly (for a discussion on the various definitions in this context, see Rapkin 1990; Goldstein 1988, especially chaps. 6 and 13). For the purposes of this paper, we use the terms hegemony, hegemonic leadership, and system leader interchangeably. We follow thus the Gramscian perception of hegemony as a combination of power in form of leadership based on both coercion and consent.

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tion of sociological and (mainstream) political science studies of systemic state power but also of the uncertainty within the world-systems literature over its current state and future development. This article first challenges the arguments of discontinuation of the world-system as a result of the decline of states and the globalized nature in its current stage, then continues to argue for an analytical synthesis, not only of the existing sociology and political science literatures on the *problématique* of global hegemony, but also the broad spectrum of the social sciences in the form of an evolutionary model, briefly presenting such an approach.²

THE RISE AND DECLINE OF HEGEMONY³

Starting in the 1970s, the notion of waning U.S. power, both economically as well as militarily, introduced new interest in the discussion of hegemonic power status—characterized as having a disproportionate share of power in a social and interrelated world system—and the inherent cause for decline that lay in the exertion of acting as a “benign” hegemonic power, creating a stable liberal world market order (Kindleberger 1996) and thus allowing competitors to rise.

For world-systems students (in the tradition of Wallerstein 1974; Chase-Dunn 1989; Arrighi 1994; Taylor 1996) and others following the structural world-historical development of the world system during the past centuries (in various lengths and variations, but as an interconnected social system, e.g., Frank 1978; Huggill 1993; Modelski and Thompson 1996; Dark 1998; for a summary of the literature on long waves, see Goldstein 1988) this was hardly a surprising development. In fact, it was to be expected, as the decline from the initial height of American hegemony after World War II was merely following past trajectories of the rise and fall of actors characterized as hegemons (such as Portugal, the Dutch, and the British).

² This model has been discussed in much greater detail elsewhere (Rennstich 2003b, forthcoming).

³ The following review reflects an extremely broad-brushed image of these developments and leaves out many more nuanced approaches present in the political science literature during these phases. Its purpose is to portray the different paths in the study of hegemonic power, or more specifically, the power of states to act as predominant leaders based on means of coercion or attraction, to readers who might be less familiar with these developments in the political science literature, rather than to paint a nuanced picture of this very diverse field itself.

Alongside neorealist structural studies of power distribution in a (Westphalian) state system, a new debate emerged about the meaning of what constituted power that would enable a state to exert influence over others. The new currency of power was thought to be coined through cooperation rather than coercion, as soft power replaced hard power as the critical element in such an environment (Keohane and Nye 1977, 1997; see also Nye 2004). The future issues seemed to be the forms of cooperative power, the effects of complex interdependencies on the rules of engagement in a new, transforming and globalizing world system, and the rise of regional powers rather than the question of a possible challenge to the old hegemonic power status of the United States (Keohane 1984). For these observers, the very concept of the possibility of hegemonic power status in the traditional sense (of a mostly coercive nature executed by states) seemed to have lost any explanatory or predictive strength. But through the introduction of “new” forms of power, it was thought possible for the existing hegemon to lose one kind of power and substitute it with another, thus securing its relative share of power. These analytical developments were largely the result of a division of labor in political science, where “security” students focused largely on an independent system of sovereign states battling over “high politics” (and hard power), whereas studies of the international political economy focused on the issues of “low politics” (and soft power) in at times overlapping, but mostly separate systems. As a result, many political scientists lost interest in the world-systems-based (and other long-term structural systemic) concepts of hegemonic power.

However, the lack of an emergent “new world order” after the fall of the Berlin Wall (as announced by George Bush, Sr. but also promoted by Bill Clinton in another form) centered around a cooperative, interdependent world of states and non-state actors, but most certainly the events surrounding the 9/11 attacks muddled the analytical waters deeply and put to rest the “end of history.” Not surprisingly, the concepts of hegemony and/or empire have reappeared as a way out of this analytical mess in both the academic and more popular treatments of the subject (e.g., Hardt and Negri 2000; Chomsky 2003; Ferguson 2003, 2004; Rupert and Fitts 2004; Johnson 2005; Merry 2005). While it is true that the constituting elements of an interdependent world have not suddenly vanished, recent events in world politics (such as the American but also European responses to the 9/11 attacks, and the rise of China as a regional, if not global power) have demonstrated the continued role and importance of “traditional” (i.e., coercive) capabilities for the establishment and projection of power in the global system.

The overwhelming massing of these traditional capabilities in a single and similarly traditional unit (i.e., a state) has brought back the analytical focus on the need for a thorough understanding of the complex and cyclical system of

hegemonic leadership. However, just as in the political science literature, scholars more traditionally associated with the question of global hegemony struggled throughout the 1990s to connect the world they seemed to experience with the traditional world-system concepts. Wallersteinians (Hopkins and Wallerstein 1996) declared an age of transition to the world-system (and even the end of the world) as we know it, Bornschier (1999) argued for “hegemony without a hegemon,” and the predominant question was that of (expected) systemic chaos but of a rather uncertain future, characterized by weakened states and a lack of alternatives to the structures instilled by the declining hegemonic power.

Here we aim to provide not only a challenge to the view of “declining” states (arguing instead for a change of their roles to the one they occupied in earlier stages of the world system understood as an interconnected social network structure), and the view of a significantly different and thus in its development distinct world-system as the result of its true “globalization” (making the case for the need of a broadening of the conceptualization of the world-system as an identifiable social unit). We propose an alternative model that allows the inclusion of a wide range of literatures without a significant loss of epistemological rigidity in the form of an evolutionary model of what is termed here an evolving global system.

WORLD-SYSTEMS OR WORLD SYSTEM FORMATION – THE DEBATE

Beginning with the work of Braudel (1992 [1979]), Wallerstein (1974, 1980, 1984, 1989) and others, significant steps have been taken toward⁴ an understanding of the development of the world system/world-system in its historical evolution. This has expressed itself in the development of a wider range of what constitutes such a “world-creating” (following Wallerstein’s [1993: 294] notion of the world-system as a system that “is a world”) “set of nested and overlapping interaction networks that link all units of social analysis” (Grimes 1999: 30).

For Wallerstein and many others in the world-systems tradition, the *differentiae specifica*e of the world-system born out of sixteenth century Europe was

⁴ See e.g., Abu-Lughod (1989); Arrighi (1994; see also Arrighi et al. 1999); Boswell (1999); Buzan and Little (2000); Chase-Dunn (1989, see also 1995; Chase-Dunn and Hall 1997); Dark (1998); Denmark et al. (2000); Frank (1978, 1998); Frank and Gills (1993); Freeman (1983; see also Freeman and Louçã 2001); Gilpin (1987); Goldstein (1988); Kennedy (1988); Modelski and Thompson (1996); Hugill (1993); Modelski (1987, 2000); Pomeranz and Topik (1999); Pomeranz (2000); Rasler and Thompson (1989, 1994); Taylor (1996); Thompson (1999, 2001); Tilly (1992); Tilly and Stinchcombe (1997).

the “*ceaseless* accumulation of capital,” a feature characterizing “no other historical system that ever existed before” (Wallerstein 1993: 293). It is important to note this difference, because this view does not deny the existence of previous existing interaction networks. However, they are viewed as so systemically different in their “operating principle” that they need to be analytically categorized as separate entities and based on their different organizational principle marked as “world-empires” (Wallerstein 1993: 293–294).

From this perspective, the expansion of the world-system into a truly global, all-encompassing interaction-network of social, economic, and political relations, results in a new phase of world-system development, marking, if not the end, then at least an unknown outcome of the current state of systemic chaos and thus the “end of the world as we know it” (Wallerstein 1999; see also Hopkins and Wallerstein 1996). In this view, the source and location of power changes dramatically, as states have lost their previous power status and thus their imprint on the world-system they previously shaped so significantly. It is hardly surprising, then, to see a renewed interest in the analytical framework of “empires” in the literature (as discussed earlier). The operational mode of production—and thus the mode that created the world-system—has changed, as has the main unit of systemic development and control, the state. The next logical step is to ask: might this be the time now, when the world-system reverts back to a world characterized by the proto-capitalist empire-created *modus operandus*?⁵

Here we argue that an alternative view on the evolution of the historical world system (with *and* without the hyphen) into today’s global system can help to clear some of the analytical fog that has characterized the confused state of world-system analysis. We agree with Frank and Gills (1993: 303) in that “it is not the mode of production which determines the overall developmental patterns and outcomes of this game [i.e., world system/world-system development]—but the nature of the game itself, of which the various modes are (only) an element.” In this view, the driver of all world system history influencing the outcome of “development” in any particular part of the system is an element of the prevailing conditions of “development” (in particular capital accumulation) of the whole world system (Frank and Gills 1993: 302). If one can accept this notion of system development, world system development takes on a rather evolutionary character: the nature and the rules of Frank and Gill’s “game” do not change as much as implied by the world-system view of development. What does change are tech-

⁵ For a review of views on different forms of *modi operandi* in the economic-sociology literature, see e.g., Nee and Swedberg (2005).

niques of competition, of which the basic *modi operandi* have in fact been around for a considerably longer time than the sixteenth century. The actors, however, are merely changing positions. From this perspective, systems change in character and developmental style and control over much of the past century of world history, but not so significantly as to merit a world-system of their own (see e.g., Frank 1998; Modelski 1990; Modelski and Thompson 1996; Huggill 1993).

Both sides of the debate agree on one thing, however: the transformation of a (or the) world(-) system into a global one. As argued above, the aim here is not to discuss the start of this global system, but rather to focus on the question of its current state: has the evolution of the system come to a halt or is the current state of systemic “chaos” just part of the regular transformation or maybe of a similar transformation than the one that took place with the rise of Europe as its (new) center in the sixteenth century? To ask this question is critical if one is to seek an answer for the future *modus operandus* and thus the necessary means of control within it, or put differently, what constitutes power and who can aim to wield it? Does hegemony continue to exert itself in a similar fashion as in the past (a single state possessing a disproportionate share of power in a system of states that acts as the overarching organizing principle of the world system) or not (new power-centers striving for the creation of far-reaching systems under their control, i.e., a return to empire-systems)?

GLOBAL SYSTEM DEVELOPMENT: AN EVOLUTIONARY APPROACH

Evolutionary models are characterized by a focus on change, dynamics, and selection. Change in this view is constant, but never linear in its unfolding—it changes pace, intensity, and impact depending on the environment in which this change unfolds. In doing so, changes are affecting the development of environments that in turn affect them (feedback effects). The world system constitutes such an environment of dynamical change. It follows in its development an “evolutionary logic” that explains the creation of “possibility space” or in other words the potential options for change open to the systems and its parts (see Clark et al. 1995). This evolutionary logic driving the global system process is based on the following set of epistemological assumptions of evolutionary economics (Andersen 1994), that also build the basis of the model presented here :

- agents (e.g., individuals, groups, organizations, etc.) can never be “perfectly informed” and thus have to optimize (at best) locally, rather than globally;
- an agent’s decision-making is (normally) bound to rules, norms, and institutions;

- agents are to some extent able to imitate the rules of other agents (imitation), to learn for themselves, and are able to create novelty (innovation);
- the processes of imitation and innovation are characterized by significant degrees of cumulativeness and path-dependency (but may be interrupted by occasional discontinuities);
- the interactions between the agents take place in situations of disequilibrium and result in either successes or failures of commodity variants and method variants as well as of agents; and
- these processes of change are non-deterministic, open-ended, and irreversible.

Thus, socio-political and ultimately global system change seen in this light is always a historical, dynamic process involving the use as well as the creation of resources (as diverse as simple objects, techniques and knowledge, or even entire social organizations). The evolutionary logic is the result of social interaction and thus human agency. This agency, however, takes place and is embedded in an institutional and technological context. In other words, whereas the driving logic (human agency) of this process remains the same, its context changes, constituting a “social learning algorithm” of evolutionary change that is at work at all levels of the global system process (from the individual to the change of the global system as a whole). Within the framework presented here, the four mechanisms driving the evolutionary globalization process and constituting a “social learning algorithm” are: (i) variety creation (very broadly: cultural process); (ii) cooperation or segregation (social process); (iii) selection (political process); and (iv) preservation and transmission (economic process).

Since such a synthesis has to be an ordered one, all world system processes have a time-structure that allows for successive optimizations of these mechanisms in a formal-logical “learning sequence” (following the numbered sequence above). Global system processes in this view, then, are seen as nested and synchronized (i.e., coevolving) four-phased temporal learning experiments driven by a common evolutionary logic inherent in all these processes.

From an evolutionary perspective, the development of the global system as we experience it today has been characterized by what McNeill and McNeill (2003) describe as a process of intensifying connections of human “webs.” These webs were rather diverse in their form, strength of connections, and the areas and peoples that they covered. Through the gradual amalgamation of many smaller webs into a single world web, the global system emerged in the form of the “Old World Web” spanning most of Eurasia and North Africa and formed about 2,000 years ago. With the expansion of oceanic navigation, a more complex and extended (both in depth and width) single “cosmopolitan web” emerged out of

existing metropolitan (and the few remaining local) webs, creating a truly global, single human web.

Descriptions of the development of a global system abound (as discussed above). The analysis of McNeill and McNeill has been used here in order to highlight two of the most important aspects of the global system formation, often only implicitly acknowledged in the respective analyses: the evolutionary character of its development and the complexity of its connection. This study is based on and extends the empirical analysis of the development of the modern era system (i.e., the current global organization phase in the global or world system process) as put forward by Modelski and Thompson (1996) and Rennstich (2003b). The model developed there takes into account the dynamic processes of the evolutionary drive of the global world system process and the resulting change in the overall network structure of the nested, coevolving cultural, social, political, and economic processes.

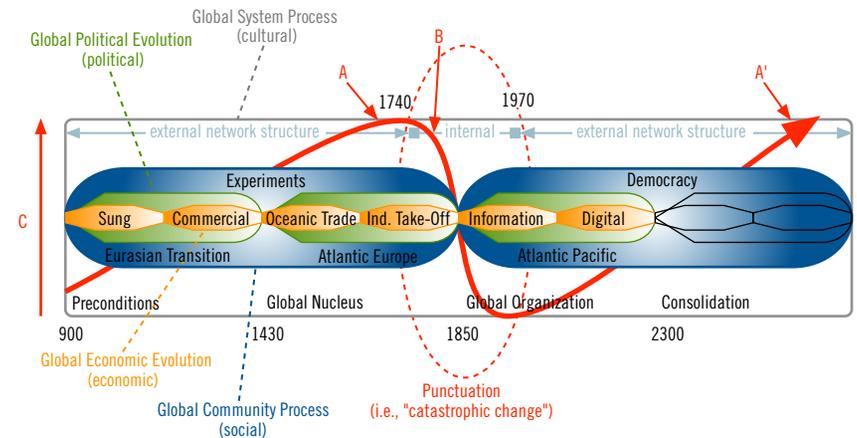
SYSTEM COMPLEXITY AND WORLD SYSTEM EVOLUTION

To readers familiar with existing long-wave narratives of world system development it is important to note the inclusion of the element of system complexity in the model presented here. In this view, a crucial aspect in terms of its evolution from a set of previously loosely related webs or sub-systems into the far more interconnected global system of today is the connection between system complexity and the “weaving of the global web” as a developmental process. The advantage of employing an evolutionary model in the analysis of systems even on a “world” scale is that it allows us to draw on the important insights of other research traditions, employing findings from seemingly unrelated subject matters, that nonetheless contribute significant theoretical and empirical findings for our study of global system evolution. Especially the work of Devezas and his collaborators (Devezas and Corredine 2001, 2002; Devezas and Modelski 2003) has significant implications for a more thorough understanding of the evolutionary processes shaping world system development.

Change in complex systems, whether in the direction of greater or lesser complexity, produce a trajectory or “historical path,” limiting future options and thus becoming path-dependent in this way.⁶ As a consequence, complex systems

⁶ This is the result of the structure of complex systems. Whereas in systems theory all sub-systems relate to each other, complex systems consist of networks of links of various types between all parts of the system, but each part is not necessarily linked with all others, in the same way.

Figure 1 – Evolutionary Model of Global System Formation, 930CE–2300CE*



* Figure 1 graphically summarizes our model of the modern era globalization process that is the basis of this analysis. In this view, the global system process is driven by the nested processes of economic development (most-inner octagon, labeled Sung, Commercial, Oceanic trade, Industrial take-off, Information, and Digital); political development (bullet-shaped boxes, labeled Eurasian transition, Atlantic-Europe, and Atlantic Pacific); and social development (rounded boxes labeled Experiments and Democracy). Together, they constitute the global system development (represented by the thin-grey box framing all other processes).

such as the nested global economic, political, social, and cultural processes under study here exhibit a tendency to “self-organization,” that is, the endogenous ordering into hierarchies gives them a system-wide form.⁷ The way the inter-relationships between parts of the systems are established—i.e., the weaving of the webs or, put differently, the structure of the networks making up the global system—thus becomes crucial for our understanding of the dynamics of these coevolving structures.

Figure 1 illustrates graphically the relationship between the rate of change, rising system complexity, and prevalent system network structure or “mode of web-weaving” (see Rennstich 2003b, for a more thorough discussion of this argument). C represents the rate of complexity that rises over time, displayed on the

⁷ As a result, these complex systems exhibit “morphogenesis” (i.e., the development of an organism or of some part of one, as it changes as a species) based on processes that are partly independent of agency, although they require agents to both initiate and enact them (Dark 1998).

x-axis. This graphical representation does not aim to portray any “exact” starting date from which world system formation sprang up. The date indicated (from around 930 C.E.) marks instead the first emergence of the system-weaving mode (or *modus operandus*) of the stage in world (and ultimately global) system development that characterizes global system development until somewhere in 2300 C.E., when this developmental stage is expected to take on a new dynamic. The y-axis label C is short for “system complexity” and represented by the bold-grey, wave-like arrow in Figure 1). A indicates the point at which growth in complexity will begin to slow, as hypercoherence takes affect and the possibilities for change (i.e., possibility space) begin to decrease rapidly. Since complex socio-political systems (like all complex systems) will inhibit an internal dynamic which leads them to increase in complexity, the rate of decision-making must, necessarily, keep pace with this increased complexity (see also Devezas and Corredine 2001, 2002).

This system increases in reach and overall complexity until (during the nineteenth century) it reaches a state in which the path-dependent system eventually runs out of future possible choices, a state also referred to as “hypercoherence”⁸ that regularly occurs in any complex system.⁹ In other words, the global system experiences a systemic punctuation (also referred to as “catastrophic change”) around 1850, resulting in the end of the experimental phase in the global community process and starting with the democratic phase as the set-up that seems the most fit and efficient in the global social system (see Rennstich 2003b).

Decision-making (and thus the process of agency) does not take place in an isolated environment but rather a strongly contextual one, marked by high levels of feedback effects: agency affects the environment in which it unfolds, but also is formed by it. Thus, it is important not only to focus on the agents (in the context of this work states aiming for systemic leadership or hegemony) but also to identify the contextual environment in which this agency takes place.

⁸ The terms “hypercoherence” or “catastrophic change” refer not to the overall breakdown of the global system process, but rather to the terminology used in chaos- and catastrophe-theory. They represent an “option-narrowing” as the result of the selection of a new organizational and institutional setting in the global community process. After a relatively short period of internal network structure dominance, the system reverts to an external system structure, setting in motion a new rise of complexity, bringing with it a new phase of externally open systems and consequently in the end leading to a new stage of hypercoherence.

⁹ For a discussion of complex-systems theories, see Auyang (1998).

This structure is mainly the result of the need to cope with a rise in complex decision-making through externalization of the decision-making process.¹⁰ However, the more complex the system becomes—that is, the wider the possibility space extends—the more liable it is to collapse. This collapse takes place in the form of a selection of best adapted organizational and institutional variance, as the possibility space for change begins to close and the system becomes hypercoherent.

Surrounding the time of this punctuation (starting around the middle of the eighteenth century), the global system process is marked by an important change in the form of its “web-weaving” or network formation. Rather than seeking to manage the extension between webs, large metropolitan webs aim to turn into single, large “mono-structures” with control over the entire web rather than mainly the external connections to other webs, manifesting the selected organizational and institutional structures. This network-system mode remains largely in place, until a new phase of evolutionary dynamic sets in the late twentieth century (in the second half of the twentieth century, see Figure 1), bringing back the main focus on the organizational control of the connections between existing webs or networks.

Point B in Figure 1 represents the point at which catastrophic change into a decline mode occurs. The network structure of the global system during its initial unfolding remains external in nature, bringing with it ever-higher levels of complexity as the webs deepen in both depth and width. During point A, the point of hypercoherence, the network structure becomes internally oriented, leading to point B, to “catastrophic change” or punctuation (i.e., the selection of a macro organizational and institutional model in the global community process).¹¹

¹⁰ A good example might be the difference in organization of the decision-making process in a small four-person firm in contrast to the hierarchical structure found in much larger enterprises. The sheer complexity of the need for individual decisions renders it impossible for a single person to make all the necessary decisions. Rather, these organizations develop mechanisms of delegating decision-making, connecting several agents over a number of hierarchies in a joint decision-making network. The world as a whole also resembles such a joint decision-making network. It permeates from the global system process to the nested social and political processes and the inner core of the economic process. During this “search phase” of expanding possibility space, the dynamics of the system develop best in a relatively (externally) open environment.

¹¹ It is important to note that “catastrophic change” here refers not to a breakdown of the global system process, but rather to the terminology used in chaos- and catastrophe-theory and represents an “option-narrowing” as the result of the selection of a new organizational and institutional setting in the global community process. After a

New innovations and technologies and their accompanying institutional arrangements or paradigms¹² made it possible to extend the management of entire webs rather than just the external network of relationships between existing webs, the major units of the global web—large, metropolitan webs with their respective hinterlands—could now viably seek to extend those hinterlands and incorporate large chunks of previously connected but largely independent webs into their own domain. As a result, the major mode of network structure creation and control switched from an external network-oriented one to one focused on the control of internal networks that remained connected with other webs (forming a large global web) but shifted their focus on the internal networks rather than the external ones.

Ultimately, however, the control of these systems proved too complex, resulting in a state of hypercoherence of the global web (as described above). Since the middle of the twentieth century, the global system—again as a result of new technologies shifting the focus on control of external network connections rather than control over entire webs—has begun a new stage of global system formation that now incorporates not only the physical domain of human interaction but also the “virtual” one that can be captured in a binary (or “digital”) code.

SYSTEM COMPLEXITY AND WORLD SYSTEM NETWORK STRUCTURES

To use the image employed by McNeill and McNeill, the punctuation of the global system (starting around the middle of the eighteenth century) marks a change in the “spinning” of the global system web. Up to this point, webs had been extended and newly formed mostly in the form of the establishment of linkages between preexisting (metropolitan) webs and in turn creating a larger, single web, a process we could describe as “external network” or web extension. What changes during this time, is the increasing tendency of “internal web weaving,” that is the attempt to extend preexisting large webs internally to create rivaling, that is, alternative rather than complementing webs or networks.¹³

relatively short period of internal network structure dominance, the system reverts to an external system structure, setting in motion a new rise of complexity, bringing with it a new phase of externally open systems and consequently in the end leading to a new stage of hypercoherence.

¹² See Perez (2002) for an excellent discussion on the relationship between technology, capital, and socio-economic and techno-economic paradigms that determine what in evolutionary models is referred to as possibility space.

¹³ We do by no means intend to deny a continuing connection between these webs—a prerequisite for the argument of a continued development of a single, extending

Table 1 lists the development of the network structure in addition to the coevolution of the economic and political process of globalization, describing the leading sectors of each economic Kondratiev- or K-wave and the lead economy of each political long wave of global world system leadership.¹⁴ The roots of the three main network systems in existence so far can be found in the evolutionary “trials” (as part of the evolutionary development of variety creation) during the two Chinese-dominated periods emerging roughly in 900 C.E.¹⁵ Especially the Southern Sung period during the eleventh and twelfth century provides many elements that are similar to those present in the following maritime network system. Given their lineage and the larger evolutionary pattern of development, however, it is analytically more sensible to regard them as evolutionary trials rather than part of the first external network system.

Observing this process, we are able to mark three distinct network phases during the evolution of the modern world system: a maritime commercial phase (Genoa, Venice, Portugal, Dutch, England I), an industrial phase (England II, US I), and the emerging digital commercial phase (US II). All three phases can be divided into two meta-systems of internal and external network phases (as a result of leading sectors and the different technological styles, see Table 1).¹⁶ In sum, the global system process during the time of the punctuation (from roughly the 1740s to 1970s, see Figure 1) changes from a process marked by external structure connections to one marked by internalizing webs, manifesting the selected

global system. What is important in this context is the shift of emphasis from control of web connections to one of control over larger sub-webs as a whole. This process often included the usurpation of smaller, existing webs into a larger “imperial” web with the aim to extend the sphere of control of a web, rather than extending the web through external connections only through the focus on the control of the connections rather than the other webs themselves.

¹⁴ Kondratiev or K-waves describe the emergence and subsequent decline of long-term economic cycles (roughly 50 years in length) that are superimposed on shorter—and better known—business cycles, describing the “capitalist pulse” of the economic global system process. For a discussion of the concept of K-waves in the context of the model employed here, see Rennstich (2003a, 2003b). For a more general discussion on K-waves, see Duijn (1983); Goldstein (1988); Berry (1991); Freeman and Louçã (2001).

¹⁵ This work follows the increasing use of C.E. (Common Era) and B.C.E. (before the Common Era), which replaces the traditional dating system employing A.D. and B.C. respectively for the same periods.

¹⁶ For a full discussion of these phases, see Rennstich (2004b; see also Rennstich 2003a).

Table 1 – Evolutionary Global System Process Model, 930 CE–2080 CE

Starting (\approx year)	Global System Process	Global Community Process	Global Political Evolution (long cycles)	Global Economic Evolution (K-waves)	Network Structure
930	Preconditions	Experiments Reforming	Eurasian Transition North Sung South Sung	Sung Break-Through	build-up, transition external
1190		Republican	Genoa Venice	Commercial / Nautical Revolution	external
1430	Global Nucleus	Calvinist	Atlantic Europe Portugal Dutch Republic	Oceanic Trade	external
1640		Liberal	Britain I Britain II	Industrial Take-Off	transition internal
1850	Global Organization	Democracy Democratic groundwork	Atlantic-Pacific USA	Information K17 Electric, steel K18 Electronics Digital K19 Informational Industries K20 Digital Network (?)	internal transition external external
2080			China (?)	K21 (?)	

Source: Based on Modelski (2000) and own additions. All years C.E.

organizational and institutional structures, until a new phase of evolutionary dynamic sets in during the late twentieth century.¹⁷

HEGEMONY AND WORLD SYSTEM EVOLUTION

Having described the environment that forms what we identify as the world and now global “system,” what about the actors that aim at exercising control

¹⁷ The change in the dominant mode of the weaving of the global web is crucial for a full understanding of the meaning of “domination” and “control” of the global system. Hegemony—as we understand here based on a disproportionate share of power in the global web—means quite different things in a system based on external-network control or in one that is characterized by hegemonic units controlling entire large webs, focusing on internal-network control (see below for an extension of this discussion).

within and partially over it? Both views discussed earlier might not agree on the evolutionary story line of world system(s)/world-system(s) development, they do, however, agree upon its most powerful actors. An apparent characteristic of hegemonic leadership within the world system (with or without the hyphen) in most treatments of the subject seems to be located in the state and is marked by the inability of the existing leader to prevent its own decline in relative position dominance. This shift in the geographical and socio-political location of power has been explained as the outcome of the leader’s experience of success in the current setting, creating an entrenched institutional setting (in a broader sense) that proves adaptive in defending its turf but less so in fostering the rise of new leading sectors.¹⁸

The regular clustering of innovations (both technological and institutional) in space and time leads to the emergence of new leading sectors, thereby marking the “pulse” of the global web and determining the speed and form of its weaving. These new leading sectors enable a new way of solving old, existing global problems (communication, transportation, production, facilitation of trade, social organization, etc.), allowing one particular unit of the global web (here: states) to exercise a disproportionate share of dominance and control over the global web for a limited period of time, until the advancements made by one unit are diffused among the system, laying the foundation for a beat of the pulse to emerge. This pattern is captured in long-waves of the co-development of economic and political advancement and subsequent dominance of particular units of the global web and summarized in Table 1.

It is important in this context to keep the evolutionary development of the global web in mind: hegemony during the early stages of the weaving of the global web requires different capabilities and takes different forms than the exercise of a disproportionate share of power in more recent years. As we will argue in the following section, this development also is by no means linear. Being able to exercise hegemony in the global web of 2004 does not simply require x -times more capabilities than it did in the 1800s. Rather, we have to differentiate between divergent types of capabilities, different meanings of control, and as a result different concepts of what establishes hegemony over the global web.¹⁹ Therefore, we have

¹⁸ See footnote 5 for narratives from a wide range of perspectives.

¹⁹ We agree with Arrighi (1994: 33), that “inter-state and inter-enterprise competition can take different forms, and the form they take has important consequences for the way in which the modern world system—as a mode of rule and as a mode of accumulation—functions or does not function.”

to pay special attention not only to the evolutionary character of the unfolding of the global web, but also the factors that determine the “type of weaving” of the global web, here identified as “internal” and “external network systems.”

INTERNAL AND EXTERNAL NETWORK SYSTEMS

The commercial maritime system is in large part characterized by its emphasis on external networks of production and other value-adding processes (including the division of labor) and the importance of flows within the world economic system. The leading sectors in this phase are predominately service- or flow-oriented. These include the Champagne fairs and Genoan Atlantic trade and trade in the Black Sea during long cycle three (under Genoan leadership), Romanian and Levantine galley fleets during long cycle four (Venice), the control over Guinean gold and Indian pepper (Portugal), Baltic, Atlantic, and later Asian trade control of the Dutch, and Amerasian trade control of the British during long cycles five, six, and seven respectively (see Table 1).²⁰

It also is important to note that the controlling metropolitan centers of these dominant webs during this phase of the global system development remain relatively small in size (in terms of population and geographic extension, including their respective hinterlands). Their main focus on the control of the external web-connections (and internal control over the most profitable new leading sectors) rather than attempting to create entire webs under their control allowed them to exercise an extraordinarily high level of control—or hegemony—in the expanding global system as a whole. Hegemony in this context therefore refers to a disproportionate share of external network control in the global system.

As argued earlier, beginning in the period often referred to as “industrialization,” new innovations and technologies enabled the management (and thus centralized control) of far more extended webs, both in institutional depth and geographic width. The leading sectors that are the basis of the capitalist pulse during this period (see Table 1) are marked not only by the enabling of manageability of far more complex systems or webs but also in the dual strategic significance for military self-sufficiency and national economic independence held to provide the rationale for the desire to acquire this group of industries (Sen 1984).

So-called “great-power states”—the main “web-weavers” in this system—try to establish internal rather than external networks, in order to, as Rosecrance

²⁰. Although the earlier Sung periods (especially the second, southern Sung) could be regarded as maritime in nature, we view them here as parts of the experimental variety-creation process inherit in evolutionary systems.

(1996: 6) puts it, “excel in all economic functions, from mining and agriculture to production and distribution.” During this phase the main focus of network-creation and control is on the internal aspect of the systems. This emphasis on self-sufficiency and national economic independence characterizing the industrial global economic phase stands in stark contrast to the necessities of an external network- and service-based environment as found in the maritime commercial and digital commercial systems.

The industrial system, in contrast to the maritime commercial system, has its main center located in internal production networks. The leading sectors in this mode are commonly associated with our understanding of “industrialization”—Britain’s dominance of cotton and iron production, and later railroads and steam during the eighth long cycle, followed by the leadership in steel, chemicals, electric power, motor vehicles, aviation, and electronics of the United States during the ninth long wave (see Table 1).

Whereas previous innovations and technologies that developed into new leading sectors dominating the development of the global system were largely enablers of external network domination, the leading sectors and their accompanying technologies of the industrial phase allowed control of complexity on a much larger scale than previous technologies did. This transition can best be viewed in the structural change of textile manufacturing under British organization.²¹

In the seventeenth and eighteenth century, production factories set up by companies such as the English East India Company on the (eastern) outer realms of the British (and more generally, European) controlled network of the world economy spanned entire continents and included a sophisticated system of financing and what in today’s terms would be referred to as outsourcing of production to external, independent contractors. In the latter half of the eighteenth and nineteenth century, this production system was replaced by factories organized around individual firms in the center of a less externally-oriented, but more vertically integrated world-economy with its center in Britain.²²

Starting out in the beginning of the seventeenth century by concentrating on Surat and Bantam, it had by the 1680s moved on to Madras and the Coromandel,

²¹. It is important to note the emphasis on *production* networks. Trade flows remained their mode of expansion, both in volume and reach, throughout the entire period, although the center of control and the direction of flows changed substantially as a result of a change in production patterns.

²². As early as 1922, Unwin (1927), argued that “one of the largest and most obvious aspects of the Industrial Revolution is the change involved in the direction of world trade

and, by the end of the century, began to expand its operations in Bengal, Bihar, and Orissa, centralizing as much as it could of the Indian supply of piece goods through its use of the *dadni* (i.e., contract) system (Barr 1991). The networks of procurement and supervision set up by the English far surpassed in volume and density those of their predecessors and competitors, characterized by a simultaneous commercial and territorial expansion (Arrighi et al. 1999: chap. 2).

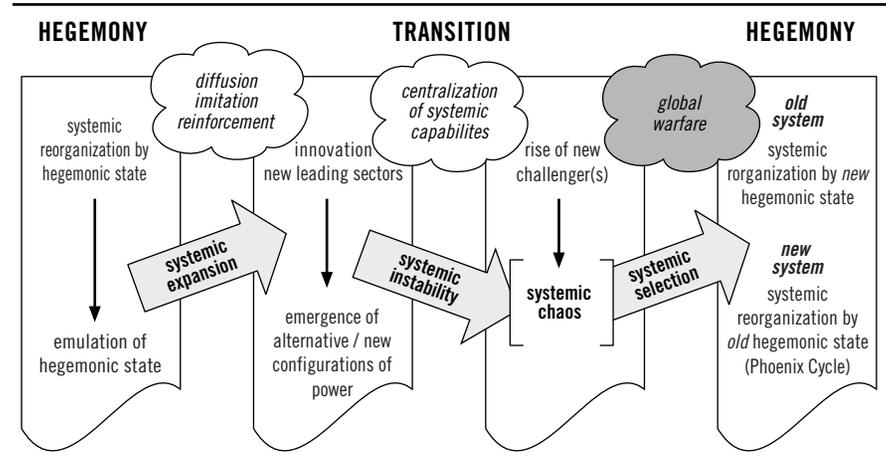
This marked a significant change from a preference of control over trading nodes to a preference for greater control of the production of key commodities, which involved necessarily greater territorial control as well. Thus, following a practice introduced in Bengal in the 1750s, the *dadni* system, which relied to a great degree on outsourcing the production to contracting partners, was replaced by an agency system (see Barr 1991). Under this new system, each of the company's factories integrated ("insourced") production in specialized centers, called *arangs*.

This higher level of centralized integration foreshadowed the transition from an external-network based production structure to an internal one. By the end of the eighteenth century, the regime of factories abroad was "an outdated and disintegrating regime...a regime in crisis" out of which a "new regime of factories at home" emerged, "which, by the 1830s, had effectively supplanted the regime of factories abroad" (Barr 1991: 82). The concentration of production and major reorganization of labor and other factors of production characterized this new regime, in new spatial arrangements, and with an increasing emphasis on mechanization of production.

The use of the example of Britain's ability to maintain its central position in the global system is not accidental. As argued earlier this period was one of transition from the external network structure of the maritime commercial system to that of internal networks marking the punctuation of the global system as a whole. As the example above makes clear, the grounds for Britain's preeminent position in the global system changed significantly during this period: the important aspect was, however, Britain's continuation of dominance when in all previous pulsations of the global system the location "hegemonic heart" of the system shifted in location (see Table 1).

in textiles. The flow of piece-goods, which had for a century been westwards from Asia to Europe, turned eastwards from Europe to Asia....[T]he new factory system of the west displaced, as far as the production of cotton goods was concerned, an older factory system, which we may regard as essentially of the east, and of which the English factories established in India in the early seventeenth century were representative cases" (quoted in Barr 1991: 81).

Figure 2 – Dynamics of Systemic Leadership Transitions?



Source: Based on Arrighi & Silver et.al. 1999: 29 and own additions.

SYSTEMIC CHAOS AND NETWORK SYSTEMS

The notion of systemic "chaos" as the result of the disintegration of the systemic system put into place by the hegemonic leader as an outcome of its waning power is present in both Arrighi's (1994) model (from whom we have adopted the term) and Modelski and Thompson's (1996) model (using the term "deconcentration") and both agree on the importance of the unraveling of the old for the creation of the new system. In our synthesis (see Rennstich 2004b for a more detailed discussion) we combine Modelski and Thompson's notion of hegemonic crisis and global war as a catalyst for the transition to the new system with Arrighi's concept of systemic transition and chaos. Figure 2 graphically summarizes this model of hegemonic transition.

The four boxes with the rounded bottom-part represent the global web as a whole (consisting of a variety of subwebs, etc. that are not graphically represented here) at each step of its development from one hegemonic phase to another. Systemic expansion, in this view, allows the development of new clusters of innovations that lead to the emergence of new leading sectors and result in the emergence of new configurations of power in the form of alternative political and economic institutions. These developments cause the rise of a new center of systemic capabilities and an increased inter-state and inter-enterprise competition, ultimately laying the foundation for a new commercial and organizational arrangement and also the rise of challengers to the existing leader, whose domination of the system starts to decline.

Two types of challengers have to be differentiated: catch-up challengers that aim to challenge the existing leader in the same “tracks”—staying with Arrighi’s metaphor—but with highly improved machinery aiming to overtake the leader on its own tracks. A second kind of challenger, however, aims to overtake the old leader on an all-together new “set of tracks” as a result of its innovative new means, both in technological and organizational terms and aiming to tackle global problems in a new commercial and organizational arrangement.²³ After the breakdown of the old arrangement results in a systemic chaos (equivalent to Modelski and Thompson’s deligitimation phase), the process of global warfare provides the macrodecision that triggers the rise of a new leader, so far always of the second “track-changing” kind, who reinforces the transformation of the world system through its institutional manifestation (push factor) of the new “technological paradigm” (Perez 1983; 2002) and experiences further reinforcement through the emulation of leader by other states during this phase (pull factor).

So far, we have witnessed one occurrence of hegemonic and systemic transition (as understood in our model), where the existing leader (Britain) was aiming to maintain and strengthen its leadership, and are currently experiencing a similar transition.²⁴ It is this co-occurrence of hegemonic and systemic transition that allows for the development of what we term the “phoenix cycle” of renewed hegemonic leadership.

THE PHOENIX CYCLE

In contrast to Arrighi’s argument that the emergence of a capitalist mode (based on the old one, but qualitatively different and novel)—identified in Figure 2 as “systemic change”—*always* seems to fall together with the rise of

²³. A necessary and more thorough discussion of the challenger process is unfortunately beyond the scope of this paper. We refer for the closest discussion of our understanding of the challenger process to the treatment of this issue in Rasler and Thompson (1989). Similar to Arrighi, Rasler and Thompson view the divide between territorially-based and maritime-commercial powers as a crucial divide, and identifies three major challenging strategies, the capture-the-center strategy, an attack on the global network and/or the creation of an alternative network, and carving-out-a-subsystem strategy. In their challenger model of global leadership they thus emphasize the factors of maritime-commercial orientation, proximity, similarity, and innovativeness of the challenger in comparison with the challenged leader.

²⁴. The discussion, as to why China (or rather Chinese leaders) decided against the expansion of their lead during the first occurrence of the co-occurrence of a hegemonic and systemic crisis is beyond the realm of this work but increasingly receives more attention in the literature.

a new hegemonic leader, we argue here that the emergence of a new capitalist mode as a result from an external network system to an internal one (or vice versa) *might* enable the existing leader to decline and emerge at the same time. In such a moment, when a switch in the main *modus operandus* changes the dynamics of world system evolution, it is conceivable for the existing leader to develop dual and alternative (but to some degree complimentary) centers of systemic capabilities, causing the development of a different form of “chaos” and allowing for the generation of a “phoenix cycle” of renewed leadership out of the ashes of its former status (for reasons laid out below).

The process leading to the development of a systemic chaos as depicted in Figure 2 is normally driven by the clustering of innovations outside the current hegemon’s realm (both in a geographical and technological sense), paired with the technological diffusion of core leading sectors technologies (again in a broader sense) and the emergence of new leading sectors. This triggers the centralization of new systemic capabilities in one or two newly new centers, eventually causing the rise of a challenger (or challengers) to the existing systemic leader.²⁵

One of the main characteristics of systemic leadership transitions in most treatments of the subject seems to be the inability of the existing leader to establish a similar leadership position in a newly emerging and structurally different commercial and organizational arrangement. This shift in the geographical and political location of power has been explained as the outcome of the leader’s experience of success in the current setting, creating an entrenched institutional setting (in a broader sense) that proves adaptive in defending its turf but less so in fostering the rise of new leading sectors. However, the case of Britain’s continued leadership over an extended period of time (and separate long waves) has shown that this is not always the case.

In the previous occurrence of a switch from one network system to another—as a result from the change in the type of capitalist mode of “global web weaving” (commercial maritime, industrial, and digital commercial) dominating the global system to a new one—we have witnessed a phenomenon here referred to as the phoenix cycle.²⁶ In instances where the systemic chaos is not only driven

²⁵. A more detailed discussion of this process has been put forward in Rennstich (2003b); for a discussion on the various definitions in this context, see Rapkin (1990), also Goldstein (1988, especially chaps. 6 and 13).

²⁶. For a discussion on the effect of these types on rivalries between great powers, see Rennstich (2004b). For a similar account, see Cantwell (1989; see also e.g., Levathes 1996; Pomeranz 2000; for an alternative account, see Frank 1998), who distinguishes between “merchant capitalism” (pre-1770s), “industrial capitalism” (1770s–1940s), and “global capitalism” (post-1940s).

by the “normal” process of hegemonic crisis and breakdown (see Figure 2), but also coincides with a systemic crisis (emerging out of the rising complexity of the system), the existing leader can defend its leadership position in the transforming world system. This shift is triggered by a change in the major socio-economic interaction mode of the system, leading to a shift in the system meta-structure (the “web-weaving”). Only if the parallel development of a new cluster of innovations and the rise of new leading sectors can occur within its domain, may the existing leader extend its leadership position (see Figure 2).

As shown by a number of authors²⁷ from various research traditions, past success often entails the very ingredients for future demise. Whereas continuous innovation still takes place within the existing leader, adaptation to a newly emerging, changed environment (as a result of the rise of new leading sectors elsewhere) proves very hard for a society that can (and usually does) become locked into economic practices and institutions that in the past proved so successful. Powerful vested interests resist change, especially in circumstances when a nation is so powerful as to institutionalize its commercial and organizational arrangement on a global level, a change direly needed however to maintain its leadership. Gilpin (1996: 413) thus concludes that “a national system of political economy most ‘fit’ and efficient in one era of technology and market demand is very likely to be ‘unfit’ in a succeeding age of new technologies and new demands.”

The cyclical emergence of new commercial and organizational arrangements as shown by Modelski and Thompson, Freeman, and others entails such an environmental change. Thus, hegemonic transitions usually involve the shift from one leader to another due to what Boswell (1999) calls the “advantage of backwardness.” If we view the emergence of new commercial and organizational arrangements as a largely endogenous process, its emergence also causes an environmental shift that can be understood as an exogenous factor as well. However, the response of the existing leader to this change is largely driven by endogenous factors again.

The same can be said for the change from one socio-economic interaction mode to another, setting off the transition from an internal network structure system to an external network-structured one (and vice versa). It is the set of leading sectors (an endogenous process) that causes—over time—the change of the systemic structure and thus a change of the meaning of “fitness” in the evolu-

²⁷ See e.g., Christensen (1997); Gilpin (2001); Freeman and Louçã (2001); Freeman and Soete (1997); Freeman and Perez (1988); Porter (1990); Nelson and Winter (1982).

tionary selection process. The shift from one *modus operandus* to another, then, is also both an endogenous but to some degree an exogenous process.

BACK TO THE FUTURE? HEGEMONY RENEWED

One of the main obstacles for any existing hegemon historically has been the entrenchment of its own success. The institutionalization of its successful strategies creates powerful incentives to “remain on course.” These institutions prove not only to be “sticky” (in the sense that they outlast their original intent and aim to preserve the existing order rather than adapt to change) but also defensive. New ways of doing things are thus less likely to emerge where such entrenched resistance exists, a phenomenon we can observe both on the micro- (individuals and firms) and macro-level (states).

Crucial factors we have to take into account are the kinds of global problems the actors are trying to address. In a systemic environment that is driven by the same capitalistic mode, these *problématiques* will be more closely connected than in a situation in which the power strategy is based on two different capitalistic modes. It is important to keep in mind that the two network systems—internal or external—are reflective of different power strategies. The rise of a new commercial and organizational arrangement reflective of a different network environment provides less of a threat to the existing entrenched order and thus will be met with less resistance.

We know that the emergence of new leading sectors is a path-dependent process. Leading sectors of a new network environment are products of a different path than that of the existing commercial and organizational arrangement (despite their co-existence and often to some degree parallel historical trajectories). Originating in different power-logics, they can be quite complimentary in their development, as Nef has shown:

[T]he commercial revolution...had a continuous influence reaching back to the Reformation upon industrial technology and the scale of mining and manufacturing. But so, in turn, the progress of industry had continuously stimulated in a variety of ways the progress of commerce. The former was quite as “revolutionary” as the latter, and quite as directly responsible for the “Industrial Revolution.” (Nef 1934: 22)

This “compatibility” or even complimentary character is to a large degree the result of not only the difference in power strategies but also the difference in commercial strategies. External network arrangements tend to be service-oriented (in today’s economic language) whereas internal network systems tend to be production-focused (see also the discussion above on the difference between internal and network systems).

Thus, in the same manner as the commercial supremacy of Britain helped it to build up its industrial strength, the U.S. informational technologies and digital networking capabilities are based upon the strength of its earlier strengths in an internal network environment (i.e., microelectronics, mass production, aerospace technologies, and semiconductor production). As a result, the parallel development of two centers of systemic capabilities—one rooted in the external network power logic, the other in the internal network power—is not only possible but also complimentary and self-reinforcing.

Another argument regularly put forward for the likely rise of a new hegemon is the notion of capital “searching” for new and better opportunities (i.e., higher returns as a result of new monopoly rents). For reasons laid out above, these opportunities tend to arise outside of the institutionalized setting of the existing leader. This process usually leads to the flow of capital from the existing leader to the rising new one. However, in the case of a systemic network structure shift and thus the possible development of dual centers within the same “containers of power” (Giddens 1987), these capital flows can (as in the case of Britain during its transition from an external network to an internal network power logic) remain internal and simply shift from one center to another but within the realms of the existing leader.

We are witnessing a similar process currently in the case of the United States where not only internal flows are switching from an internal network power logic to opportunities arising in the emerging external network power logic driven enterprises but also external flows are significant for the rise of this new commercial and organizational arrangement. This does not only take place in the form of “venture-capital” financing, but also to a much larger degree in a shift from established institutions of capital distribution to newer forms. Put differently, in the case of a combined hegemonic and systemic breakdown, the old hegemonic leader re-emerges out of the ashes of its crumbling old commercial and organizational arrangement fed by the internal flows of its monetary capital (as well as that from others) and as a result is able to develop dual centers of systemic capability. The current co-development of dual financial centers within the United States may serve as an example of the continuation of this process.

Thus, instead of a disadvantage, the declining leader can use its existing institutional setting and capabilities not only to defend its predominance of the current commercial and organizational arrangement. At the same time it can facilitate these capabilities to its advantage by channeling the increasingly liquid capital flows not outside, but rather to the parallel developing new center of systemic capability. The ashes of its hegemonic decline prove to be fruitful in nurturing the rising new center. This does not prevent the rise of challengers. And it does not preclude the further unraveling of the existing order leading to a hege-

monic breakdown. However, the unique circumstances of a combined systemic and hegemonic transition provide the old leader with a significant head start in the development of its capabilities in the newly emerging system for reasons laid out above.

SUMMARY

The model presented here of world (and ultimately global) system development as an evolutionary process and the transitions of hegemonic leadership characterizing this systemic development hopes to achieve two main objectives. First, we hope to demonstrate the need to employ the “big picture” for a frame of reference when it comes to questions of global governance. The evolutionary character of the global system formation makes it essential to base one’s observations of relatively current developments into the frame of references of the more long-term processes of global system formation. Therefore, we can identify the industrialization phase for what it is: an aberration of the general mode of web-weaving of the global system rather than the nucleus of a globalized world economy. As a result, we have a much clearer picture as to what constitutes “hegemony” in a world that is characterized by an increased level of complexity, however also by an emphasis on external network-control as the main “capitalist mode.” Hegemony in such an environment is based on the control of external network connections, rather than aiming for—futile—attempts to dominate wide-reaching internal network structures in a build-up of global “imperial webs.” Hegemony in a globalized human web as it exists today is therefore different in character than previous forms of hegemony during the industrial phase, however it is not rendered impossible or implausible. And the historical trajectory we can identify so far seems to follow that of the previous phoenix cycle with the emergence of dual centers of systemic capabilities within the domain of the old systemic leader.

Second, this work aims to highlight the need for evolutionary models in the study of global governance issues regardless of the scale or questions involved. The interdependent, coevolving process of economic, political, social, and ultimately cultural dynamics that mark global system development cannot be fully grasped if analyzed in isolation. Acknowledging them as part of a larger system allows us to use the insights we have gained from more abstract models about system-development and system-behavior and tie them to seemingly unconnected areas of inquiry, such as the behavior of states, firms, or the role of technology on social institutions, to name just a few.

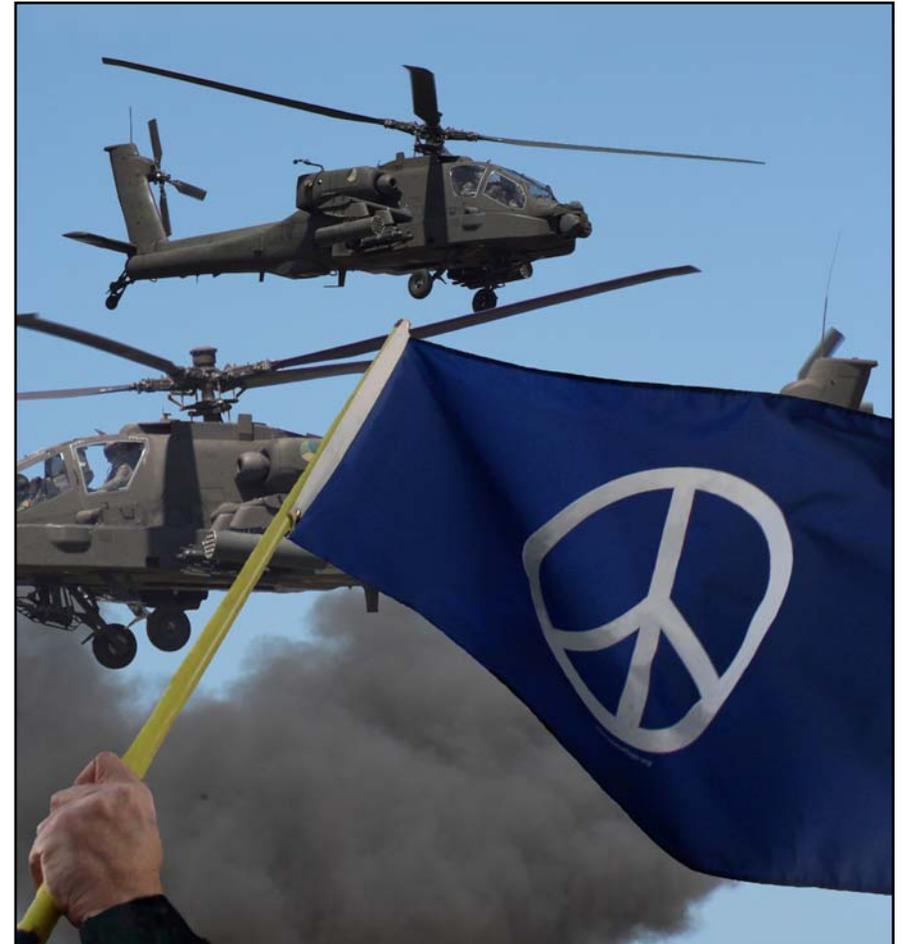
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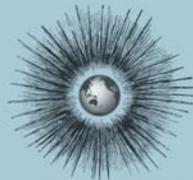


SPECIAL ISSUE:

GLOBALIZATIONS FROM 'ABOVE' AND 'BELOW'
THE FUTURE OF WORLD SOCIETY

EDITED BY :

MARK HERKENRATH, CLAUDIA KÖNIG, HANNO SCHOLTZ, & THOMAS VOLKEN



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ABSTRACT:

In the paper, I first argue that we live in a fundamentally interconnected global order, integrated by complex patterns of exchange, hierarchy and solidarity among multiple global actors—which are increasingly aware of their interdependence and common fate. However, a universal world society does not exist yet. I then discuss the role played by international

collective movements, non-governmental organizations and epistemic communities in shaping a transnational civil society and an international public space. And finally I evaluate the main factors either favoring or hindering the institutions and values of a system of global governance.

FROM WORLD SYSTEM TO WORLD SOCIETY?

Alberto Martinelli

A WORLD SYSTEM

The key question of this article is whether the contemporary world system is leading to a world society. I argue that we live in a world system as a growingly interconnected global order, but that a universal global society—as a network of social relations with mutual expectations plus a normative consensus reflected in commonly accepted institutions—does not exist yet. The contemporary world is still a system made of societies and nation states. A world society cannot be just equated with a world system. What is emerging, though among powerful counter-forces, is a global society as a world association of peoples, nation states, supranational unions, international organizations and transnational communities, who share a few core values of a cosmopolitan ethics and are integrated and regulated by a polyarchic form of democratic global governance.

We live in an increasingly interdependent world. This is the meaning I give here to the concept of world system, without entering into the different meanings that this concept has acquired in a long lasting and vast intellectual debate. The vast literature on the many dimensions of globalization provides sufficient theoretical arguments and empirical evidence for conceptualizing the entire world as a single system, although the degree and the quality of interdependence vary according to the different dimensions of globalization (it is much greater in the economic, technological and social spheres than in the cultural and political ones). Skeptics of various schools do not usually deny the existence of global flows of interdependence, although they often prefer to speak in terms of regional eco-

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conomic blocs; but they deny the presumed novelty of the phenomenon (Hirst and Thompson 1996). They tend to under-estimate what is new in contemporary globalization because they pay attention only to the economic and financial sphere.

However, whereas it is true that the world can already be considered as a single economic system in the making since the sixteenth century, contemporary globalization shows several new, distinctive features. Global interdependence has intensified and accelerated through the growing use of information and communication technologies (Castells 1996). We live in a growingly interconnected global order integrated by complex patterns of exchange, hierarchy and solidarity among multiple global actors, who show greater capacities to act in more complex networks (Martinelli 2003). The culture of globalism is also growing, i.e. the cultural attitude according to which more and more people have become aware of living in the same world, and belonging to a community of fate, mostly by virtue of the global media. This awareness can be conceptualized in various ways: we can conceive of the planet earth as an ecosystem which constitutes the common heritage of all living beings; humanity as an endangered species, with related concern for the lives of future generations; the peoples of the world as a single constituency of individuals entitled with equal rights and responsibilities, and to whom decision-makers must be accountable; the world market as an economic space regulated by an international *lex mercatoria* based on contracts that can guarantee not only investors' rights, but also workers', consumers', and communities' rights.

Growing interdependence and interconnectedness among peoples and states are shown by a variety of indicators, which range from the number and types of treaties to international governmental institutions, from imports and exports to levels of investments, from electronic communications traffic to measures of the ethnic, religious and linguistic composition of national populations, and from military alliances to environmental risks.

The spatial organization of social relations is deeply transformed insofar as relations become more stretched and more intensively interconnected. Trans-continental and trans-regional flows and networks of activities, exchanges and power relations are generated, with major implications for decision-making processes. New patterns of hierarchy and inequality and of inclusion and exclusion cut across national borders (Hurrell and Woods 1999). And new problems of social integration, global governance and democratic accountability arise, insofar as the sovereign power of nation states is eroded and their role in world politics is reshaped. Globalization does not proceed in a linear and uniform fashion, but with accelerations and slow-downs, in unequal ways in various parts of the world, more rapidly in certain aspects with respect to others; it sparks very different responses from institutions and individual and collective subjects; it pro-

vokes opposing reactions, like for example the rediscovery of local roots and the strengthening of ethnic and regional identities (Held and McGrew 2002).

Global interdependence does not signify a reduction of the international division of labor among units that perform various functions, or of the hierarchic ordering of interdependent entities in the world system. On the contrary: even if globalization removes or weakens some access barriers to financial and commercial markets, to information and knowledge, and provokes a certain degree of power and influence redistribution, it requires strategic centers of coordination and control—national governments and transnational corporations, as well as global cities and international organizations. Fueling processes of growing differentiation and specialization, globalization creates, in fact, new complex problems of systemic integration.

Modernity has become a global condition spreading all over the world (although allowing multiple modernities, i.e. different paths toward and through modernity). Globalization expresses the radicalization of the specific dynamics of modernization (Giddens 1990): the interdependence and intensification of relations on a worldwide scale, so that locally-occurring events are shaped by distant events and vice versa; spatial-temporal distanciation, in the sense that social relations do not necessarily depend any longer on the simultaneous physical presence of actors in a specific place; the uprooting of social relations from specific contexts of interaction and their reorganization in time and space through symbolic, universal means of trade and abstract systems of scientific-technical knowledge; and the reflexivity of individuals and social systems. In other words, global interdependence implies changing experience of time and space, where time is employed to reduce constraints of space and vice versa. Time shortens and space shrinks. Yet one should not draw the (false) conclusion that different locations have become interchangeable or even less comparable, from the (true) fact of the compression of time and space, and even the annulling of the distances made possible by data communication. As Sassen (1991) effectively argues, in the current age the organization of economic activities is spread out territorially but integrated on a global level. Exactly from territorial dispersion emerges the need for a centralization of functions of control and management in the so-called "global cities" (or better "globalized cities") like New York, London, Tokyo, Shanghai.

These metropolises are at the same time decision-making and control centers of the world economy, privileged headquarters of financial firms and service sector companies, markets for the buying and selling of innovative products; they are multi-ethnic and multi-cultural. They provide a first possible clue to what a world society is, since they are the concentrated image (microcosm) and the constituent units of a world society in the making.

Conceptualizing the world as a single system and recognizing the greater complexity of world-wide social networks, the global scope of actors' strategies, and the cosmopolitan character of global cities do not imply, however, that a world society already exists. The creation of one world, that is, the notion that the world is becoming more closely linked and integrated by common forces and practices, is a necessary condition for the emergence of a world society, but it is not a sufficient condition.

A world society cannot be equated to a world system. The world system is still a system of societies and cultures. And the world polity is still a system of nation states.

DIFFERENT CONCEPTIONS OF A WORLD SOCIETY

The existence of a world system as an interdependent whole does not necessarily imply that a world society exists. The contemporary world is still a system made of societies. But is there a world society in the making? The question whether a world society is in the making is much more controversial than the question of the world as an interconnected system, and it clearly requires a more detailed discussion. The answer depends on how we define society (a rather ambiguous concept in the language of social sciences) in general, and on what this concept means at the world level.

The history of the concept of society is a rather complex one, from its etymological root, the Latin word *societas* (a group of individuals who voluntarily join forces to pursue goals that they are unable to achieve singularly) to the seventeenth century English philosophers' conception of society as an artificial negotiated order, to Hegel's relation between civil society and the state, to Weber's and Toennies' pair of *Gemeinschaft* and *Gesellschaft* and contemporary sociology's pair of structure and agency. This theoretical complexity reflects itself in—and is even increased by—the conceptualization of a world society.

Some scholars simply equate world society with trans-national civil society. The classical definition of civil society stems from the crucial theoretical innovation of Scottish moralists (Smith, Ferguson, Millar) who conceptualized society as at least potentially self-organizing rather than organized by rulers. Hegel defined the *bürgerliche Gesellschaft* as “the conquest of the modern age” and treated it as a field in which the universal and the particular contended, to be reconciled by the state. Marx saw in it “the theatre of history,” where class conflict took place. Liberal theory and republican thought developed the link between civil society and the public sphere. What all the different definitions have in common is the conceptualization of civil society as the complex of institutions and the web of social relations that organize social life at a level between the family and the state.

Contemporary social theory has maintained this core definition, either stressing specific aspects or adding new ones. Thus, civil society has been variously defined as the public sphere of civic activism, i.e. an institutional setting distinguished by openness in communication, the public use of rational critical thinking and a focus on the public good rather than simply compromises among private interests (Habermas 1985); and as the arena of non-governmental organizations, collective protest movements, and dissident associations of various kind, which played a key role in the defeat of authoritarian regimes in Eastern Europe (Kaldor 2003).

The scope of civil society has become transnational and is becoming global. At the world level, a civil society is taking shape, formed by the array of transnational communities, international non-governmental organizations, collective global movements, thematic networks, international scientific and professional associations, through which individuals negotiate social contracts and political bargains at the global level. They are significant actors in the global arena, where they interact with states and international organizations, and can play a significant role in the formation of a future world society and be a necessary requirement of democratic global governance, fostering an international public space, widely shared values and a growing awareness of our common fate as human beings. It can be empirically ascertained that the number of actors and the degree of their activism are both growing at the world level.

Civic-minded components do not exhaust, however, the forms of organized social life between the family and the state at the transnational level. Multinational corporations, religious communities, cosmopolitan elites, ethnic diasporas are also part of it and some of them are not pursuing cosmopolitan projects of peaceful co-existence, social justice, human rights or democratic governance, but religious fundamentalism, political domination, economic exploitation. Transnational civil society is conflict-ridden as much as—and even more than—its counterpart at the nation state level, because at the world level there are weaker institutional and normative requirements for the non-violent resolution of conflict. Most sociologists tend to think that the actors of civil society are good by definition, since they control state power and resist exploitation and domination. Actually, the picture is much more controversial: not only civic-minded groups, but also religious and nationalist movements, are active between and beyond the control of states and families, not to speak of terrorist groups and international mafias, which are also very active in the global arena. But even if we adopt a notion of transnational civil society which is limited to civic-minded groups committed to the development of a global democratic public space, we cannot draw from its growth—which is real—the conclusion that a universal

world society exists, since it is only a component or a dimension of a world society in the making.

Some other scholars conceptualize world society as the trans-nationalization of social classes, identifying a world bourgeoisie, a world working class, a world peasantry, etc., each with its own forms of political representation in transnational organizations and collective movements. But this is not a satisfactory conceptualization either, since the “global” classes are too heterogeneous and fragmented, lacking shared identities and common strategies, not to speak of “class consciousness.” A class is a social group, the members of which share common interests—related to their position in the division of labor—distinctive cultural attitudes, preferences and lifestyles (Bourdieu 1979) and can be politically mobilized to pursue specific interests and policy objectives. The empirical evidence available does not support the existence of clearly identifiable classes at the world level, neither for workers nor for entrepreneurs and managers. Instead of a transnational working class we witness a variety of national, local and sectoral working classes, with conflicting interests, competing for jobs and with great differences in terms of wages, working conditions and social security. Although international unions exist, their action is limited by the type and stage of economic development and modernization, national legislation, patterns of labor market conditions, divisive corporate strategies; even the effort to set at least minimal standard of work safety runs into serious obstacles. Capital can organize and cooperate across national borders much more easily and efficiently than labor. Entrepreneurs and managers share a general interest in the maintenance of the capitalist market economy; the academic curricula and the professional experiences within firms which operate in the global market are often similar; the organizational structure and strategies of these corporations foster similar behavioral patterns and cultural attitudes, there are numerous examples of similar lifestyles, and frequent occasions of interaction. But all these factors are not enough to prove the existence of a truly transnational capitalist class, although some authors seem to think so (Sklair 2001). Although its members share to a significant extent strategic objectives, common values and language—they are divided and fragmented along national and cultural lines and do not act as a single political actor.

Neither a world class struggle nor a world social-democratic compromise appear realistic. On the one hand, the national, ethnic, religious, and cultural divisions among the oppressed prevent the formation of a united revolutionary movement. On the other hand, there is no world polity where political conflict can be generalized and political demands can be transformed into policy decisions, but only separated political arenas—such as international forums of inter-

governmental organizations and summits of world leaders—where movements can act and make themselves heard and visible through the global media.

In other words, the present structuration of world society does not allow the repetition at the world level of the virtuous circle of democratization which took place within the context of the democratic nation state. In the historical experience of modern democracies, markets, governments and communities closely interacted and contributed both to democratic governance and social cohesion. Sovereign states were able to tame and regulate the inherent vitality and tumultuous course of capitalist growth through regulative and redistributive policies. In the contemporary global world there is no equivalent of the nation state at the world level that could implement fiscal and welfare policies, anti-trust controls, labor and environmental laws aimed at regulating markets and at correcting market failures. Nor is there a world independent judiciary which can control and sanction illegal behavior. Nor is there a democratic polity at the world level, in which exploited and disadvantages social groups could exchange their loyalty to democratic institutions for equal rights and of legal, political and social citizenship, and could make their voices heard through their votes for decision-makers competing for political support.

A further conceptualization of world society is that of the advocates of cosmopolitan democracy: a universal global society held together by an arching legal framework of cosmopolitan law and authority and a set of cosmopolitan institutions which disconnect legitimate political authority from its traditional anchor in fixed territories (Held 2002).

This conceptualization of the world society is the most rigorous and demanding, since it is based on a definition of society as a *de facto* network of social relations with mutual expectations, which requires a *de jure* normative consensus—that is reflected in commonly accepted institutions.

If we adopt this more rigorous definition of society we must acknowledge that at the beginning of the twenty-first century a world society as a universal global society does not exist and is not likely to exist in a foreseeable future. And yet, shared values and common institutions are gaining ground within a growing part of the world population. In fact, we live both in a single system and in a fragmented world. Globalization is marked by the tension between global economic and technological interdependence and social interconnectedness, on one hand, and cultural fragmentation and political division, on the other hand. Global cultural trends—from rationalized science and technology to the culture of human rights—co-exist with local cultures and various forms of cultural hybridization; the sentiment of a common human identity and some notion of world citizenship are still overwhelmed by national local, ethnic, religious separated and sometimes idiosyncratic identities.

Global modernization as the spread of a global modern condition continues, but it takes the form of multiple modernities, i.e. of different paths toward and through modernity in countries marked by different cultures and civilizations (Daedalus 2000). In other words, the common problems of industrialization, urbanization, social mobilization, cultural change receive culturally different responses by different modernizing countries according to the specific genetic code of a given people and to the specific historical phase where the process takes place (Martinelli 2005). The scenario depicted by Huntington (1996) of a clash of civilizations cannot be ruled out, although it looks less likely than the alternative scenario of peaceful coexistence and positive cross-cultural fertilization. In both cases one must acknowledge a continuing and even growing cultural diversity, distinctiveness and difference, which the homogenizing trends in world culture do not reduce but actually foster and legitimize.

Given this great cultural diversity, as far as normative consensus is concerned, a world society cannot but be pluralistic. The normative order cannot be interpreted as a single coherent and idiosyncratic *Weltanschauung*. A world society cannot be conceptualized as a universal global society, as the projection at the world level of the modern national societies we still live in, or as the final stage in the familiar sequence of growing complexity “clan, tribe, city, state,” but as an association of communities founded on the rule of law and commonly accepted norms and institutions and united in a global project of mutual respect and peaceful cooperation.

Skeptics argue that this type of normative consensus and institutional cement cannot be achieved even on a limited scale, since any sense of common identity and solidarity actually requires the existence of others with whom one does not identify, a basic distinction between them and us. In spite of the human rights charters, actually, basic rights are often violated and strategies for pursuing goals coherent with the core values of universalism are often inadequate or even utterly opposed by powerful actors on the global scene.

Other scholars add that it is not even a desirable outcome. They argue that a more realistic portrait of the world today is as an association of communities founded on the rule of law but not united in any global project (Brown 1995), or in other words, “an international society as a practical association” (Nardin 1983).

These critics are correct in pointing out the risk that global projects tend to be dominated by some powerful actor. The full accomplishment of a world society, actually runs the risk of generalizing to the whole world the ideological blueprint put forward by the political and military might of a superpower—international communism with the former Soviet Union in the recent past, or Washington consensus at the present.

But, if a society is a cooperative venture for mutual advantage (Rawls 1971), we should expect and welcome the emergence of a worldwide sense of community now that this cooperative venture is becoming worldwide in scope.

A more realistic and less risky conceptualization of world society than that of a universal global society is a world association of peoples, nation states, international organizations, supranational unions and transnational communities, integrated and regulated by a polyarchic form of global governance. This more realistic version of a world society, which is made possible by systemic interdependence and cannot but be pluralistic, requires some degree of normative consensus and commonly accepted institutions at the world level, in order to prevent that internal conflicts are not too disruptive and that a reasonable amount of trust exists among the “citizens of the world.” But which are these basic normative and institutional requirements? Are they present at the world level? Which are the factors favoring and opposing them? The picture is a mixed one.

COSMOPOLITAN ETHICS AND TRANSNATIONAL CIVIL SOCIETY

Starting with the factors favoring this conception of world society, we can argue very synthetically—given the scope of this article—that a cosmopolitan ethics is emerging among significant minorities in the contemporary world, which:

- is constructed upon a basic set of common goals—peace, human dignity, social justice, individual freedom, cultural pluralism, sustainable development—but at the same time allow for multiple projects to be pursued, multiple identities and multiple citizenships;
- stems from a growing awareness of a common fate, i.e., of our common human and social rights, our common interests, our common vulnerability to global environmental, social, and political crises—such as poverty and unemployment, disease and pollution, terrorism and ethnic cleansing—and the ensuing need to find common solutions and responses based on a culture of dialogue and cooperation;
- grows upon a worldwide sense of community that can be specified in terms of four basic types of consciousness: the anthropological consciousness that recognizes unity in our diversity, the ecological consciousness that recognizes our singular human nature within the biosphere, the civic consciousness of our common responsibilities and solidarity, and the dialogical consciousness that refers both to the critical mind and to the need for mutual understanding (Morin 1999);

- ✦ fosters a cultural attitude of contextual universalism, i.e., the fertile and non-destructive encounter of cultures and the according of mutual respect among different cultural outlooks, along the lines developed by authors like Robertson (1992) and Beck (1997);
- ✦ and goes together with the diffusion of the notion of multiple citizenship through which different overlapping identities (local, national, regional, and cosmopolitan) can define different sets of rights and responsibilities; this notion does not imply that an emerging world community would require of its members an implausibly high level of cosmopolitan loyalty, overriding all other obligations to fellow nationals and those nearest to us; but it does imply a sense of common identity through which we should not be indifferent to the suffering of others, but rather give the interests of others equal weight with our own or with those of our loved ones (Nagel 1986).

These trends toward a cosmopolitan ethics find a breeding ground in several components of the transnational civil society that I discussed earlier—such as international non-governmental organizations, global collective movements, transnational epistemic communities, and cosmopolitan elites—and in the emerging transnational public space, which play a significant role in the formation of a possible future world society and which are necessary requirements of a democratic global governance.

In the transnational civil society and public space all women and men can learn to respect and try to understand others' values and beliefs without renouncing their own, but rather critically assessing and "reinventing" them in a dialogue among civilizations; this intercultural dialogue requires two basic methodological assumptions:

- ✦ the weakening of the link between ethos and ethnos, between a given vision of the world and practical knowledge, on the one hand, and the belonging to a specific community of fate, on the other; and
- ✦ the spread of self-reflexive action and thought (although rooted in a specific culture with its norms, institutions and practices, more individuals today have more chances to be responsible actors in the making of social reality).

THE INSTITUTIONS OF A DEMOCRATIC WORLD SOCIETY

These trends, which are growing albeit very unevenly, can in turn reinforce existing processes and foster new institutional processes which constitute basic building blocs of polyarchic global governance in a democratic world society such as:

- ✦ the harmonization of national laws in matters regulated by international agreements or resulting from court decisions taken in a different country;
- ✦ the strengthening of supranational institutions of governance at the world level (through a transformed United Nations Organization) and at the regional level (through a reformed European Union and similar political entities in the other regions of the world); these institutions must obtain greater authority, resources, and independence through the voluntary giving up of portions of sovereignty, in order to avoid the political chaos that the unbundling of the relationships between sovereignty, state power, and territoriality may otherwise bring about;
- ✦ the diffusion of modes of solutions to specific problems obtained through international regimes, and suggested by thematic networks and by the definition of international standards of good practices;
- ✦ the specification of rules of coexistence that are coherent with shared principles (starting with the UN declarations of universal human rights), and of procedures for making decision making processes with global implications accountable;
- ✦ the articulation of a cooperative ethos based on principles of transparency and accountability and the practice of periodical consultations with all actors involved in and affected by decisions with global implications;
- ✦ the development of self-governing communities as alternative mechanisms of social and political organization at the world level, which will foster the empowerment of individuals and groups;
- ✦ and, last but not least, the spread and consolidation of regional supranational unions like the European Union, with mechanisms of reinforced cooperation in public policy and the pooling of resources for common goals through the voluntary giving up of some sovereignty by member nation states.

FACTORS HINDERING THE GROWTH OF THE CULTURE AND INSTITUTIONS OF A DEMOCRATIC WORLD SOCIETY

The growth of a cosmopolitan ethics, the spreading of multiple citizenships, the reform of international institutions, the spread and consolidation of regional supranational unions, various forms of global collective action leading to more accountability of global decision-makers can all contribute to the growth of a democratic world society with polyarchic global governance. However, in the contemporary world there are also several political and cultural trends which act

as powerful obstacles and counter-forces. I summarize here what I consider to be the most important ones.

First, most powerful actors on the world stage usually address matters of common concern in terms of their idiosyncratic *Weltanschauungen* and of their own specific goals and interests, i.e., the interests of what they consider to be their constituencies. The defense of narrowly defined national interests by state powers, the pursuing at all costs of profits and capital gains by transnational corporations and international investors, the diffusion of dogmatic beliefs by fundamentalist movements, the defense of bureaucratic privileges by inter-state organizations—all are obstacles to international cooperation and contribute to the consolidation of old inequalities and hierarchies, the fostering of new ones, and the violation of basic human rights and criteria of social justice.

Second, the strategies, decisions and actual behavior of international organizations—which by definition should have global constituencies—besides defending their bureaucratic survival and privileges, are often weighted in favor of their most powerful members (such as the Security Council members in the UN or the members of the G8). These first two tendencies lead to charges that global governance is a Western project designed to spread a kind of “pensée unique” of Western values, laws, and institutional arrangements, and to sustain the richest countries’ primacy in world affairs and the expenses of the poorest and weakest ones.

Third, also as a consequence of these two tendencies deep inequalities persist among different countries and peoples, fostering legitimate charges of social injustice. Deprivation—both as absolute poverty below the threshold of daily survival and as lack of the capacity to exert one’s own freedom of choice in order to better individual and collective life chances—represents a big obstacle to the development of democratic global governance and a breeding ground for aggressive movements and doctrines (more as a way of legitimating violence than as a recruiting ground for activists).

Fourth, the emergence of new forms of fundamentalism, aggressive nationalism, and tribalism—which construct people’s identities upon primordial ties and dogmatic beliefs—inhibit the growth of democratic citizenship, both at the national and the supra-national levels. In today’s world we are witnesses to numerous instances of the perversion of local identities, in terms of dogmatic closure, intolerances and prejudice, as a reaction to global trends. Fundamentalist religious faiths and dogmatic ideological beliefs deny the tension between the cultural message and the specific cultural code through which the message is spread, and pretend to monopolize the message, preaching irreducible truths. But in so doing they reduce the message’s reach, tie it to a specific time and space, and make intercultural dialogue impossible. Fundamentalists and true believers

live in an eschatological time in which reform projects of betterment of the present condition are devalued in favor of future palingenetic redemption.

Fifth, the declining participation in democratic politics and the reduced confidence in democratic processes and institutions in the developed countries with representative governments, as shown by many opinion polls—weaken the appeal of democracy and make it more difficult to “export” beyond national boundaries and to developing countries with authoritarian regimes. The growing popularity of neo-populist forms of consensus formation, which appeal to many “losers” in the globalization process, and the increasing reliance on technocratic elites, which appeals to many “winners,” both reduce the space for democratic participation and accountability. Neo-populist trends of local closure and xenophobic fear of different peoples and cultures have found renewed life among political entrepreneurs in several western democracies, including France, Austria, Italy, and the Netherlands.

Sixth, the persistence of authoritarian regimes that repress civil rights and political liberties in many developing countries does not contribute to strengthening the voices in favor of democratic accountability at the global level. Authoritarian leaders of several developing countries reject any critique to their rule as undue foreign interference that violates national sovereignty and the expression of Western arrogance. International support for critical movements and opposition leaders are seen as cunning attempts to impose a neo-colonial hegemony through the weakening of their governments. Authoritarian leaders often counter the “formal” rules of democracy with the “substantial” democracy of their achievements for the well-being of their peoples. In fact, division of powers, due process of law, the multi-party system and electoral competition, freedom of speech and free information, are not instances of Western ethnocentrism, but essential ingredients of democratic life, which can be identified in different historical and cultural traditions and which must be generalized at the world level.

THE PERSISTENCE OF NATION STATES AND THE EROSION OF NATIONAL SOVEREIGNTY

The six factors briefly discussed are in various ways and degrees the most serious obstacles to the development of the values and institutions of a democratic world society. A further obstacle is the persistence of nation states which compete with each other for power and wealth and are shaped by idiosyncratic cultural preferences. Given the resilience of the nation state as the institutional embodiment of political authority and a basic source of collective identity, a universal global society is very unlikely, but a multipolar world regulated by a form of polyarchic global governance is possible.

The institutional embodiment of political authority in modern society has been the nation state, i.e., an impersonal and sovereign political entity with supreme jurisdiction over a clearly delimited territory and population, claiming a monopoly of coercive power, and enjoying legitimacy as a result of its citizens' support. And it still is, in spite of the erosion of its sovereignty.

Globalization tends to erode the basis of sovereignty and autonomy of nation states, but not to the extent that it is often affirmed. Scholars of different ideological orientation—from Albrow (1996), who stresses the narrowing of choices of nation states compelled to adopt neo-liberal economic policies in order to compete in the world market, to Strange (1996), who complains that the impersonal forces of world markets are more powerful than the states, to Ohmae (1995), Reinecke (1998) and Thurow (1999) who argue that globalization implies the end of the nation state as sovereign actor in international relations—have exaggerated the demise of the nation state and should be criticized for not distinguishing among states with quite different levels of power and influence. The erosion, loss or diminution of state autonomy and sovereignty is the result of growing global interdependence and interconnectedness, and it takes a variety of forms, from the permeability of national frontiers to illegal immigrants to the threats of transnational terrorism, from the constraints set by international monetary institutions on the economic policies of national governments, from the impact of transnational corporations' strategies on workers, consumers, and entrepreneurs of the countries where they operate, from the problems of coexistence between different cultures in increasingly multiethnic societies to the difficulties faced by authoritarian regimes in filtering or altogether banning the images and information of the "global village." The shrinking effectiveness of major state functions such as the control of frontiers, the effective implementation of macroeconomic and industrial policies and of welfare and redistributive policies is also the product of a conscious giving away by states through the partial concession of sovereignty to supranational institutions like the European Union.

The erosion of national sovereignty and power is, however, uneven, since states differ very much in terms of economic, political, military and cultural power and its extent has been largely overestimated. State power is rather reconstituted and transformed, at least in the developed countries and in the most powerful developing ones. In reality, because of the multifaceted impact of globalization, nation states are undergoing a deep transformation, as their functions and powers are rearticulated and re-embedded in complex transnational, regional and local networks. Global flows stimulate a variety of adjustment strategies through national policies that require a rather active state—neither the neo-liberal minimum government or the waning state, but the "developmental" or "catalytic" state. Recent financial crises and terrorist attacks have favored new forms of

state intervention. In the United States the Sarbanes-Oxley law has introduced more severe controls on business financial operations and anti-terrorist laws have set constraints on the free circulation of people and goods. The European Union has intensified its anti-monopoly controls and strengthened its action against the so called "tax heavens." In Chinese modernization state control goes hand in hand with the growing opening of the economy to world trade. Many national governments compete with each other through industrial policies aimed at creating the most favorable conditions for foreign investment (friendly corporate law and fiscal policy, good infrastructures, flexible labor force, efficient public administration, etc.), while at the same time maintaining control over basic development strategies. We can therefore agree with Rosenau (1997) that the state is not dead, but rather has been reconstructed and restructured, and with Keohane (2002) that sovereignty is less a territorially defined barrier than a resource for a politics characterized by complex transnational networks of competitive country systems and regional systems. National sovereignty is increasingly challenged by transnational forces, but nation states remain key actors in global governance for quite a long time. Most of the policies that can regulate and control market processes can be effectively implemented only at the national level. The role of the judiciary in pursuing illegal market behavior—as in the Enron, Worldcom, Parmalat cases—and the role of policy in reducing the inequality of opportunities and controlling undesirable outcomes of market processes—as in the unemployment provisions of several advanced countries—are effective only at the state level or, at most, at the UE supranational level. In this respect the nation state is still very relevant, although changing.

Whatever the quality and the extent of the erosion, reconstitution and transformation of state power can be and will evolve in the near future, it is hard to deny that nation states still provide the primary source of collective identity for most people in the world, as most value survey data show. Just to take into account the two most important of them, the World Values Survey (which in its last wave of surveys include the opinions of citizens of 80 nations) and the Eurobarometer surveys (which analyze the opinions of the European Union citizens), both show that most respondents see themselves consistently through time as citizens of their nation state rather than members of their local community or of a supranational organization or citizens of the world (World Values Survey, Eurobarometer, various years). These surveys also show that for all countries where legitimate élites and/or stable governments exist, the erosion of sovereignty by global forces is compensated by citizens' demands for a more active state role in controlling international movements, negotiating agreements in international governmental organizations, coping with social and environmental problems. In many modernizing countries globalization erodes nation states'

sovereignty, but not to the point of preventing governments from being proactive agents of development.

The continuing strength of national identities represents the main obstacle to the formation of a universal global society, since the latter lacks universally accepted identities, values and norms and widely accepted institutions. In reality, many people and groups in the contemporary world not only define their identities in idiosyncratic ways, not only hold values that are antithetical to those of others, but seek forcibly to make others' actions conform to their own preferences. There is no world society and there is no global polity. Neither is there a unified world state with a single citizenship made of all adult individuals endowed with equal rights and duties (something similar to Kant's world republic), nor a federal Union of the states of the world, nor a unified empire where member nations are hierarchically subordinated to a centralized hegemonic authority do exist or are in sight. But a world society as an association of peoples, nation states, international organizations, supranational unions and transnational communities, integrated and regulated by a polyarchic form of global governance, is slowly emerging. Given the importance of this model—which consists of the diffusion of the values of a cosmopolitan ethics and a set of democratic institutions, which I have outlined in previous paragraphs, and in spite of the powerful obstacles, which I have also discussed above—I will conclude this article with a sketchy picture of this complex entity.

THE POLYARCHIC MODEL OF GLOBAL GOVERNANCE

The world can be conceptualized as a single system, but a universal global society does not exist yet, since there is still little normative consensus reflected in commonly accepted institutions at the world level; although there are signs that they are slowly developing. In other words, the existence of a world system as an interdependent whole does not necessarily imply that a universal global society exists. The contemporary world is still a system made of societies, marked by the fundamental contradiction between open economy and closed cultures. The nation state is still the basic unit of political organization in the world polity, although its sovereignty is eroded by global flows. There is no universal global society and there is no single world polity. But, on the other hand, the contemporary world is neither just an international anarchy nor simply an international system of sovereign nation states. It is a polyarchic, multipolar, multilayered, mixed-actor system where the anarchy of sovereign states is mitigated and controlled by a plurality of non state actors: the international governmental organizations around the United Nations system, the actors of a world civil society (non-governmental organizations, collective movements, transnational communities, ethnic diasporas) and supranational unions like the European Union and

by the growth of transnational civil society and public space. The progressive democratization of this polyarchic system through democratic accountability, individual and community empowerment, multiple identities, contextual universalism and deeply reformed international institutions is the major goal to be achieved in contemporary global politics. A key role in democratic global governance can be played by the European Union, both as an active peaceful player and as a model for similar global actors in the other regions of the world.

The polyarchic model of global governance—which I outline in a recent book (Martinelli 2004)—is a model in the double sense, scientific and normative, as a creative simplification of a complex reality, and as a blueprint for a peaceful global world. It combines some of the key aspects of the various approaches to democratic governance into a model of global politics which is both desirable and realistic. It is polyarchic in the sense that power and influence are shared by a plurality of institutional actors—government organizations, market organizations, and communities—which operate according to the three basic principles of authority, exchange and solidarity and whose diverse strategies act as mechanisms of social integration and governance of the world system. It is polyarchic because it is multipolar, in the sense that the hegemonic power of the United States is counterbalanced by the role played by regional powers—both supranational unions like the European Union and nation states like China, Russia, India, Brazil—in the various regions of the world. In fact, the United States may have the power to exert leadership (although recent failures in the struggle against global terrorism cast doubt on it), but its leadership can hardly be considered as legitimate by, and accountable to, constituencies outside those of the hegemonic power and its allies. Global governance can only be multi-layered if it is to be effective, and can only be democratic in order to be accepted.

It is polyarchic because it implies a multilateral system of decision-making, where major decisions with global implications are taken within international organizations—first of all a reformed United Nations system—with the participation of the most significant expression of a transnational civil society in the making. And it is polyarchic because it is multi-level in the sense that institutions, rules, regimes regulate and integrate the world system at different levels on the basis of a functional specialization and of multiple citizenships which define different and overlapping sets of rights and obligations.

The polyarchic model of global governance does not neglect the persistent centrality of nation states and the asymmetries of power and influence among them, but it tends to develop democracy both above them through the formation of supranational unions on the model of the European Union, below them through the development of local self-governing communities, and laterally through the growth of non-governmental organizations, collective movements,

epistemic communities and the like. The nation state maintains its importance as a primary source of identity and citizenship, but within a more complex system of governance which does not grow in opposition to national sovereignty but fosters the spontaneous giving of portions of sovereignty to higher level institutions and the growth of multiple citizenship. The polyarchic model acknowledges the role of global markets and transnational economic actors, but it stresses the need for them to be accountable and regulated and controlled by effective international laws.

It recognizes the role of political movements and religious and professional communities, local self-governing, transnational diasporas, but looks for the proper conditions for them to act according to the principles of cultural pluralism and contextual universalism.

The polyarchic model puts a special emphasis on the role of supranational unions on the design of the European Union: a political entity where decisions are taken both by a body representing the governments of the member countries and regions and a body representing the peoples of the member countries and regions; and a multicultural entity where unity should be achieved through diversity, with a core of shared values (democratic institutions, basic human rights, civic responsibilities, peaceful coexistence with all people on earth, free competition) that are at the foundations of common institutions, together with the respect for different cultures, languages and heritages.

To conclude: more and more people come to live in a single world system; a transnational civil society and an international public space are growing; a global communitarian culture and a cosmopolitan ethics are gaining ground. But major counter-forces are at work; a single constituency of individuals endowed with equal rights and responsibilities and to whom decision-makers must be accountable does not exist yet. And the norms and institutions concerning the organization and the regulation of social and economic life at the world level are still inadequate for pursuing the basic goals of peace, liberty, human dignity, cultural pluralism and social justice for all. A universal global society with widely shared democratic values and institutions is not yet in sight and at best is very slowly emerging.

What is possible and desirable is a world society as a world association of peoples, nations and transnational communities, integrated and regulated by a polyarchic form of global governance. Its becoming depends on the conscious efforts of individual and collective actors. The alternative to a dystopic future of an increasingly conflict-ridden, inhuman and unjust world is the project of democratic global governance as a peaceful world with polyarchic patterns of multipolar, multilayered, mixed-actor governance, democratic accountability, individual and community empowerment, multiple identities, contextual universalism, and

deeply reformed international institutions. A key role in this polyarchic system of governance can be played by the European Union, both as an active, peaceful player in international politics and as a model for similar global actors in the other regions of the world.

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SPECIAL ISSUE:

GLOBALIZATIONS FROM 'ABOVE' AND 'BELOW'
THE FUTURE OF WORLD SOCIETY

EDITED BY :

MARK HERKENRATH, CLAUDIA KÖNIG, HANNO SCHOLTZ, & THOMAS VOLKEN



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ABSTRACT:

This is a study of the growth of organizational power in the world-economy over the past forty years. It takes the position that transnational corporations (TNCs) are increasingly significant actors in the world-economy, independent of the nation-states within which they are located. The goal of this work is to identify the expansion, spatial distribution, and concentration of this global power over time, and to consider its impact on the global economy.

The TNC networks are identified by locating the headquarters and foreign subsidiaries of the world's 100 largest manufacturing corporations in 1962, 1971, 1983, 1991 and 1998.

The distribution of ownership and location of these foreign subsidiaries are examined, both globally and bilaterally. I find high levels of concentration in ownership of these global networks that decrease over time, in contrast to a high degree of dispersion in the location of these linkages. U.S. corporations are clearly the dominant actors from 1962 to 1971 but decline dramatically through 1998, while Japanese and Western European TNC control over transnational networks grows significantly over this period. An empirical measure of economic dominance in the global economy is also presented.

THE GROWTH OF TRANSNATIONAL CORPORATE NETWORKS: 1962–1998*

Jeffrey Kentor

INTRODUCTION

This is a study of the growth of organizational power in the world-economy over the past forty years. It takes the position that transnational organizations, more specifically transnational corporations (TNCs), are increasingly significant actors in the global economy. Some scholars argue that the nation-state is the appropriate unit of analysis for analyzing the global processes of the world economy (Tilly 1994; Evans, Rueschemeyer, and Skocpol 1985). Others, such as Kindleberger (1969), Leslie Sklair (1995, 2001), William Robinson (2003; Robinson and Harris 2000), and Philip McMichael (2000) suggest that nation-states are becoming increasingly marginalized by transnational corporations. They argue that these TNCs control an ever-increasing amount of capital and their activities are beyond the control and regulations of any single country, given their ability to shift resources at will throughout the global economy. Irrespective of which of these two positions is taken, it is evident that transnational corporations represent a relatively new and worthwhile dimension of study for understanding the relationships among nations and the increasing integration of the global economy.

There are few empirical studies of the global impact of TNCs from an organizational perspective. Most of the work has focused on the impact of national

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aggregate levels of foreign investment (Chase-Dunn 1975, Bornschier and Chase-Dunn 1985; Firebaugh 1992, 1996; Dixon and Boswell 1996; Kentor 1998, 2000, 2001; de Soysa and Oneal 1999; Kentor and Boswell 2003), portfolio investment (Manning 2000), or trade dependence (Burns, Kentor and Jorgenson 2003; Rubinson and Holtzman 1986).

Empirical studies using corporations as the unit of analysis have examined the sourcing, distribution and mechanisms of production of global commodities, referred to as “commodity chains” (Gereffi and Korzeniewicz 1993), or the emergence of a “global elite” that controls these transnational firms (Robinson 2003; Carroll and Fennema 2002; Kentor and Jang 2004).

Bergeson and Sonnett (2001) examine the geographical distribution of the Fortune Global 500 by industry, in an effort to define the geopolitical structure of the global economy, and understand the rise and fall of hegemonic nations. They find a tripartite distribution of TNCs among the U.S., Europe and Japan. This study takes a further step. It examines the global networks that are created by these TNCs, and considers if and how these linkages may act as conduits of power that have independent effects on the global economy.

The transnational enterprise is not a new construct. Moore and Lewis (2000) trace the emergence of the first recorded multi-national enterprises back to Assyria around 2000 BCE. These international firms were replete with “head offices, foreign branch plants, corporate hierarchies, extraterritorial business law, and even a bit of foreign direct investment and value-added activity” (ibid.: 31–32). However, the scope of these transnational firms has grown dramatically. One statistic is particularly telling: of the 100 largest economies in the world today, 51 are corporations and 49 are countries (Anderson and Cavanagh 2000).

The primary goal of this paper, therefore, is to chart the economic and spatial expansion of these transnational corporations, and explore the implications of this growth.

THE SHIFTING LOCUS OF ECONOMIC POWER

The central tenet of this work is that transnational corporations, and their global networks, represent a distinct locus of power that have a significant impact on an increasingly global economy. The theoretical basis for this assertion begins with Charles Tilly’s (1994) work on the emergence of the modern nation-state system. Tilly argues that the current inter-state system is the result of a merging of coercive and economic power between A.D. 1000 and 1800. Prior to this time, economic and coercive, or military, power were separate. Political units, such as states, feudal areas and empires, were essentially containers of coercive power, used to acquire the necessary goods, and people, to maintain their sys-

tems. Economic power resided within cities, the centers of economic activities in these times, and where capital was accumulated by the emerging burgher class. As military technology progressed and warfare became more expensive, these political organizations were forced to look to cities for the financing of their military activities. The resulting relationship between state and city, of coercive and economic power, solidified over this 800-year period, giving rise to the modern nation-states of today. These modern nation-states controlled both military and economic power.

During the last few decades of the twentieth century, however, this coalescence of economic and coercive power began to fracture, due primarily to the emergence of the transnational corporation. Saskia Sassen (1991) describes the global dispersion of production that began in the 1970s, as corporations searched for lower wages, closer proximity to markets and raw materials, and a way to diffuse the power of labor. The corporate headquarter-foreign subsidiary linkages that emerged as a result of this process of production dispersion have formed the basis for a new dimension of economic power. It has allowed the transnational corporation to circumvent, to a significant extent, the regulation of their activities by the nation-states within whose boundaries they are located.¹

Christopher Ross (1994) provides an additional perspective on these organizational networks. Ross, a human ecologist, studied the structure of city-systems within the United States. He argued that cities were essentially containers of organizations and city-systems were, therefore, reflections of organizational networks, primarily corporate. The hierarchy of these city-systems was determined by the relative power of the corporations residing within these cities in terms of their control over the economic activity in other cities. Ross operationalized these power relationships in terms of corporate headquarter and subsidiary locations. To the extent that a corporation headquartered in New York, for example, has a subsidiary in Pittsburgh, some amount of control or power is acquired by New York over Pittsburgh. The New York based corporation has an impact on employment and capital activities in Pittsburgh, which reduces the control that Pittsburgh has over its own economic activity. In other words, it reflects a loss of autonomy for the host location.

¹ A key point for Sassen is that this diffusion of production was accompanied by the expansion and concentration of certain service functions, primarily producer services, which facilitated the coordination and expansion of these manufacturing activities, giving rise to a new network of “global cities.”

Ross created an organizational matrix to describe the city-system hierarchy in the U.S., by identifying the locations of corporate headquarters and their subsidiaries in major metropolitan areas in 1950 and 1980. Ross referred to these headquarter-subsidiary networks as “control linkages.” He selected only manufacturing corporations for his study, arguing that industrial activity has a greater impact on a city’s overall economic activity than primary or tertiary activities.² Ross concluded from these analyses that (a) urban systems are pyramidal in nature, with a few dominant cities at the top (New York and Chicago) and an increasing number of cities at lower levels of the hierarchy, and (b) dominance, or power, decreases at lower levels of these networks.

This global diffusion of production was facilitated by the emergence of what John Meyer et al. (1997) refer to as the “world society,” an ideology that legitimates and facilitates the penetration of foreign interests into less developed countries. This is reflected in an isomorphism of laws and conventions throughout the world-economy concerning foreign ownership of private property, repatriation of capital, employee/employer rights and accounting practices that permit transnational corporations to locate and operate with consistency and predictability within most countries around the globe.

I extend the above arguments to formulate the following theory of international dominance. The coalescence of economic and coercive power, which generated the modern interstate system, has begun to unravel with the global diffusion of manufacturing that has occurred over the past forty years. The transnational corporate networks that have emerged over this period reflect a distinct locus of economic power. I do not suggest that these TNC networks are the sole conduits of power in the world-economy. They are only one network structure embedded within a series of hierarchical, overlapping networks that includes flows of information, migration, transportation, culture, and coercion. But they certainly play a significant, if not primary, role in the evolution of the world-economy.

EMPIRICAL EVIDENCE

A brief examination of available data strongly suggests that transnational corporations represent a significant, and growing, dimension of economic power in the global economy. In 1962, the world’s 100 largest industrial corporations owned 1288 foreign subsidiaries. By 1998, the 100 largest industrial firms owned nearly 10,000 foreign subsidiaries. Some of these transnational corporate networks are

² Meyer (1984, 1986) conducts similar analyses of financial networks in the Southern U.S., and South America.

immense in scope. Philip Morris, for example, operates in 170 countries. In 1983, corporate revenues of the world’s 500 largest corporations equaled 15% of world GDP. By 1998, this ratio had grown to 28% (Kentor 2002). Revenues of the largest 200 corporations now exceed the combined economic activity of 182 nations (Anderson and Cavanagh 2000).³ Clearly, these TNCs have become significant actors in the global economy, apart from the nation-state system within which they are geographically located.

THE ANALYSES

As stated earlier, the goal of this work is to describe the economic and spatial expansion of transnational corporate networks over time, in terms of both individual countries and the global network as a whole. I employ the methodology used by Ross (1996) discussed above, by charting the shifting patterns of TNC headquarter-subsidiary linkages for the world’s 100 largest manufacturing corporations at five time points: 1962, 1971, 1983, 1991 and 1998. These dates were chosen for data availability. This study is limited to manufacturing firms because, as Ross points out, these organizations have the greatest impact on the host economy relative to other sectors. Generally, they have the largest fixed investments, employ the most workers and have the greatest impact on the environment. The location of each corporate headquarters is identified, along with the number and locations of all foreign subsidiaries, for each time period. Hence, the specific corporations are not constant across periods.

This methodology has two possible drawbacks. First, it is conceivable that limiting the data set to the largest 100 industrial corporations could bias the sample. This methodology would exclude countries with only mid-sized corporations or those outside the industrial sector of the economy. To address this issue, another data set was constructed that includes the largest 250 firms in 1998, irrespective of the sector within which it is located. This list is taken from the Fortune Global 500. This allows a comparison of network structures, which will provide a reasonable indication of the possible bias in the methodology. Second, it is assumed that all foreign subsidiaries have the same impact on the host country. There is no explicit control for subsidiary size, in terms of assets, sales, or number of employees. These would certainly be potentially useful data to include in the analyses, but are not available. However, there is an implicit control on

³ It is interesting to note that while TNC economic activity has grown dramatically over the past forty years, its share of workers has steadily declined. The world’s 200 largest corporations employ less than one percent of the global work force.

the size of these subsidiaries, because they are all owned by the world's largest corporations.

The TNC headquarter and subsidiary data used in these analyses have been obtained from various years of Moody's Directories, Dun and Bradstreet, Directory of Inter-Corporate Ownership, The National Register, Standard and Poor's Register of Corporations, The Directory of Multinationals, The World Directory of Multinational Enterprises and the Directory of American Firms Operating in Foreign Countries. Not all of the corporations listed in the top 100 industrials (or Global 500) had foreign subsidiaries, according to the sources listed above. It is unclear, however, whether this indicates there are no subsidiaries, or that these data are missing. In some cases it was possible to contact a specific corporation to confirm this information, in others it was not. The impact of these possible missing data would be to underestimate the extent of these TNC networks.

RESULTS

The expansion of these TNC networks during the 20th century has been dramatic. Table 1 presents the ratio of revenues of the 100 largest industrial firms to world GDP.

This ratio grew from .04 in 1912 to .11 in 1991, before declining to .09 in 1998. This decline reflects the growth of the service sector. The Global 100, which include all sectors of the economy, grew from .09 of world GDP in 1983 to .13 in 1998. The revenues of the Global 500 grew from .15 to .28 of world GDP between 1983 and 1998. These figures reflect the expansion of producer services that arose in response to the diffusion of production that began in the 1980s (Sassen 1991). Another indicator of the growth of producer services is the ratio of revenues of the 100 largest industrial firms to the revenues of the Global 500, which declined from 60% in 1971 to 46% in 1998.

I now turn to an examination of the distribution of TNC headquarter-foreign subsidiary linkages for the 100 largest industrial TNCs from 1962 and 1998, as shown in Table 2.⁴ There are two ways to think about these linkages.

We can examine both the total number of TNC headquarter-subsidary connections, and the number of dichotomous (country to country) linkages. These two aspects of TNC networks have different meanings and different

⁴ These analyses do not directly examine differences in revenues among these subsidiaries. However, the parent TNCs (world's 100 largest industrial TNCs) are from a uniformly high revenue group, which indirectly controls for economic size.

Table 1 – Ratio of TNC Revenues to World GDP 1912–1998

	1912	1962	1971	1983	1991	1998
100 Industrial (IND)	0.04	0.07	0.09	0.08	0.11	0.09
100 Total				0.09		0.13
500 Total				0.15		0.28
IND 100 / Global 500				60%		46%

impacts. Dichotomous linkages represent relationships between countries. From a dichotomous perspective, it is the existence or non-existence of a linkage that is important rather than the absolute number of linkages. Whether there are one or several linkages between two countries, a whole host of political, economic, social (and possibly even military) laws, regulations and norms are required for a TNC to be able to locate within a given host country. The total number of linkages is more clearly a measure of *penetration* of a host country by transnational corporations. Total TNC headquarter-foreign subsidiary linkages for the 100 industrial TNCs grew from 1,260 in 1962 to nearly 10,000 in 1998, with the sharpest increase occurring between 1991 and 1998. The number of dichotomous TNC linkages, or country to country connections, grew from 220 in 1962 to 780 in 1998, with the largest growth occurring between 1971 and 1983.

The distribution of TNC headquarter-subsidary linkages for the top 250 firms in 1998 is, as expected, somewhat larger. There are nearly twice as many total linkages (19,481 / 9988) and approximately 50% more dichotomized connections (1241 / 780). However, the correlation between the two data sets is extremely high, both for out and in-degrees (.97 and .91, respectively), suggesting that the 100 largest manufacturing TNCs are a reasonable reflection of the organizational network as a whole.

An examination of the distribution of these linkages by country, given in Table 2, indicates a high degree of concentration in the ownership of these networks, and a dispersion of the location of these subsidiaries.

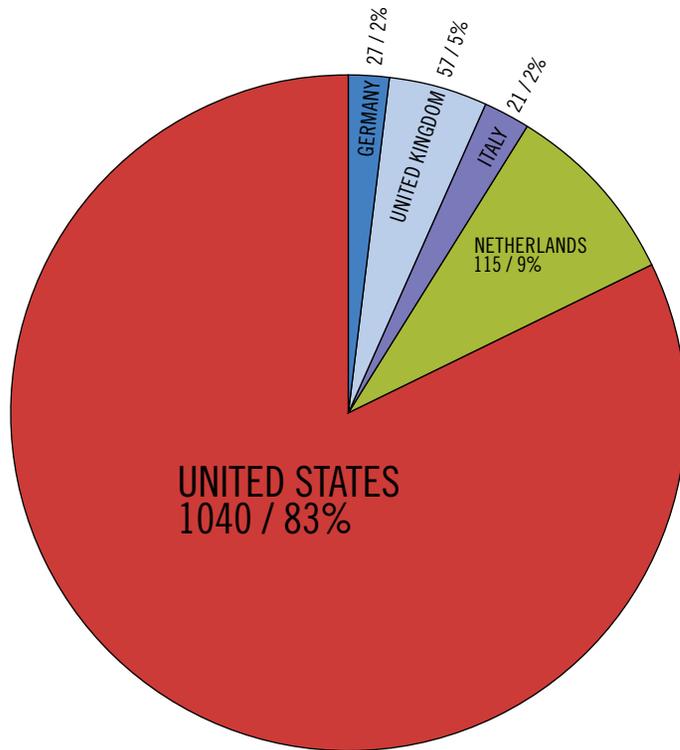
In 1962, the 100 industrial TNCs with foreign subsidiaries were concentrated in only five countries: the U.S., the Netherlands, the U.K., Germany and Italy (see Figure 1). U.S. corporations were clearly the dominant firms, controlling 1040 of the total 1260 subsidiaries.

In other words, U.S. based corporations owned 82% of all foreign subsidiaries of the 100 largest industrial TNCs in 1962. The position of U.S. TNCs strengthened in 1971, controlling 1337 of the 1566, or 86%, of all foreign subsidiaries. Dutch TNCs, the next largest group in 1971, owned only 115 (9%) subsidiar-

Table 2 – TNC Headquarter: Subsidiary Distribution 1962–1998

Country 1962	Subsidiary		Country 1971	Subsidiary		Country 1983	Subsidiary		Country 1991	Subsidiary		Country 1998	Subsidiary	
	Own	In		Own	In		Own	In		Own	In		Own	In
	Foreign subsidiaries owned in other countries			Foreign subsidiaries located within country										
US	1040	22	US	1337	31	US	1339	121	US	982	298	US	2901	1479
Netherlands	115	17	Germany	80	76	Netherlands	415	98	Netherlands	462	157	Japan	2296	302
UK	57	132	France	49	59	Germany	241	163	France	431	159	Germany	1764	445
Germany	27	56	UK	44	115	Italy	207	87	Germany	328	221	Switzerland	1441	184
Italy	21	25	Netherlands	18	50	UK	174	158	Japan	310	84	Netherlands	441	342
France	0	52	Italy	18	58	France	154	159	Switzerland	289	113	Sweden	354	159
Japan	0	18	Japan	13	35	Switzerland	81	69	Italy	278	118	France	329	451
Australia	0	46	Australia	5	67	Japan	64	62	UK	151	250	UK	176	827
Switzerland	0	35	Switzerland	2	51	Belgium	52	95	Sweden	92	61	Italy	100	311
Belgium	0	19	Belgium	0	46	Sweden	27	55	Belgium	49	110	Korea	78	83
Sweden	0	16	Sweden	0	31	Canada	7	142	Finland	34	24	Canada	43	323
Canada	0	169	Canada	0	168	Brazil	3	102	Spain	29	147	Spain	29	288
Brazil	0	45	Brazil	0	46	Australia	0	133	Venezuela	17	33	Venezuela	16	103
Spain	0	18	Spain	0	37	Spain	0	100	Austria	1	46	Brazil	9	254
Venezuela	0	33	Venezuela	0	47	Venezuela	0	38	Canada	0	136	Belgium	0	190
Austria	0	14	Austria	0	16	Austria	0	33	Brazil	0	118	Finland	0	61
Korea	0	0	Korea	0	2	Korea	0	10	Korea	0	27	Austria	0	167
Mexico	0	42	Mexico	0	50	Mexico	0	67	Australia	0	86	Australia	0	337
Norway	0	8	Norway	0	17	Norway	0	32	Mexico	0	86	Mexico	0	273
Luxemburg	0	5	Luxemburg	0	15	Luxemburg	0	16	Norway	0	39	Norway	0	104
Taiwan	0	0	Taiwan	0	8	Taiwan	0	17	Luxemburg	0	32	Luxemburg	0	30
Finland	0	8	Finland	0	7	Finland	0	18	Taiwan	0	28	Taiwan	0	0
China	0	1	China	0	0	China	0	2	China	0	24	China	0	171

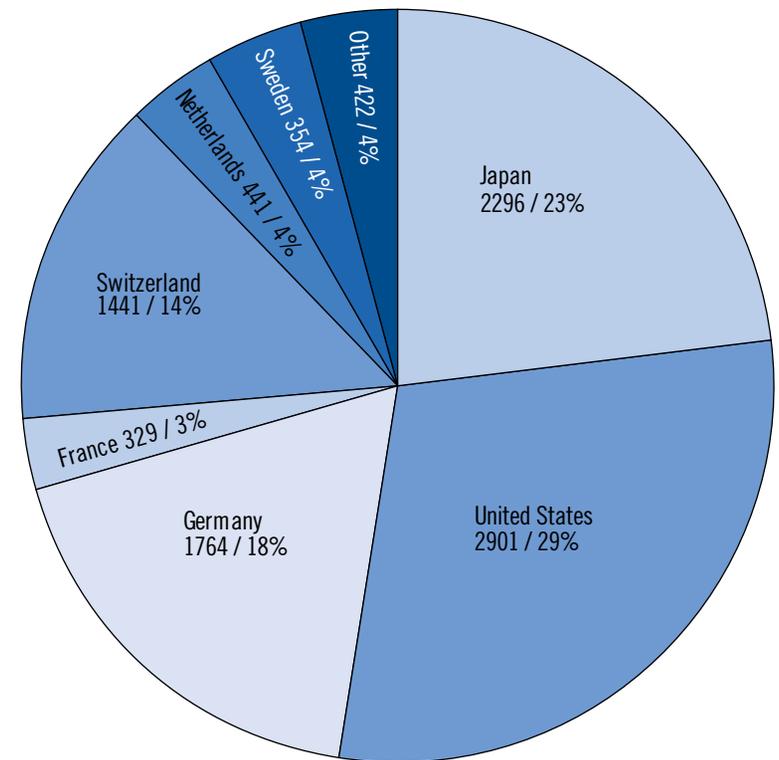
Figure 1 – Distribution of Subsidiary Ownership in 1962



ies. TNCs in seven other countries owned foreign subsidiaries: Germany, France, U.K., Italy, Japan, Australia and Switzerland.

There is a significant decline in the concentration of subsidiary ownership after 1971. The number of countries with TNC headquarters in 1983 grew 30% (from 9 to 12), reflecting a continued diversification of control. TNCs from Belgium, Sweden and Canada now own foreign subsidiaries, while Australia has been dropped. This trend continued in 1991, with the U.S. TNC share of ownership dropping to 28.4% (982 out of 3454 total subsidiaries). TNCs from 14 countries now control foreign subsidiaries, with significant country movement. Finland, Spain and Venezuela have been added, while Canada, Brazil and Australia have been dropped. The U.S. position stabilized in 1998, now accounting for 2901 of 9977, or 29%, of total out-degrees (see Figure 2). Japanese TNCs, now the second largest group, had the most dramatic growth, controlling 2296 foreign subsidiaries, or 23% of the total. German and Swiss TNCs ranked 3rd and

Figure 2 – Distribution of Subsidiary Ownership in 1998

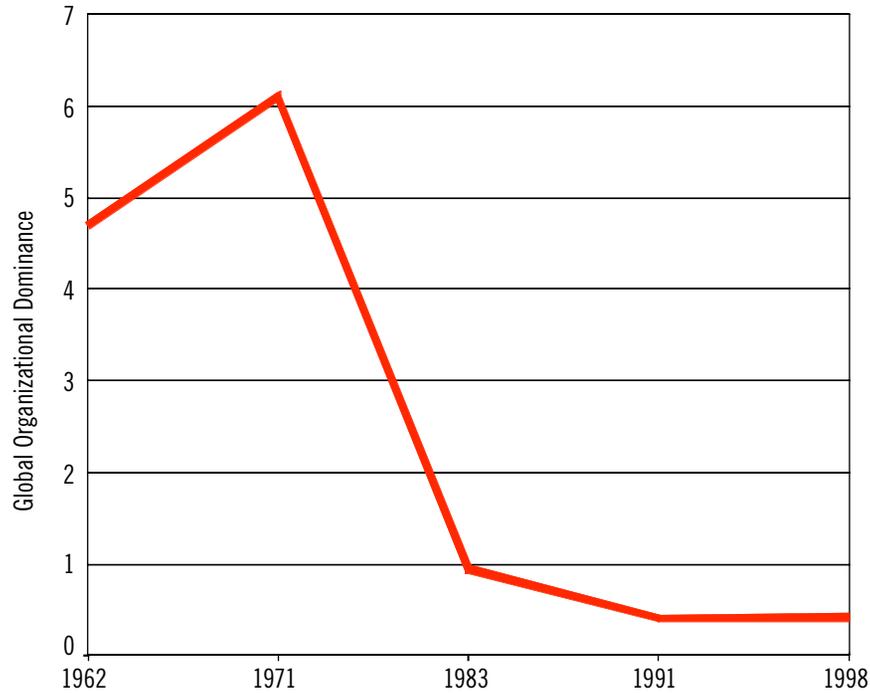


4th, owning 18% and 14% of all foreign subsidiaries, respectively.

A useful measure of transnational organizational dominance can be constructed from the above data by examining the ratio of the greatest number of foreign subsidiaries owned by TNCs from a single country to the number of foreign subsidiaries owned by TNCs of all other countries, somewhat analogous to the notion of urban primacy (Walters 1985).

This measure quantifies the extent to which TNCs from a single country dominate the organizational networks in the global economy; much like urban primacy reflects the dominance of a single largest city over the entire city system of a given country. For example, U.S. TNCs owned the largest number of foreign subsidiaries in 1971, 1040 out of 1260, resulting in a ratio of 1040/220, or 4.7. This means that U.S. TNCs owned 4.7 times as many foreign subsidiaries than TNCs from the balance of the world combined. According to this measure, U.S. TNC dominance peaked in 1971, with a score of 6.1. There was a dramatic decline

Figure 3 – Changes in Global Organizational Dominance 1962–1998



between 1971 and 1983, with global organizational dominance falling below 1, to .94, over this 12-year period. The decline continued through 1991, dropping to .40, and stabilized through 1998. A graph of the change in this measure between 1962 and 1998 is presented in Figure 3.

It is important, however, to distinguish between the concentration of control of the total number of foreign subsidiaries on a global level and the concentration of ownership within a given country. If we look at the concentration of ownership within a given country, a different picture emerges. In 1971, the peak year for U.S. TNC dominance, U.S. industrial corporations owned the majority of foreign subsidiaries in 86 countries, with an average concentration of 88%. These countries, listed in Table 3, include nearly all of the developed world; the U.K. (96%), Canada (95%), Japan (91%), Germany, Italy, Sweden and Switzerland (90%) Netherlands (89%) and Australia (84%), among others.

U.S. industrial TNCs are also dominant in the developing countries of that period, including Argentina (89%), Brazil (88%), Mexico and Taiwan (87%) and India (58%). By 1998, this situation had changed significantly. The U.S. industrial

Table 3 – Countries Dominated by US Subsidiaries 1971 (IND 100)

Country	Concen. %	Total Foreign Subsidiaries	Country	Concen. %	Total Foreign Subsidiaries
Cuba	100	1	Samoa	100	1
Chad	100	1	Tunisia	100	2
Gambia, The	100	1	Venezuela	97.9	47
Sierra Leone	100	2	United Kingdom	96.5	115
Mali	100	1	Panama	96.2	26
Jamaica	100	6	Canada	95.1	168
Liberia	100	15	Puerto Rico	94.1	16
Iraq	100	2	Philippines	93.3	14
Thailand	100	11	France	93	59
Singapore	100	8	Belgium	93	46
Korea, Rep.	100	2	Japan	91.2	35
Hong K., China	100	8	Italy	90.9	58
Cameroon	100	2	Greece	90	11
Cyprus	100	1	Switzerland	90	51
Luxembourg	100	15	Sweden	90	31
Turkey	100	10	Germany	89.6	76
Ecuador	100	10	Netherlands	89.4	50
Virgin Islands	100	1	Argentina	89.3	31
Dominican Rep.	100	4	Guatemala	88.9	8
Barbados	100	1	Brazil	88.1	46
Saudi Arabia	100	2	Taiwan	87.5	8
Finland	100	7	Mexico	87.2	50
Norway	100	17	Chile	86.7	16
El Salvador	100	3	Costa Rica	85.7	6
Niger	100	1	Denmark	85.7	21
Madagascar	100	1	Libya	85.7	5
Kuwait	100	1	Peru	84.2	20
Egypt, Arab Rep	100	4	Australia	83.8	67
Guinea	100	3	Ghana	83.3	5
Honduras	100	5	Uruguay	83.3	6
Lebanon	100	4	Colombia	82.9	27
Malta	100	2	Bahamas, The	82.4	14
Mozambique	100	1	Nigeria	81.8	10

Table 3 (Cont.) – Countries Dominated by US Subsidiaries 1971 (IND 100)

Country	Concen. %	Total Foreign Subsidiaries	Country	Concen. %	Total Foreign Subsidiaries
Portugal	80	11	Bermuda	62.5	5
Nicaragua	80	4	Indonesia	60	7
Iran, Islamic R	77.8	9	Pakistan	60	0
Spain	77.1	5	India	58.3	14
Trinidad & To.	75	7	Netherl. Ant.	55.6	5
Ireland	71.4	14	Malaysia	55.6	8
South Africa	70	26	Zambia	50	5
Austria	68.8	16	Morocco	50	6
New Zealand	68.8	16	United States	45	31
Israel	66.7	2	Kenya	44.4	7

firms now dominated the foreign subsidiary structure of only 50 countries, with an average concentration of 49 percent, as listed in Table 4. U.S. industrial TNCs still own the largest number of foreign subsidiaries in many of the same countries. However, the concentration is substantially reduced: Japan (64%), the U.K. and the Netherlands (47%), Germany (42%), Australia and Canada (38%) and Italy (32%). Japanese TNCs, with 22% of total foreign subsidiaries in 1998, dominated the ownership of foreign subsidiaries in only 18 countries, as listed in Table 5. These include only one developed country, the U.S. (43%), along with several regional economies; Thailand and Indonesia (60%), Malaysia (50%), Taiwan and the Philippines (40%), China (38%) and Singapore (37%).⁵

The location of foreign subsidiaries has also shifted significantly between 1962 and 1998. Foreign subsidiaries of the 100 largest industrial firms were located in 99 countries in 1962 (see Figure 4). Canada was host to the largest number of these (169, 13%), followed by the U.K. (132, 11%), Germany and France.

Only 22 subsidiaries (2%) were located in the U.S., and only 18 in Japan. By 1998 this picture had reversed. The U.S. was now the single largest host, accounting for 15% (1479 out of 9977) of all foreign subsidiaries. The next largest, the U.K., accounted for 8% (827) of the total. Japan, however, maintained its lim-

⁵ It is interesting to note that Dutch industrial TNCs, which controlled fewer than 5% of total foreign subsidiaries in 1998, dominated ownership of foreign subsidiaries in 22 countries, with an average concentration of 65%.

Table 4 – Countries Dominated by US Subsidiaries 1998 (IND 100)

Country	Concen. %	Total Foreign Subsidiaries	Country	Concen. %	Total Foreign Subsidiaries
Monaco	100	1	Colombia	40.8	52
Rwanda	100	1	France	39.9	451
Yugoslavia, FR	100	9	Korea, Rep.	38.8	83
Bosnia & Herz.	100	1	Poland	38.6	47
Isle of Man	100	1	Ireland	38.1	98
Israel	94.7	16	Australia	37.6	337
Bahamas, The	75	9	Canada	37.5	323
Puerto Rico	69.2	13	Venezuela	37.3	103
Netherl. Ant.	67.6	34	Austria	37.2	167
Barbados	66.7	9	Chile	35.8	51
Japan	63.9	302	Saudi Arabia	34.6	25
Bermuda	62.5	40	Greece	34.6	50
Cyprus	57.1	7	Honduras	33.3	5
Ecuador	55.2	28	Portugal	32.9	86
Jamaica	54.5	11	Belgium	32.8	190
Cayman Islands	53.8	13	Italy	32.3	311
Mexico	49.8	273	Un. Arab Emir.	31.6	19
Netherlands	47.2	342	Luxembourg	31	30
United Kingd.	47.2	827	Spain	30.1	34
India	43.2	111	Peru	28.9	40
Uruguay	42.9	22	Finland	28.8	61
Germany	42.5	445	Norway	28	104
New Zealand	41.9	95	Denmark	26.8	103
Egypt, Arab R.	40.9	21	Tunisia	26.3	19
Switzerland	40.9	184	Morocco	26.1	24

ited role as host to the world-economy, with only 302 foreign subsidiaries being located there in 1998 (see Figure 5).

The above analysis has focused on the relationships between developed and less developed countries. A more complex set of power relationships emerges when we examine the TNC networks among developed countries where there is a more equal distribution of control over these linkages, especially for the more recent period.

Tables 6 and 7 are ownership/location matrices of industrial TNC linkages

Table 5 – Countries Dominated by Japanese TNCs 1998 (IND 100)

Country	Total Foreign Subsidiaries	% Owned by Japanese TNCs
Liberia	34	91.2
Thailand	178	60.2
Indonesia	126	60
Panama	45	56.8
Vietnam	17	52.9
Bahrain	6	50
Malaysia	154	49.7
United States	1479	42.8
Hong Kong, China	154	42.7
Taiwan	0	40.4
Philippines	83	40
China	171	37.7
Singapore	184	37
Guatemala	22	35
Costa Rica	21	35
Kuwait	9	33.3

among developed countries for 1971 and 1998. China is included in these matrices for discussion purposes only, to highlight the fact that they do not participate in these bilateral relationships during these time periods.

The rows of these matrices represent the country of ownership and the columns indicate the location of the foreign subsidiaries. This format allows us to examine the distribution of power among developed countries as bilateral relationships, rather than aggregate characteristics for a given nation. The U.S. maintained dominant bilateral relations over all other developed countries in 1971. For example, U.S. TNCs owned 109 subsidiaries in the U.K., while U.K. TNCs owned only 9 subsidiaries in the U.S. A similar imbalance existed with Germany (69 to 0), France (53 to 3), Switzerland (45 to 0), and Japan (31 to 5). By 1998, however, many of these relationships had reversed. The most dramatic change occurred between the U.S. and Japan. Japanese TNCs now own 619 subsidiaries in the U.S., compared to 182 U.S. subsidiaries in Japan. German and Swiss TNCs also had more subsidiaries in the U.S. than U.S. TNCs had in these countries.

The interpretations of these bilateral relationships require two additional considerations. First, we need to control for the overall sizes of the two economies when considering the relative impacts of foreign subsidiaries. Switzerland may

Figure 4 – Location of TNC Subsidiaries 1962

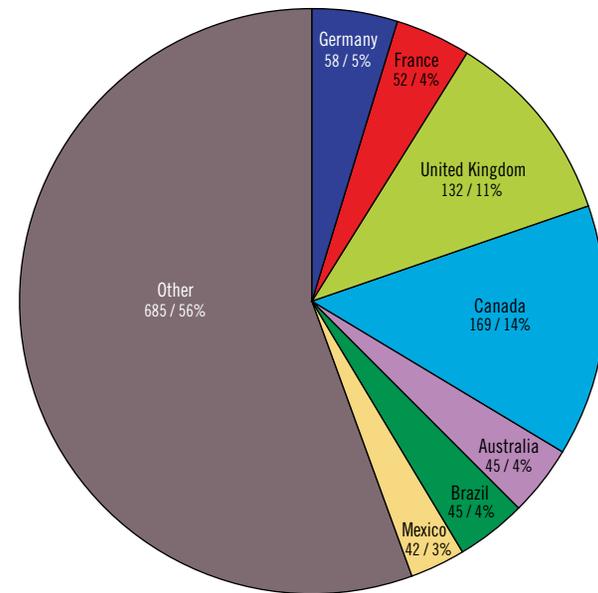


Figure 5 – Location of TNC Subsidiaries 1998

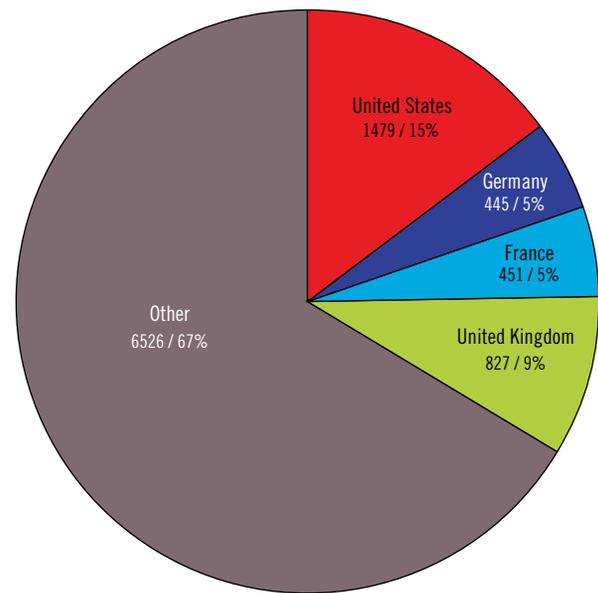


Table 6 – Ownership and Location of Foreign Subsidiaries of 100 Largest Industrial TNCs in 1971

TNC Headquarters	Subsidiary Location								Group Total	%
	US	JAP	GER	SW	FR	NL	UK	CHI		
US		31	69	45	53	42	109	0	349	89.2
Japan	5		0	0	0	0	0	0	5	1.3
Germany	0	0		1	0	0	0	0	1	.3
Switzerland	0	0	0		0	0	1	0	1	.3
France	3	0	4	2		1	2	0	12	3.1
Netherlands	1	1	1	1	1		1	0	6	1.5
UK	9	1	2	1	1	3		0	17	4.3
China	0	0	0	0	0	0	0	0	0	0
Group Total	18	33	76	50	55	46	113	0	391	100
%	4.6	8.4	19.4	12.8	14.1	11.8	28.9	0	100	

own more subsidiaries in the U.S. than vice-versa, but the potential loss of U.S. subsidiaries in Switzerland would likely have a greater impact on Switzerland than the removal of Swiss subsidiaries from the U.S. Second, we need to consider the potential impact of the European Union. To the extent that the EU becomes a single integrated economy, it may be more appropriate to examine these bilateral headquarter-subsidiary relationships between the U.S. and Europe as a whole, rather than individual European countries.

DISCUSSION

The expanding and shifting organizational networks described above provide a productive level of analysis for understanding the way in which power is concentrated and distributed in the world-economy. These descriptive analyses clearly indicate a significant expansion of economic power of transnational corporations, in terms of both dollars and global linkages. We should be careful, though, not to overestimate the strength of these transnational corporations vis-à-vis nation-states (Wolf 2001). It could be argued, for example, that corporate revenue is not equivalent to a national gross domestic product. Further, the state still holds a monopoly on coercive power. There can be little doubt, however, that these giant firms wield a significant and increasing amount of power that is, to some extent, beyond the control of nation-states.

One question that arises from this work concerns the value of using the number of foreign subsidiaries as a measure of TNC penetration in place of the traditional aggregate indicator of foreign capital penetration: foreign direct

Table 7 – Ownership and Location of Foreign Subsidiaries of 100 Largest Industrial TNCs in 1998

TNC Headquarters	Subsidiary Location								Group Total	%
	US	JAP	GER	SW	FR	NL	UK	CHI		
US		182	188	70	178	154	382	43	1197	31.5
Japan	619		91	13	52	40	153	63	1031	27.1
Germany	259	35		51	80	40	129	30	624	16.4
Switzerland	218	41	82		96	36	72	18	553	14.8
France	114	4	26	6		13	34	1	198	5.2
Netherlands	65	13	18	10	11		0	0	117	3.1
UK	40	3	8	5	10	6		0	72	1.9
China	0	0	0	0	0	0	0	0	0	0
Group Total	1315	278	413	155	427	289	770	155	3802	100
%	34.5	7.3	10.9	4.1	11.2	7.6	20.2	4.1	100	

investment as a percentage of GDP. There are several theoretical reasons for exploring the impact of globalization from an organizational perspective. It is, first, an effort to examine these global processes at the level of the operant actors. Foreign investment is typically controlled by individual corporations. These corporations determine the place and amount of foreign investment, the transfer of technology, access to their international markets, repatriation of profits, number of employees, etc. These TNCs also control a variety of non-equity items, such as licensing agreements. And in less developed countries, these corporations may carry significant influence on the host country's political processes. The notion that "foreign investment" is a homogeneous variable with singular effects seems increasingly less likely (Kentor and Boswell 2003). The more productive avenues of research appear to be in examining the components or structures of foreign investment. Decomposing foreign investment allows us to understand the multiplicity of effects, be they positive, negative, or benign.

There are empirical reasons to suggest that foreign subsidiaries may have significant, independent effects. Preliminary empirical analyses indicate that relatively high concentrations of foreign subsidiaries retards economic growth in less developed countries (Kentor 2002).

These TNC networks also appear to provide a useful level of analysis for examining changes in the international nation-state hierarchy, which we commonly refer to as "hegemony." The headquarter-subsidiary data presented above seems to reflect well the apex and decline of U.S. hegemony from 1970 to 2000, and the dramatic rise of Japanese and European TNC networks during this

period. It is interesting to note, though, that the expansion of Japanese TNC networks in the 1990s was not accompanied by expansion of the Japanese national economy, which has been in recession for the entire decade. This may reflect the growing independence of transnational corporations from their territorial bases or, in other words, the growing chasm between economic and coercive power. Alternatively, the answer may be found in the relationship between ownership and penetration of TNC subsidiaries. Following Ross (1996), it seems reasonable to assume that ownership of a foreign subsidiary transfers some amount of power from the host country to the TNC and, in some cases, to the country in which the TNC is headquartered. The economic and political implications of having a foreign subsidiary located within a country are less clear. Is it more beneficial for a country to have few or many foreign subsidiaries located within its borders?

In political economy terms foreign subsidiaries may result in a loss of power, or autonomy, for the host country. To the extent that an outside actor has control over the internal dynamics of the host country, it reduces that country's ability to control or direct its own economy. This loss of control may be exacerbated by the political and social ties that emerge from these economic linkages. But the impact of foreign subsidiaries may not be uniform. The impact may vary as a function of the economic and political strength of the host economy. In developed countries like the U.S., having foreign subsidiaries within its borders may be beneficial, both from economic and political vantages. These foreign subsidiaries become, to some extent, captured resources of the host country. Laws of the host country may preclude TNCs from unilateral actions that might be harmful to its economy or its work force. In less developed countries, however, the host country may not have the economic or political strength to confront TNC penetration. A related way to think about this is in terms of a balance between ownership and location. The impact of foreign subsidiaries in a host country will be most pronounced if the host country is bereft of TNCs with subsidiaries outside the host country. In countries with more of a balance between ownership and penetration, the effect may be lessened or even reversed.

The role of China also deserves mention. Many would argue that China is upwardly mobile in the world-economy, and may be an ascending hegemonic power (Frank 1998), citing China's rapid growth in market size, national income and military strength. I would suggest otherwise. These results clearly illustrate that Chinese TNC networks have little impact in the global economy. It is possible that China's mobility in the world economy may be hindered by its inability to project its national interests via these networks. The recent efforts of Chinese firms to purchase large U.S. firms such as UNOCAL may be attempts to "buy their way" into these networks.

SUMMARY

This descriptive study of transnational organizational networks provides a new vantage from which to examine the process commonly referred to as "globalization." It adds to our theoretical understanding of the ways in which power is organized and transmitted around the world. It also suggests new ways of thinking about the future distribution of power in the world-economy. Peter Taylor (1996) has written of the end of national hegemony. He argues that the world-economy is so large that a single country can no longer exert dominance over it and questions whether future hegemony may be coalitions among several countries. This may be the wrong question entirely. Global dominance may no longer be within the domain of nation-states at all. The locus of power in the world-economy may be shifting to transnational organizations. The implications of such a shift are profound. John Markoff (1996) examines the impact of this redistribution of power on democracy. He argues that, to the extent transnational corporations increasingly "make the rules," democracy is threatened. When nations make laws, there are political mechanisms by which these laws can be challenged. There are no such mechanisms for challenging the "laws" made by transnational corporations.

As noted above, this is a descriptive study of the growth of transnational corporate power, a necessary first step in exploring the expansion of transnational corporate power over time. An obvious extension would be to expand this study to the Global 500. This would provide a more complete picture of foreign subsidiary penetration as well as changes in the sectoral distribution of these subsidiaries. These data would also provide a more comprehensive measure of the international nation-state hierarchy. A variety of causal analyses can be generated from these data as well, such as the impact of foreign subsidiaries on economic growth and inequality. Network analyses of these data could also tell us much about changes in the global economy over time, in terms of centrality, density, cliques, and other network measures. Finally, these studies could profitably be merged with other aspects of transnational corporate networks, such as interlocking directorates.

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ERRATA

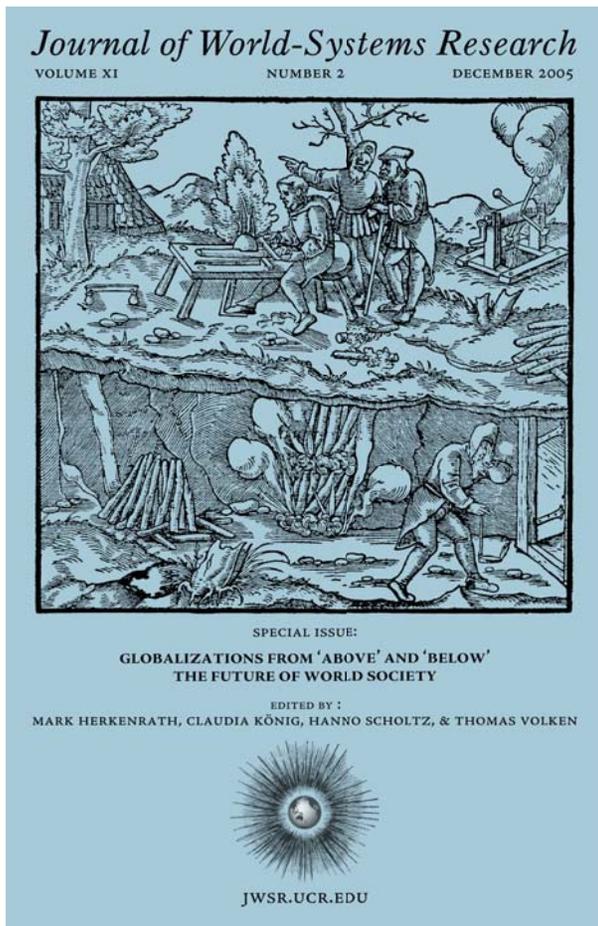
January 12, 2006: Tables 6 and 7 were found to have the same data. Table 7 was repaired to contain the correct data. No effect on pagination.



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ABSTRACT:

In general, corporations are not isolated actors in an economic “war of all against all” but members of corporate networks of global reach. Although the literature on globalization emphasizes the increasing economic power of these networks and postulates the formation of a transnational capitalist class, there is still a lack of empirical findings. The article starts with a review of theoretical perspectives (resource dependence, social capital, coordination of markets, financial hegemony, class hegemony, inner circle, and transnational capitalist class) which focuses on the functions and structures of corporate interlocks at the national and the transnational level. The subsequent section offers an outline of em-

pirical studies concerning *transnational* corporate networks. These analyses of corporate ties (interlocking directorates, financial participations and policy group affiliations) suggest the emergence of transnational economic elites whose members, however, have not lost their national identity. In the final section, the theoretical perspectives will be assessed and some prospects are sketched out. Finally, it will be argued that the disintegration of the world society, which is considerably driven by rent-seeking corporate networks, can only be restrained if a potential global regulatory agency will be anchored in a post-Washington consensus.

TRANSNATIONAL CORPORATE TIES: A SYNOPSIS OF THEORIES AND EMPIRICAL FINDINGS

Michael Nollert

INTRODUCTION

For sociologists and analysts of the world economy, it is certainly a matter of fact that transnational corporations are by no means isolated actors in an economic “war of all against all” (Thomas Hobbes). Rather, transnational corporations are frequently members of corporate networks, often of global reach. Although the literature on globalization emphasizes the increasing economic power of these networks and postulates the formation of a transnational capitalist class, there is still a lack of empirical findings. This article starts with a review of theoretical perspectives (resource dependence, social capital, coordination of markets, financial hegemony, class hegemony, inner circle, and transnational capitalist class) which focuses on the functions and structures of corporate interlocks at the national and the transnational level. The subsequent section offers a synopsis of studies concerning *transnational* corporate networks. These analyses of corporate ties (interlocking directorates, financial participations and policy group affiliations) suggest the emergence of transnational economic elites whose members, however, have not lost their national identity. In the final section, the theoretical perspectives will be assessed and some prospects are sketched out. Finally, it will be argued that the disintegration of the world society, which is considerably driven by rent-seeking corporate networks, can only be restrained if a potential global regulatory agency will be anchored in a post-Washington consensus.

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THEORETICAL PERSPECTIVES OF NATIONAL CORPORATE TIES AND NETWORKS

The analysis of networks of corporate power can be linked to several theoretical perspectives which are well known to scholars who address corporate ties and networks (cf. Mizruchi 1996; Nollert 2005). Although most of these perspectives focus on the national level, there is no *a priori* argument against applying them to the transnational level. On the contrary, even if we accept the well-known presumption that globalization leads to a devaluation of the national level, none of these perspectives will be falsified when transnational corporate ties are increasing.

Table 1 sorts the theoretical approaches according to their level and their units of analysis. The theory that postulates the rise of a transnational capitalist class is different from other perspectives because it primarily addresses linkages across national borders. Therefore, we will first summarize arguments of perspectives focusing on the level of the nation state.

Corporate ties as an instrument for corporations and managers. Studies which focus on the corporation as an actor see networking as an instrument to reduce market risks (Pfeffer and Salancik 1978). The resource dependence perspective assumes that firms operate within an insecure environment comprised of other firms. Hence, firms are not seen as autonomous but rather as constrained by interdependencies with other firms. In order to survive economically, corporations are thus expected, on the one hand, to control other firms and, on the other hand, to use interlocking directorates with financial institutes to safeguard the supply of capital. Moreover, corporate ties provide a stable means of communication among interdependent firms. Also, the theory expects that linkages between non-financial and financial corporations reproduce themselves if a tie is broken due to the retirement or death of a linker.

If the individual person is the unit of analysis, interlocks are regarded as the strategy of corporate directors to accumulate social capital. Thus, this perspective assumes that the social networking of managers at board meetings, in private clubs, and in policy groups provides a resource which can be transformed into economic capital (Bourdieu 1983). Hence, the social capital theory postulates that top managers use their social contacts to get better paid jobs or executive compensations which cannot be justified by market rules (see Bebchuk and Fried 2004).

Corporate networks pointing out coordinated markets and financial hegemony. A good starting point for the analyses of corporate network structures is still Adam Smith's *The Wealth of Nations* (1979 [1776]) which points out that economic actors in general are not adherents of the principle of free markets. Rather, these

Table 1 – Theoretical Perspectives on Corporate Ties

		Units of Analysis	
		<i>Corporation</i>	<i>Individual</i>
Level of Analysis	<i>Actor</i>	Resource Dependence	Social Capital
	<i>Network</i>	Coordination of Markets Financial Hegemony	Class Hegemony Inner Circle Transnational Capitalist Class

actors fear competition; and therefore they try to coordinate markets by fostering alliances with competitors.

The economic history of the core countries demonstrates that Smith's assumption obviously received a bigger echo in the Anglo-American world than in continental Europe. Indeed, whereas corporate networking in the sphere of Rhenian capitalism (Albert 1991), and especially in the small countries, was seen as a legitimate strategy enabling corporations to strengthen their common economic power in world markets, the United States, for example, introduced rigorous legal barriers to prevent collusion and anti-competitive interlocking.

Hence, Alfred Chandler (1990) distinguished two models of capitalism: the competitive one, which is characterized by strict laws on competition and weakly coordinated markets, and a cooperative one, in which collusive behavior and networking among corporations are tolerated. According to Chandler, the United States exemplify the pattern of competitive capitalism in the 20th century because the Sherman Act in 1890 prohibited conspirational agreements between companies, e.g. price cartels. In consequence, Section 8 of the Clayton Act of 1914 even prohibited interlocks between firms competing in the same markets. Vice versa, at the end of the 19th century, Germany clearly represented a model of cooperative capitalism because the 1897 verdict of the Supreme Court (Reichsgericht) declared cartel agreements as legally binding and enforceable contracts. Rudolf Hilferding (1981 [1910]) also emphasized that representatives of German banks on boards of competing industrial companies cemented this system of collusion. However, the question whether interlocks between competitors are effective in promoting collusion is still open.

In recent years Peter A. Hall and David Soskice (2001) revitalized this distinction by pointing out the differences between liberal and coordinated market economies. They argue that in coordinated market economies, firms depend heavily on non-market relationships, such as networks, to coordinate their rela-

tions with other economic actors (other firms, trade unions). In contrast, liberal market economies are characterized by hierarchically organized firms which exchange goods and services in a context of competition and formal contracting. Therefore, corporate networking is assumed to be far more frequent in coordinated than in liberal market economies.

The most prominent theory addressing the *structure* of corporate networks is the *bank or financial hegemony theory* (Mintz and Schwartz 1985; Glasberg 1996). In line with the resource dependence argument that production companies cannot survive without a supply of financial capital, this theory postulates that banks and insurances occupy a hegemonic position in domestic economies. Yet, the theory also emphasizes that this hegemony is not based on the control of non-financial companies by managers on the board, but on mutually interlocking directorates among financial and non-financial companies and on high legitimacy of the financial sector:¹ "Interlocking directorates are not a source of hegemony but a method for managing discretion....[B]ank dominance in this context reflects the dominant position of financial institutions in capital-flow decision making." (Mintz and Schwartz 1985: 250). In other words, the central position of financial institutions is based on sending directors to the supervisory boards of non-financial companies as well as on the cooptation of directors of non-financial companies. In line with Hilferding (1981 [1910]), Mintz and Schwartz also assume that banks use their interlocks to contain inter-company disputes. These control and cooptation strategies are not problematic in the eyes of the national competition agency as long as the related communication does not establish a basis for collusive behavior (cartels, mergers). Taking into account the above-mentioned arguments, it is no surprise that the competition laws of many Western countries (e.g. USA) and of the European Union focus particularly on the horizontal linkages between corporations.

Empirical analyses of corporate networks at the national level strongly support both Chandler's typology as well as the hegemony theory. Thus, comparative analyses of data on interlocking directorates show, on the one hand, that corporate networks in the Anglo-American world are less dense and centralized than those in the Netherlands or in Switzerland (see, for example, Windolf and Nollert 2001; Nollert 2005). On the other hand, most country studies substanti-

¹ From a neo-Marxist point of view, linkages result not only in the reduction of dependency but, primarily, bring about an increase in control executed by the resourceful corporation. Since financial capital is a crucial resource in modern capitalism, one can assume that financial institutions dominate networks (Hilferding 1981 [1910]).

ate the claim that banks and insurance companies reach very central positions within the networks (cf. Nollert 1998).

Corporate networks as structures for class formation. We should also be aware of the theoretical perspectives which do not focus on the corporate networks but on the *network of individuals* linking corporations. The so-called *class hegemony* model presumes that interlocking directorates are the instrument by which the class of top managers and owners can transform itself into a class-for-itself. In other words, interlocking directorates or memberships in business associations, private clubs and policy groups are seen as the basis of the elite's cohesive pursuit of economic interests in the political field (Mills 1956). The inner circle theory (Useem 1984) specifies this perspective insofar as only individuals with many positions in different companies are expected to lobby for the common interests of all private enterprises. Most country studies still support this view (e.g., Useem 1984; Bearden and Mintz 1987; Windolf 1997; Nollert 1998, 2005). Thus, it is a matter of fact that the so-called big linkers, or multiple directors, share not only social characteristics and political views, but also an active commitment to furthering the common interests of big companies. However, the sociological community is still divided over the question of the impacts of these elites on the integration of society. Proponents of the class hegemony and critical elite theories argue that elites only pursue their own selfish interests and therefore further economic inequality and social disintegration (e.g., Mills 1956). In contrast, the functional elite theories reply that elites as well as a distinct system of social stratification is necessary and in the best interest of society as a whole (e.g., Keller 1963).

The transnational-capitalist-class-hypothesis. Unfortunately, we have to recognize that the literature on transnational corporate networks, firstly, hardly ever refers to the theoretical approaches mentioned above, and, secondly, rarely deals with empirical data. Indeed, this literature is confined to presenting hypotheses, such as the emergence of alliance capitalism (Gerlach 1992; Dunning 1997) or network capitalism (Castells 1996) or the formation of a transnational capitalist class (Sklair 2001; Robinson and Harris 2001).

In recent years, analysts of the world society focused on the debate regarding the emergence of a transnational class. The starting-point of this debate was marked by the contributions of Richard Barnet and Ronald Mueller (1974) as well as Stephen Hymer. Already in 1979, the latter author argued that in the long run, the owners and managers of multinational enterprises will constitute a powerful social class with global reach.

There are at least three hypotheses referring to the *consequences* of the transnationalization of production processes:

- + The importance of the nation state is declining.
- + The significance of the geographic division of the world into North and South, Core and Periphery is declining.
- + A transnational capitalist class is emerging which transforms into a class-for-itself.

Furthermore, these three consequential processes are assumed to reinforce each other. However, since we are primarily concerned with the structure and immediate function of corporate networks, only the third hypothesis needs to be addressed here. Transnational interlocking directorates and policy group affiliations are expected to constitute a global upper class that will lose its national base and integrate the core sectors of the national economies. In short, it is argued that communication between owners and managers of transnational companies creates mutual trust, the potential to monitor or even to exercise control over another company, and a common identity that shapes the members' behavior more than their national identities. Thus, William I. Robinson and Jerry Harris (2000; Robinson 2004) claimed that the process of transnational class formation goes hand in hand with a new geographically undefined division of the world into a global bourgeoisie and a global proletariat. In addition, Leslie Sklair (2001) specified that the emerging "transnational capitalist class" is composed of four main interlocking groups: corporate executives, globalizing bureaucrats and politicians, globalizing professionals and merchants, and the media. And Van Apeldoorn (2000: 157) even claimed that the European Roundtable of Industrialists must be interpreted as an elite platform for an emergent European transnational class.

However, considering those theoretical approaches which focus on corporate ties at the national level, one must concede that most proponents of the transnational-capitalist-class-hypothesis do not refer to analyses of interlocking directorates among corporations. Also, there are good reasons to criticize both Sklair's neglect of the wealthy owners and the global rich (Beaverstock et al. 2002) as well as the lack of empirical evidence in the study of Robinson and Harris (2000). Furthermore, neither of these theoretical approaches can substantiate that corporate leaders form a community operating similar to the inner circles within nation states. In short: until we can identify a social network whose members share a transnational identity and pursue common political interests, we cannot verify the existence of a transnational class.

PRELIMINARY EMPIRICAL EVIDENCE

In order to test the hypotheses derived from theoretical perspectives focusing on the network level, scholars have examined interlocking directorates by

means of social network analysis (Scott 1991; Wasserman and Faust 1994). In general, these analyses are expected to answer the question of power (cf. Mills 1956) and the ways in which power is attained, reproduced or refused in interactions. However, class formation is not only based on interlocking corporate directorships but also on common memberships in business organizations, private clubs, and policy groups. Indeed, meetings at British and American clubs, for example, strengthen class cohesiveness in the same way as board meetings in Continental Europe do. Because there are only a few transnational private clubs, the only study which empirically addressed the question of transnational class formation (Carroll and Carsons 2003) had to focus on global policy groups.

According to the model of coordinated markets, the structures of corporate networks should strongly vary in levels of density and centralization. The density and centralization is expected to be substantially higher in coordinated economies than in competitive market economies. The financial hegemony theory supports this hypothesis as well. However, this theory also suggests that banks and insurances are over-represented in the core of the network. Focusing on the networks of persons, the inner circle theory is supported if the analysis indicates the existence of a network of persons who pursue the interests of the business community. The transnational-capitalist-class-theory finally postulates the emergence of a network of top managers who share common interests which are no longer constrained by geographic location.

Considering the arguments against the background of the transnational-capitalist-class-hypothesis and the premise that interlocking directorates indicate the existence of a class-for-itself, we must admit that network analyses alone cannot prove whether the members of the network share a transnational identity and engage in politics. Certainly, other methods have to be considered if one wants to answer questions of whether interlocking directorates result in intercorporate control and/or the construction of an transnational business community, whether they influence the political decision-making process, whether they reduce the extent of economic competition, or whether corporate networks intensify the disparities between the core and the periphery of the world society. By admitting these limits, however, intercorporate network analysis can answer the question whether interlocking directorates across national borders exist and what the structural propensities (density, centralization) of these networks are. After an outline of the intercorporate network analysis, I will therefore discuss a couple of seminal and recent analyses; furthermore I shall discuss an analysis of the interlockings represented in the European Roundtable of Industrialists.

Analyses of corporate networks. Analyses of corporate networks generally start with the definition of a list of major companies and their boards of directors. Then, all interlocks in the inter-company matrix are identified and counted. Two

companies are interlocked if a director sits on the boards of both companies. However, it should be noted that corporate law varies considerably in Europe. In some countries, we find the one-board-system, which does not separate between operational and supervisory functions (for example, in Great Britain). In contrast, the company law of Germany and of the Netherlands obliges companies to have a board of directors as well as a supervisory board. Therefore, one can speak of an undirected linkage if a person is member of the supervisory boards of the corporations A and B. If a manager of corporation A is member of the supervisory board of corporation B one may code a directed linkage. In order to guarantee comparability and to simplify the coding process, the two committees are considered two parts of a single super committee in the case of the two-board-system.

As soon as all linkages are identified, it is also possible to create a second matrix which documents the ties between the individuals (Bearden and Mintz 1987). Two people are regarded as linked if they are members of the same board of directors.

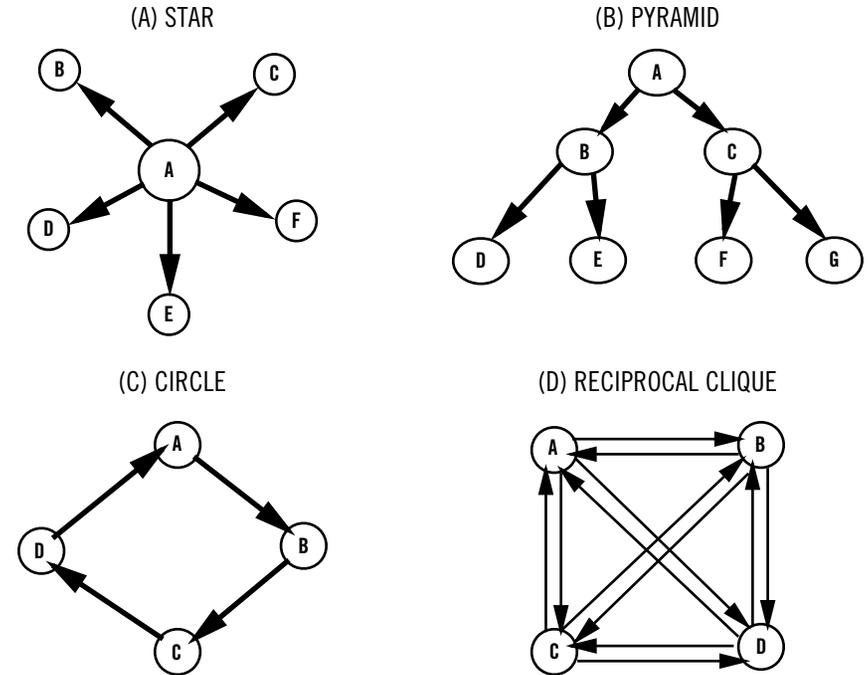
After having finished the coding process, the structural features (such as the density, centralization or clique structures) of both the intercorporate and the interpersonal networks can be determined. Furthermore, network analysis helps to distinguish between those actors who occupy central positions and those at the periphery of the network.

Of course, network analyses can also examine financial participation ties. Figure 1 presents a sample of well-known national ownership network patterns: the star, pyramid, circle, and reciprocal clique.

The star symbolizes a dominant firm that is surrounded by a number of satellite companies. German combines used to have such a structure. If the arrows are inverted, the structure becomes that of an inverted star. This pattern is very common in the USA and the UK where many institutional investors often own small shares of large companies. The pyramid symbolizes a dominant firm which owns shares in other firms, which in turn dominate further firms. This pattern is very common in Belgium and in Germany. Circle structures can be identified in France. They help to maintain family control of large enterprises. Finally, the Japanese “keiretsu” provides a famous example of the reciprocal clique.

Pioneer and recent studies. To the best of my knowledge, Meindert Fennema provided the first analysis of transnational corporate networks in 1982. He studied the interlocking directorates of 176 of the largest companies from 12 countries in 1970 and in 1976. While in the 1970 network, the North Atlantic companies and the Japanese companies belonged to different components, Fennema identified a large component of Western firms in the 1976 network which by then included two Japanese companies. This study also indicated that both the number and the

Figure 1 – Patterns of Network Structures



proportion of interlocks that cut across national borders increased in the 1970s. The most central companies in the overall network were Akzo and Shell (both from the Netherlands) and Deutsche Bank and Bayer (both from Germany). Also, the analysis showed that German, Dutch, Swiss and French firms at least doubled their number of transnational linkages.

Fennema and Huibert Schijf published another seminal study in 1985. In contrast to the previous study, they analyzed the transnational financial participation of more than 50% of the 250 largest firms in nine countries. Their analyses showed, on the one hand, that corporations with the home base in the US participated financially in 116 firms, whereas for companies in Italy, Belgium and Austria the figure was less than 10. On the other hand, firms in the other eight countries participated financially in only two companies in the US, but in 72 in Belgium and 40 in Italy. The most central corporations in the network were Philips (10 participations), British Petroleum (8), Exxon (7), Chrysler, Mobil Oil, Shell (each 6).

In 2002, Fennema published another study together with William Carroll in which they tried to answer the question of whether a transnational capital-

ist class is emerging. In order to answer this question they compared the networks linking 135 of the largest industrial companies plus 41 of the largest banks in 1976 and in 1996. Surprisingly, mean centrality—as measured by the degree of the companies' involvement and the overall number of interlocks—slightly decreased. In contrast, the proportion of transnational interlocks increased from 22.8 to 24.5%.

Hence, they had to concede that almost three-quarters of all interlocks still linked companies within national borders in 1996. Yet, in 1976 the key firms were Dutch and German (Royal Dutch-Shell, Akzo, Deutsche Bank) and in 1996 Swiss, French, British and American companies (Credit Suisse, Novartis, ABB) also belonged to the core of the network.

Regarding the sector of core companies, the study suggests that financial companies do not predominate in the transnational network as is the case in the national ones. The most central financial institutes are Credit Suisse, the Dresdner Bank, the HangSeng Bank, the Banque Nationale de Paris and the Canadian Imperial Bank of Commerce.

However, in a recent analysis Kentor and Jang (2004) challenged the findings of Carroll and Fennema which suggest that the transnational business community has not grown in the last decades. Their comparison of the interlocking directorates of the Fortune Global 500 firms between 1983 and 1998 shows both a significant increase in the total number of interlocking directorates and increasing transnational interlocks. While in 1983, there were 875 linkages among the 500 largest firms (by revenue) in the world, in 1998 there were already 1097 linkages. During this period, the number of transnational interlocks increased from 120 (about 16%) to 181 (about 20%)—this is more than 50%. Both authors attribute this growth to the economic integration process within the European Community. It is hardly a surprise that Carroll and Fennema (2004) immediately responded to this finding. They pointed out methodological problems and criticized the lack of adequate theorizing of the structural and historical conditions of corporate interlocks. More specifically, they argue that the Fortune list favors high-volume merchandisers such as Walmart. Financial institutions, such as banks and insurances, are therefore strongly underrepresented. Furthermore, they state that their findings do not necessarily challenge the view of an emerging transnational capitalist class which can persuade politicians and domestic publics that the structural power of transnational corporations should not be restrained in the long run.

Moreover, we should appreciate the analysis of the 1996 networks of corporate leaders presented by Carroll and Carson (2003). This analysis included the network of the 300 largest companies (plus 50 companies), the boards of the International Chamber of Commerce (Paris), the World Economic Forum

(Davos), the Bilderberg Group, the Trilateral Commission, and the World Business Council for Sustainable Development.

According to their findings, the global corporate elite consists of 622 individuals who direct at least one corporation and one other organization (corporation or policy group). However, 64.3% of these elite members were only national linkers without policy group directorships. Six transnational linkers who participated in two or more policy boards, belonged to the inner circle of this elite: Bertrand Collomb (Lafarge-Copée, France), Minoru Murofishi (Itucho Corporation, Japan), Percy Barnevik (ABB, Sweden/Switzerland), Peter Sutherland (British Petroleum), Paul Allaire (Xerox, USA), Etienne Davignon (Fortis, Belgium). As a result these six linkers connected eleven European, six North American firms and one Japanese company. It is also noteworthy that all four Europeans on this list were members of the European Roundtable of Industrialists in 1994.

The European bias in the global network holds if the directorships of five national linkers with two or more policy board memberships, and one corporate board member with two or more policy board memberships are included in the inner circle. Regarding the 105 individuals who were transnational linkers or had at least two policy board memberships, representatives from the US (21%), the UK (16.2%), Germany (14.3%) France (11.4%), the Netherlands, Belgium, Canada and Japan predominate.

Furthermore, an analysis of the number of corporate elite in policy groups indicates that the Trilateral Commission is the most central meeting point. While 91 members were affiliated to the commission, only 15 were associated with the WEF. Finally, the Swiss-based industrial conglomerate ABB, whose directors sat on all five policy boards, was identified as the most central corporation in the network.

The network of the European Roundtable of Industrialists. Let us finally turn to the findings of my analysis of interlocking directorates among companies which are represented in the European Roundtable of Industrialists (Nollert 2000a; Nollert 2005: chap. 14). Several interviews with representatives of the most influential European policy group supported the assumption that the emergence of the network of the European Roundtable of Industrialists was the result of a collaboration between Etienne Davignon, at the time Commissioner of the European Community for Internal Market and Industrial Affairs, and Pehr Gyllenhammar, the chief executive officer (CEO) of Volvo. Various CEOs were invited to join, and in April 1983, the first meeting took place in Paris. Since this initial meeting, the Roundtable has convened regularly. Regular meetings also take place between the Roundtable and the Commission of the European Communities. The Roundtable's secretariat is now based in Brussels and has published several publications on a variety of pan-European subjects.

According to Green Cowles (1995), the first list of potential members of such a group was drawn up in 1982 by the Commission and Volvo staff. The planning group included Fernand Braun, Director-General for Internal Market and Industrial Affairs, Bo Ekman and Michael Hinks-Edwards, corporate planners with Volvo, and Pierre Defraigne, *Chef de Cabinet* to Commissioner Davignon. Seventeen of Europe's top businessmen² were recruited to the group and a preliminary meeting of top associates came up with six key areas for the agenda of the European Roundtable: the internal market, infrastructure, technology, jobs, environment and finance.

It should be noted that many members of the Roundtable already knew each other prior to its formation. For example, Giovanni Agnelli (Fiat), the brother of co-founder Umberto Agnelli, was friends with the owner of Volvo, Peter Wallenberg. Pehr Gyllenhammar (Volvo) and Bernard Hanson (Renault) both belonged to the association of the automobile manufacturers.

The board of the Geneva International Management Institute included both Gyllenhammar and Stefan Schmidheiny (former Roundtable member). Gyllenhammar also met Giovanni Agnelli and Kenneth Durham (Unilever) as advisors to the Chase Manhattan Bank. Finally, Gyllenhammar and Davignon were allied with the consulting company of the former US Secretary of State, Henry Kissinger. One of the important clients of the Kissinger Associates was Umberto Agnelli.

Another venue of Roundtable members is the so-called "Bilderberg Group" which retains its importance even today. The British businessman Joseph H. Retinger who was one of the founding members of the European Movement initiated the global policy group. In 1952 he proposed to his friend, Prince Bernhard of the Netherlands who at that time sat on the boards of Shell-Royal Dutch and the Belgian holding company Société Générale, that he summon a secret conference for the elites of the NATO member-states. In the USA, the Rockefeller family who controlled Chase Manhattan Bank and Standard Oil principally supported this proposal. The first meeting took place in 1954 at the Bilderberg Hotel

² Umberto Agnelli, FIAT, Italy; Sir Peter Baxendell, Shell, UK; Carlo Benedetti, Olivetti, Italy; Wisse Dekker, Philips, Netherlands; Kenneth Durham, Unilever, UK; Roger Faroux, St. Gobain, France; Pehr Gyllenhammar, Volvo, Sweden; Bernard Hanon, Renault, France; John Harvey-Jones, ICI, UK; Olivier Lecerf, Lafarge Coppée, France; Helmut Maucher, Nestlé, Switzerland; Hans Merkle, Robert Bosch, German; Curt Nicolin, ASEA, Sweden; Louis von Planta, Ciba Geigy, Switzerland; Antione Riboud, BSN, Franc; Wolfgang Seelig, Siemens, Germany; Dieter Spethmann, Thyssen AG, Germany.

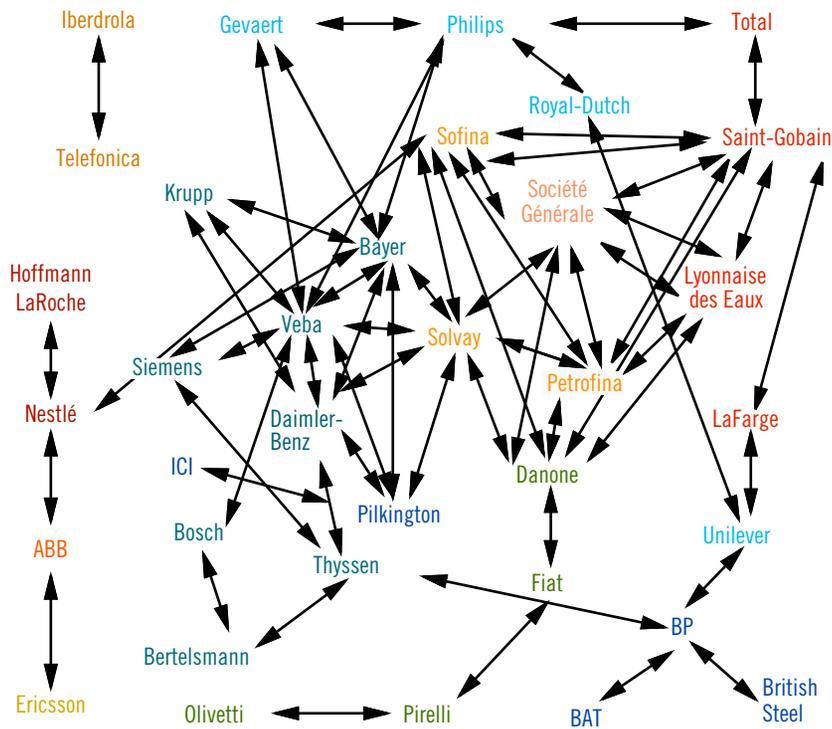
in Oosterbeek. Usually more than 100 persons (about 80 are from Europe) take part in the annual discussions. In the 1990s, representatives on the Steering Committee included Roundtable member Etienne Davignon, former Roundtable members Percy Barnevik and David de Pury (both ABB) and Hilmar Kopper (Deutsche Bank) who interlocked several Roundtable companies (see Table 2 below). Giovanni Agnelli belonged to the advisory committee. At the 1996 conference in Toronto, participants included the Italian Commissioner Mario Monti, Giovanni Agnelli, Barnevik, Bertrand Collomb (Roundtable member, Lafarge Coppée), and Morris Tabaksblat (Roundtable member, Unilever).

Informal contacts were also made through the Trilateral Commission, in which Giovanni Agnelli, Etienne Davignon, and Poul Svanholm (also a Roundtable member) participated in the early 1980s. The Trilateral Commission was convened for the first time in 1973 by members of the Bilderberg Group. The Trilateral Commission was designed to provide an opportunity for a selection of prominent politicians, business leaders, and academics from Europe, North America, and Japan to think about and discuss coordinated action on issues of global importance. In contrast to the discussions of the Bilderberg Group, however, the results of the Trilateral Commission's proceedings were published.

A review of the economic and financial newspapers of the European Union (Wirtschaftswoche 1991) also noted that Roundtable businesses are over-represented in the European network of boards of directors, which at the beginning of the 1990s was still quite weakly interconnected. Thus, among the seventeen persons identified as having at least two seats, four Roundtable members and four non-members can be found who have two seats in Roundtable businesses. Included among those holding three or more seats are André Leysen (representative of Gevaert in the Roundtable) and Etienne Davignon (representative of the Société Générale in the Roundtable). Among those with two seats are Carlo de Benedetti (Olivetti) and Helmut Maucher (Nestlé). In addition, Roundtable businesses are connected through Hilmar Kopper (Solvay, Pilkington), Henry C. Bodmer (Fiat, Pirelli), François Laage de Meux (Olivetti, Société Générale) and Niklaus Senn (VEBA, Siemens).

In addition, a comparative analysis of the 1984 and 1994 interlockings among the members of the European Roundtable indicates that the *intercorporate network* expanded during the 1980s and became more dense. In 1984, only 15 personal linkages have been identified, whereby three of them are directed and twelve are undirected. There are eight linkages between corporations from the same country. Thus, the extent of transnationalization of the network was 46.7%. Furthermore, it is noteworthy that eight of these linkages concerned people who are not members of the Roundtable. However, not only the frequency of linkages was modest, but so were the relation densities. Only five corporations (Unilever,

Figure 2 – The Network of the European Roundtable of Industrialists in 1994



Siemens, Thyssen, ABB, Volvo) or 29.4% of the 17 corporations represented in the Roundtable were linked. Taking into account the multiple linkages, the density of the network was 4.4% (6 linkages) of a possible 136 linkages $\{(17 * 16) / 2\}$. Finally, there was not a single financial interconnection and only fifteen managerial interconnections.

In 1994, there are 122 linkages (see Figure 2), whereby 37 are directed and 85 are undirected. Additionally, it is noteworthy that 52 of these linkages are comprised of individuals who do not belong to the Roundtable. Similar to 1984, double mandates in managements (4) are a negligibly small category. In 1994, the density of the network is already 6.5%. Responsible for the comparatively small increase is the fact that numerous multiple linkages exist anew and the denominator of the density quotient meanwhile reaches 990 $\{(45 * 44) / 2\}$. In contrast to 1984, it is possible to identify 49 linkages between corporations from different countries. However, because the number of *transnational interconnections* has increased far less than the number of all interconnections, the extent of transnationalization decreases to 40.2%. According to Figure 2 the most central

companies in the network were Bayer and VEBA from Germany and Solvay from Belgium.

A familiar concept, which designates the subgroups of a network, is the 1-clique. This refers to groups of actors that are all directly interconnected. In 1994, seven 1-cliques could be identified with at least three companies. Four of these included five companies: (1) Bayer, Daimler-Benz, Pilkington, Solvay, VEBA; (2) Danone, Lyonnaise des Eaux, Petrofina, Société Générale, Saint-Gobain; (3) Danone, Petrofina, Société Générale, Saint-Gobain, Sofina; and (4) Danone, Petrofina, Société Générale, Sofina, Solvay. In addition, comparatively large 2-cliques can also be identified, i.e., groups of linked actors that include at most two mutual paths. The biggest 2-clique includes ten companies; along with Bosch, Daimler-Benz, Gevaert, Krupp, Philips, Pilkington, and Siemens, this group includes the three most central enterprises: Bayer, Solvay and VEBA.

The stability of the cliques is substantiated by the block procedure and *n*-core analysis. Blocks designate components that do not disintegrate into two subcomponents after the rejection of one actor. That is to say, all block members are connected to each other by at least two paths. The block contains no communicatively privileged “bridges” (Burt 1992). The only block with more than three Roundtable members includes the following twenty-four companies: Bayer, Bertelsmann, Bosch, BP, Daimler-Benz, Danone, Fiat, Gevaert, Krupp, Lafarge Coppée, Lyonnaise des Eaux, Petrofina, Philips, Pilkington, Royal Dutch Shell, Société Générale, Saint-Gobain, Siemens, Sofina, Solvay, Thyssen, Total, Unilever and VEBA. The central enterprises are therefore not only directly linked but also interconnected through numerous other paths. Thus, the network itself would not fall apart with an exit of the representatives of Sofina and Solvay, the two companies with the outstanding betweenness scores. Nestlé, which also distinguishes itself through a comparatively high betweenness score, is not however contained in the block. Indeed, the Swiss food conglomerate forms a bridge between the network’s core (Solvay) and the peripheral businesses ABB and Hoffmann-La Roche. Here, it should be noted that the link between Solvay and Nestlé is not to be attributed to Roundtable member Maucher but rather to the president of the management of the Credit Suisse bank, Rainer Gut.

Another index for the cohesion of a sub-network is the *n*-core. This is a group of actors who are directly connected with at least *n* group members. In the present data set we identified a 4-core which includes the nine following enterprises: Bayer, Danone, Daimler-Benz, Lyonnaise des Eaux, Petrofina, Pilkington, Société Générale, Solvay, and VEBA. In other words, each of the listed nine businesses is directly connected with at least four other businesses.

These different analyses of cohesion show that the central enterprises of the network did not constitute separate but only weakly connected sub-networks.

Which is also to say, the core of the network of Roundtable companies is only slightly fragmented and is dominated by German, Belgian and French businesses. The division of the presidency of the Roundtable reflects the two axes that had already become visible in the research of Fennema (1982) and Fennema and Schijf (1985). Thus, President Monod represents enterprises linked to the Suez Group (French and Wallonian-Belgian businesses) and Vice-President Leysen represents those enterprises linked to the Deutsche Bank (German, Dutch and Flemish-Belgian businesses). As second vice-president, Maucher plays the role of a neutral 'old boy'.

Considering the *interpersonal network*, we can also recognize an expansion of the network. In 1994, the linkers' network already encompassed 69 persons who were responsible for 237 direct linkages. That is: with 2346 possible linkages, the density of the network is an impressive 10.1%. Surprisingly, the most central linker in the network was not a member of the Roundtable (cursive); it was Hilmar Kopper, the former director of the Deutsche Bank (see Table 2).³ However, the comparison of the degree and betweenness ranking list implies that these centrality indicators correlate only moderately.⁴ Regarding the sum of ranks, the former EU commissioner Etienne Davignon follows the German bank representative. Beside Kopper and Davignon, who also join the Steering

³ It is possible that a manager of a non-member business might sit on the board of a Roundtable business. Similarly, a Roundtable representative might sit on the board of a non-member business. In our analysis, those links between a Roundtable member and a non-Roundtable member are taken into account in addition. We do not analyze links among non-Roundtable businesses.

⁴ The simplest and most familiar measure to define the centrality of a corporation is the degree. The degree corresponds to the absolute number of all direct contacts. Thereby, it is not important whether the contacted actors are connected with each other. Starting from the assumption that such interconnections are redundant, it is necessary to consider an indicator in addition to the degree that weights the non-redundant contacts stronger than the redundant ones. This claim is fulfilled by the index of betweenness. Unlike the measurement of degree, betweenness indexes the extent to which an actor is located between unlinked actors. In comparison with the degree, betweenness has the advantages of indicating the centrality in the whole network and giving priority to the non-redundant contacts. Non-redundant are, for example, the contacts from British Petroleum (BP) to BAT and to British Steel (see down to the right in Figure 2), because no contacts exist between the latter two. On the contrary, Krupp (see top left in the table) has contact exclusively with corporations which are interrelated with each other (for example VEBA and Bayer) and therefore, obtains a betweenness of 0. Actors who are linked only with actors who are connected to each other get a betweenness score of 0 (see Wasserman and Faust 1994: 188ff.).

Table 2 – Connectors between European Roundtable Companies in 1994 (N = 69)*

Name (enterprises)	Degree	D (norm)		Betweenness (norm)
1 Kopper, Hilmar (Deutsche Bank)	17	23.6	Kopper, Hilmar	32.7
2 Strenger, Hermann (Bayer, VEBA)	15	20.8	Davignon, Etienne	19.6
3 Davignon, Etienne (SGB)	14	19.4	Gut, Rainer	17.5
4 Von Pierer, Heinrich (Siemens)	13	18.1	De Laage de Meux, François	11.5
5 Leysen, André (Gevaert)	12	16.7	Boël, Yves	8.9
5 Senn, Niklaus	12	16.7	Riester, Walter	7.3
5 Worms, Gérard (Suez)	12	16.7	Lecerf, Olivier	7.2
5 Boël, Yves (Sofina)	12	16.7	Pesenti, Giampiero	7.2
9 Roger, Bruno	11	15.3	Hahn, Rainer (Bosch)	6.7
10 Beffa, Jean-Louis (Saint-Gobain)	10	13.9	Leysen, André	5.6
10 <i>Schieren, Wolfgang</i>	10	13.9	Collomb, Bertrand (Lafarge C.)	5.2
10 Kriwet, Heinz (Thyssen)	10	13.9	<i>Roger, Bruno</i>	4.9
10 <i>Rappe, Hermann</i>	10	13.9	<i>Wright of Richmond, Lord</i>	4.2
10 <i>Mestrallet, Gérard</i> (Suez, SGB)	10	13.9	Janssen, Daniel (Solvay)	4.0
10 <i>Franz, Hermann</i>	10	13.9	<i>Ortoli, François</i>	3.7
10 <i>Dejouany, Guy</i>	10	13.9	<i>Worms, Gérard</i> (Suez)	3.6
Mean	6.9	9.5		2.8
Centralization		15.0%		30.5%

Note: Chairpersons of advisory bodies are also counted as members of management
All non-members are in italics.

Committee of the Bilderberg Group, only André Leysen (Gevaert), Yves Boël, Bruno Roger and Gérard Worms occupy high positions in both lists.

From the list of the enterprises, we can see that the boards of Solvay, Sofina, Petrofina, Société Générale, VEBA and Lyonnaise des Eaux are the most popular venues of Roundtable members. Comparing the list of names with the list of linkers in the study of the *Wirtschaftswoche* (1991), one is struck by the fact that in the circle of the 17 identified persons with at least two mandates, four Roundtable members and four non-members which connect Roundtable companies are included. Inter alia, Leysen, Davignon, Carlo de Benedetti (Olivetti), Maucher as well as the non-members Kopper, Henry Bodmer (Fiat, Pirelli), François Laage de Meux (Olivetti, Société Générale) and Niklaus Senn (VEBA, Siemens) belong to this circle.

Finally, we also observe an increase of *financial participations* among the companies represented in the Roundtable. In 1994, Bayer financially participated

in the Belgian enterprise Gevaert (100% of the shares), while Gevaert had a 1% share in Bayer. VEBA was financially linked with the British Cable & Wireless (10.5% share). Davignon's Société Générale and Sofina hold shares in Petrofina (12.7% and 1.3% respectively); Société Générale and the Lyonnaise des Eaux were linked with Total (3.6% and 1% respectively).

Also, the Fiat holding company Ifil had a 5.8% financial involvement with Danone (formerly BSN). Considering indirect links, the greatest number of financial links is found in Belgium where the French holding company Compagnie de Suez, as parent company of the Société Générale, has indirect interconnections to French Roundtable companies. On the one hand, Suez is linked through its 5% share in St. Gobain and its 17% share in Lyonnaise des Eaux. On the other hand, St. Gobain controls over 6.3% of the stock and 10% of the voting rights in Suez. On April 11, 1997, the boards of Suez and Lyonnaise des Eaux approved a merger, thus deepening the interconnectivity.

The apparently weak interconnection among German businesses may be deceptive; the three large banks Deutsche Bank, Commerzbank and Dresdner Bank, are represented in advisory bodies of Roundtable enterprises and are shareholders of Roundtable companies, thus forging indirect personal and financial connections between the German member companies. Not to be forgotten is Peter Wallenberg's Investor AB which controls two Roundtable companies: ABB and Ericsson. The new chairperson of the board of Investor AB is Percy Barnevik, the former head of the ABB conglomerate. According to *Weltwoche* (No. 17, 24. April 1997), the nomination of the former head of Wallenberg's Electrolux as the head of Volvo went too far—even for Wallenberg, a founding member of the Roundtable who complained: "Sweden appears to occupy a rather unique position if one considers how unilateral and monolithic we have become, and how highly power is concentrated with us" (*ibid.*: 24).

Referring to the theoretical perspectives presented above, these empirical findings support, at least at the level of Europe, both hypotheses. A transnational capital class is emerging and there is an inner circle of multiple directors who share an interest in an intensified European integration. However, the financial hegemony hypothesis is not fully confirmed because there are no chief executives of big banks and insurances in the Roundtable. Yet, we know that many members of the Roundtable are members of supervisory boards of financial corporations. Therefore, the interests of big European banks and insurances obviously will not be neglected. Also it would be very risky to argue that all members of the Roundtable belong to the inner circles within the European countries. Hence, the transnational class hypothesis might be challenged by the fact that many members of national inner circles do not sit on boards of foreign companies.

DISCUSSION AND PROSPECTS

The reconsideration of the theoretical perspectives in Table 1, which concentrate on the structure and function of transnational corporate networks, allows no consistent conclusion in the light of the preliminary empirical findings. According to the *resource dependence theory*, the transnationalization of production processes implies a revaluation of transnational resource transfers. Thus, an increase of transnational linkages and a relative decline of domestic linkages are expected. Although we know that transnational corporate networks and transnational elites exist, there is no strong evidence that the formation of transnational networks goes hand in hand with the de-structuration of national networks. Yet, there is empirical evidence that at least the national networks of Switzerland and Germany disintegrated to a certain extent in the late 1990s. For instance, my analysis of the networks' development of the 50 largest Swiss companies between 1995 and 1997 shows a reduction rather than an increase of relation densities. In fact, the number of linkages, as well as the density and centrality, declined slightly. Moreover, the number of persons who interconnect with at least three companies has dropped from 32 to 23. At the same time, the density has remained unchanged (33%) and the centrality has even decreased slightly (from 23 to 18%); thus a significant disintegration of the elite network can be diagnosed. For Germany too, a tendency towards disintegration is reported. For instance, Windolf (2000) indicates that the number of interlocking directorates of the 15 most central corporations was nearly halved between 1993 and 1999 (see Heinze 2001). Beyer (2003) draws a similar conclusion. His comparison of the cores of German networks in 1992 and 2001 documents a reduction in density of 50% for the most central corporations of the year 1992, and a reduction of nearly 30% if the differently composed network cores are compared.

In view of the supposed erosion of the "Deutschland AG" (see Heinze 2001), a number of authors consider possible convergence processes, that is, the transformation of Rhenian capitalism to the Anglo-American system (e.g., Lütz 2000; Streeck 2001). Even if this convergence process is impeded by institutional obstacles (Windolf and Nollert 2001), and even if Kogut and Walker (2001) argue that deregulation, technological change, and the integration of markets do not inevitably question the stability of intercorporate ownership, it is foreseeable that the personal linkages on the national level have become less important in Rhenian capitalism over recent years.

Turning to the *financial hegemony perspective*, we also have to admit that network analyses do not suggest a hegemonic position of banks and insurances in the global economy. In most analyses which consider financial institutions, the core is dominated by industrial firms. In contrast to the national networks which

are still organized around big influential financial institutions, the transnational network seems to work like a superstructure that primarily secures the communication between the national networks at the moment.

The remaining theoretical perspectives obviously get more empirical support. First, we cannot deny that directors of big companies currently accumulate *social capital* all around the globe by interlocking directorates as well as by meetings in global policy groups.

According to recent empirical findings, there is also some evidence for the hypothesis that a *transnational elite or class* is emerging. There is no doubt that a transnational corporate elite exists and forms a global communications structure by mainly linking corporations based in Europe and North America (see also Van der Pijl 1984, 1998). However, most studies deny a hegemonic role of this group and also suggest that the identity of the members of this group is still anchored in nation states (see also Hartmann 1996, 1999). Moreover, until there is a world state, the power of this class will continue to depend on the nation state. In other words: the transnational class-in-itself has not transformed into a hegemonic class-for-itself. Beaverstock et al. (2002) are also right when they complain about the neglect of the global rich in the network perspective and in the research on the transnational capitalist class. Finally, even Robinson and Harris (2000) concede that the transnational capitalist class is not a coherent bloc but a group of at least three interconnected fractions. These include the free-market conservatives who are inspired by proponents of the Mont Pelerin Society which calls for a complete global *laissez faire*. Furthermore, there are the neoliberal structuralists who favor a global superstructure that could at least stabilize the global financial system. Finally, we have the so-called neoliberal regulationists who demand—in line with German ordoliberalism—a global regulatory apparatus that restrains the power of transnational corporations and prevents social disintegration (see also Gill 2003).

There is much more empirical evidence for *the inner circle theory*, which assumes that directors who hold positions in many corporations (big linkers) use them to engage in national or global policy groups. Thus, on the one hand, the analyses of Carroll and Carsons (2003) clearly identify an inner circle of cosmopolitan linkers who represent the political interests of transnational corporations. On the other hand, we also know that in the 1980s the European Roundtable of Industrialists successfully lobbied for more intensive integration of the European Community in Brussels (Bornschiefer 2000). Moreover, the International Chamber of Commerce closely cooperated with the United Nations in the late 1990s (see Balanya et al. 2000). Finally, we cannot deny the influence of the global policy groups listed in Table 3 as well as the influence of less important transnational organizations such as the Mont Pelerin Society,

Table 3 – Policy Groups with Global Reach

Policy Group	Founded	Headquarter	Members
International Chamber of Commerce	1919	Paris	> 7000 corp.
Bilderberg Group	1952	Geneva	Ca. 120 elite
World Economic Forum	1971	Geneva	Ca. 1000 TNCs
Trilateral Commission	1973	Washington Paris, Tokyo	Ca. 350 elite
European Roundtable of Industrialists	1983	Brussels	45 TNCs
Transatlantic Business Dialogue	1995	(Brussels)	> 100 TNCs
World Business Council for Sustainable Development	1995	Geneva	123 TNCs

service clubs, alumni clubs, and of a wide variety of other transnational networks such as the advisory boards of the global investment company and US defense contractor *Carlisle* (see Briody 2003). In the latter, we find former US Secretaries James Baker and Frank Carlucci, former British Prime Minister John Major, former Secretary of the United Nations Perez de Cuellar, former president of the Deutsche Bundesbank Karl Otto Pöhl, and, until October 2003, former US President George Bush Sr., as well as prominent representatives of the European corporate network (European Roundtable of Industrialists) such as the former Commissioner of the European Union and Head of Société Générale de Belgique, Etienne Davignon, Oscar Fanjul (Unilever), Cees van Lede (Akzo-Nobel), Denys Henderson (Imperial Chemical Industries), and the Swiss Fritz Gerber (Hoffmann-La Roche) and Reto Domeniconi (Nestlé). However, we have to concede again that even the cosmopolitan linkers in the inner circle do not necessarily share a transnational identity. Furthermore, the rejection of the Multilateral Agreement on Investment due to strong protests of civil society organizations, for example, and other de-legitimizing moves from below clearly question the omnipotence of transnational corporate elites.

Finally, the question of whether transnational corporate networks offer creative responses towards the re-integration of the world society has to be answered. Reconsidering the dissent in sociological elite theory, we can imagine two scenarios. On the one hand, we can argue that elite networks will work like

the European Roundtable of Industrialists and therefore promote the integration of the global economy. On the other hand, the rise of transnational elite networks can be seen as the source of concentration of economic and political power which threatens democracy, social welfare and cohesion.

According to the *coordination of markets-perspective*, the impact of corporate networks primarily depends on the regulatory framework which will prevail in the global economy. This framework encompasses the property rights, the governance structures that define competition rules (e.g., anti-cartel and antitrust laws) and the company law, and rules of exchange that define who can transact with whom, the transaction medium (e.g., bills, money) and the enforcement of contracts. In line with the simple distinction between coordinated and liberal market systems, we can ideal-typically distinguish between a coordinated and a liberal world economy. Whereas the coordinated world economy would be characterized by an intense networking of corporations, interest groups, and a state, the model of a liberal world economy presumes strong competition between corporations and a weak state, that is, a minimal regulatory framework.

Trying to forecast the effects of these types of economy on the level of societal integration, one can expect that a coordinated world economy, where corporate networks and a redistributive state cooperate, could enhance social integration while in a liberal world economy transnational corporate networks could primarily integrate production processes and national elites. There is no doubt that most transnational corporations prefer a liberal economic order to an order in which a regulatory apparatus interferes in market mechanisms. Many representatives of transnational corporations even reject Adam Smith's assumption that markets always need protection against networks of corporate power. In fact, they prefer a neoliberal order which rather corresponds to Friedrich von Hayek's assumption that the "spontaneous order" of free markets primarily should be protected against the strong state. Because neoliberal competition theory, inspired by the Chicago school, refuses a state agency which prevents oligopolistic and monopolistic market structures, this economic order certainly implies a strengthening of networks of corporate power. Moreover, this order which was consolidated in the early 1980s under the program of the "Washington Consensus" allows rent-seeking of well-organized and well-equipped interest groups which leads to a disintegrating redistribution of economic resources from the poor to the rich (see Nollert 2003; Shugart, Tollison and Yan 2004). In other words: "Set in a world of tradition, class, privilege, power, and differential organization costs, rent seeking most likely promotes more significant inequalities in the distribution of income" (Tollison 1997: 518). Also, this shift of power from the nation state to transnational corporations might undermine the idea of democracy insofar as citizens will not be able to impede corporate power or initiate redistributive

policies anymore. In other words: transnational corporations are expected to move their activities to a new host country if they feel challenged by democratic decisions or political protest at the local level. However, in face of the rise of transnational social movements such as Attac or the Social Forums and the new liberal regulationism (see Stiglitz 2002) which calls for a global regulatory agency anchored in a post-Washington consensus that limits collusive and rent-seeking behavior of corporate networks and considering the destruction of the global lysine, vitamin, sorbate and graphite electrodes cartels (see Connor 2003), there is a realistic hope that further global disintegration might be restrained.

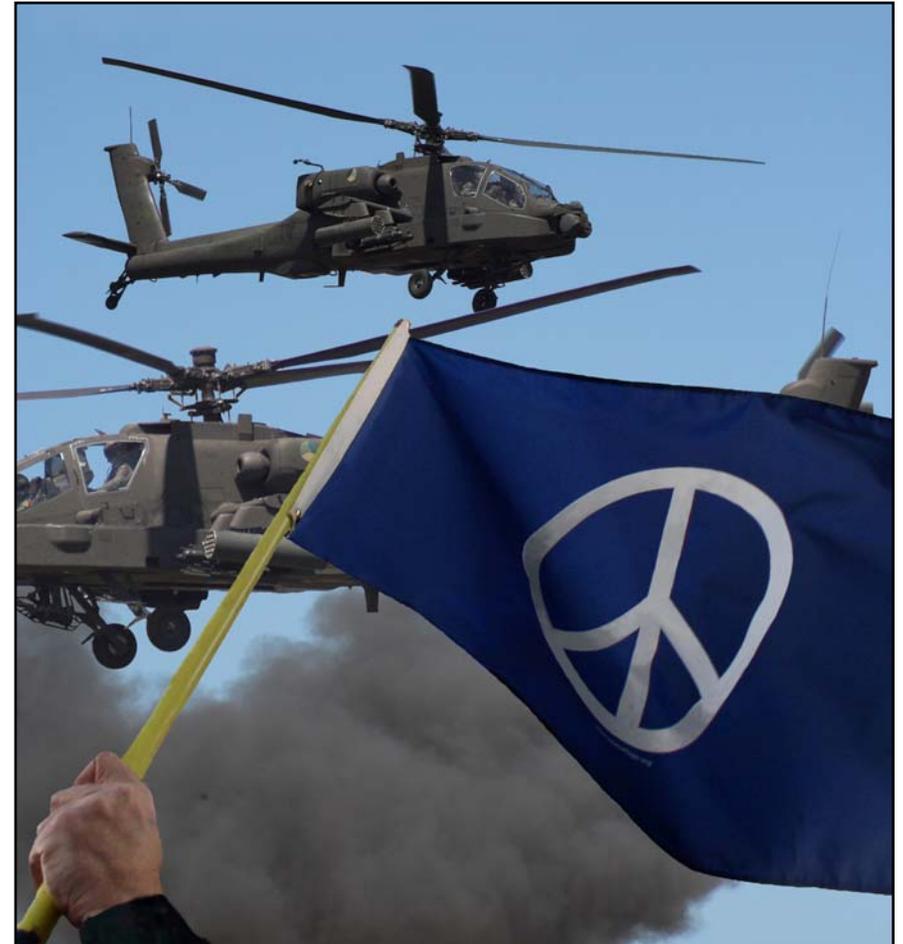
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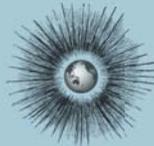


SPECIAL ISSUE:

GLOBALIZATIONS FROM 'ABOVE' AND 'BELOW'
THE FUTURE OF WORLD SOCIETY

EDITED BY:

MARK HERKENRATH, CLAUDIA KÖNIG, HANNO SCHOLTZ, & THOMAS VOLKEN



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ABSTRACT:

In the 1960s, the left branded US imperialism the major enemy of social justice in the world. Such talk faded after the war against Vietnam and almost disappeared after communism fell in Eastern Europe. It's not that the American brand of informal empire disappeared. It continued through US influences on other states' policies, the sway of US corporations abroad on host governments, US military power, and the power of the Washington-based financial institutions. But, the discourse changed and raged around the softer term globalization. In the past few years, imperialism talk has roared back, led this time by the political right, who gave it a positive sheen. Some on the left have joined

in too, in an exciting new literature, revising Marxist and Leninist critiques of imperialism. But, much of the political left and centre are still mired in aspirations for cosmopolitanism, which inadvertently obscure struggles for popular and national sovereignty. This paper examines the limits of cosmopolitanism for democracy, critiques the nature of US power, and discusses how a reasserted US empire has sparked the revival of nationalisms by looking at the cases of nationalism in the six top oil-exporting countries to the US. The paper concludes with inquiries into people-to-people inter-nationalism and whether citizen-based democracy is possible without sovereignty.

POPULAR NATIONAL SOVEREIGNTY AND THE U.S. EMPIRE*

Gordon Laxer

Foreign capital is able to determine possible governments by incarnating itself as an indigenous ruling class. — George Grant (1965)

INTRODUCTION

This article challenges the idea that working towards a global civil society,¹ in present circumstances, is a laudable goal. We live in the age of the US Empire, which aggressively asserts its own right to unilateral action, while demanding that the sovereignty of every other political community be breached. To the extent that proponents of global society² forecast and approve the "inevitable" weakening of popular and national sovereignties of rooted political communities, they are, regardless of their intentions, objectively aiding the unilateral power of the US Empire. Instead of global society, I argue that the goal should be support for deep democracy everywhere and inter-national solidarity from below.

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¹ For a more thorough treatment of my assessment of the problems of the concept of *global civil society*, see Laxer and Halperin (2003).

² Not all advocates of global civil society support the weakening of national or popular sovereignty. For Jocelyne Couture (1999) liberal nationalism is compatible with moral cosmopolitan doctrine, but not with legal cosmopolitanism.

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By inter-national solidarity, I do not mean only state-to-state support, but also inter-national support from citizens movements for the sovereignty of democratic political communities and regions wherever they are found. Nations are understood here in the French Revolution sense as “citizen-peoples” rather than states, but not in the French Revolution sense of a “nation one and indivisible,” in which the rights of minority nations within countries are crushed.³

George W. Bush deserves credit. Talk about imperialism almost disappeared for 20 years. Now it has returned. In the 1960s and 1970s, the left branded US imperialism as the major enemy of national and social liberation in the world. Such talk faded after the war against Vietnam, and almost vanished, even amongst the left, after communism collapsed in Eastern Europe and the Soviet Union. It is not that the US abandoned its largely informal empire in the intervening period. Far from it. It continued to hold sway as before, largely through US influences, both attractive and coercive, on the policies of other states. Intermittently, it resorted to outright invasion. But, the discourse changed. It swirled around globalization—often a cleansed term for imperialism.

Now empire talk has roared back. Terms like Imperial America, US imperialism, the imperial grand strategy, the New Imperial State and The New Rome are in the air. Instead of being the epithet hurled by the left that it was in the 1960s, talk about the US empire has been revived by the political right and given a positive sheen (Brzezinski 1997; Ferguson 2002).⁴ It has become fashionable to compare the American Empire with Britain’s informal “free trade” empire of the nineteenth century or with the Roman Empire. But US empire talk is not the sole preserve of the right. Some on the left have joined the debate, revising earlier approaches to understanding empire formulated by Lenin and other Marxists (Gowan 1999; Ali 2003; Brenner 2003; Harvey 2003; Mann 2003; Meiksins Wood 2003; Wallerstein 2003).⁵ I will examine two such formulations, but first I look at why many progressives refuse to confront the politics of anti-imperialism and are still mired in imagining a world of moral cosmopolitanism.

³ The concept “plurination” states recognizes the rights of minority nations. The term is used in Ecuador and several other Latin American countries (Egan 1996).

⁴ See also Richard Haass, “Imperial America,” *Foreign Affairs*, Nov. 11, 2000; Thomas Friedman, “What the World Needs Now,” *New York Times*, Mar. 28, 1999; and Michael Ignatieff, “The American Empire. The Burden,” *New York Times*, Jan. 5, 2003.

⁵ Then there are Hardt and Negri (2002), who deny that there is an American Empire.

MORAL ASPIRATIONS FOR COSMOPOLITANISM

The US Empire is flexing its muscles, but its ability to continue to dominate, is uncertain. The unilateral actions of the US are fostering antidotes—the growth of popular, anti-imperial nationalisms and regionalisms, often backed by governments which attempt to gain allies for greater sovereignty. Craig Calhoun (1997: 8) argued that in earlier forms of empire, “colonialism drove nationalism forward even while resisting it...no matter how elite the anti-colonialists and how elitist their agendas for post-colonial rule, their claims for sovereignty came by definition from ‘below’, from ‘the people.’”⁶ Nationalisms are powerful at mass mobilization because they have the unique ability to move people, Calhoun continues, as a positive source of meaning and inspiration, give a sense of place and of mutual commitment for large numbers. Nationalisms create a high degree of cohesion, without which self-governing societies are not possible. They can and have created the soil in which democracy deepened and the power of ordinary citizens was enhanced. Of course, progressive, internationalist nationalisms do not inevitably triumph. They are usually contested by reactionary versions of nationalisms, over issues such as rule by the people, openness to the rest of the world, and racial and other forms of inclusivity.

The question for us is whether, and under what circumstances current anti-colonial nationalisms are pushing governments and political communities towards deepening democracy, and social and class transformations. When combined with the potential powers which national and subnational governments, even in weaker states, still possess, but often do not use for progressive ends, I argue that anti-imperial nationalisms have great potential for social change. I examine the cases of struggles for national and popular sovereignty in major oil exporting countries and the impact this is having on the US Empire. I also explore whether these national struggles have advanced, or retarded progress toward democracy and social transformation.

Before proceeding, I briefly address two common objections to my arguments. First, there may be other ways to reach deep democratic transformation than through anti-imperial nationalisms. Second, can I substantiate my claim that certain versions of global civil society and cosmopolitanism help to justify American unilateral power and undermine claims of anti-imperial contestations for popular national sovereignty?

⁶ Arguments in the next two sentences are taken from Calhoun (1997: 126; and 2002: 878).

The first objection is easily dealt with. I do not claim that progressive, internationalist nationalisms are the only important expressions of common identity, community and solidaristic action. Religious movements which conceive of a religious community on a transnational basis, can also profoundly unify and motivate large numbers of people, in ways similar to that of nationalisms. The jury is out on whether such religious communities will in future both challenge the power of the US Empire and become genuine political communities which can also lead to democracy-from-below and class leveling. I do not rule out the possibility that this will occur, but we have seen few signs of this seriously emerging. As well, there are those who claim that contestations based on transnational mobilizing for social justice, offer the most hopeful challenges to the unilateral power of the US. I turn to a discussion of this possibility.

Some argue that transnational social movements have emerged as a crucial site for identity, community and solidarity (Kaldor et al.: 2003). To say a movement is “transnational” is more limited and more accurate than to say it is “global.” To be “transnational” does not require that a movement encompass all continents and most countries, just that it transcends many of them. The anti-war movement, the World Social Forum and the anti-corporate globalization movement are commonly seen as examples of current transnational or global social movements with the potential for both transformation and as counterweights to US power. I do not dispute the radical potential of these movements. Indeed, I have participated in all of them. But, what I find problematic is the automatic interpretations of such movements as unalloyed examples of transnationalism or expressions of global civil society. In the interests of brevity, I refer readers to publications which I and my coauthors⁷ have written on these issues (Laxer 2001; Johnston and Laxer 2003; Laxer and Halperin 2003). I summarize some of the points here.

How do we know that a movement is transnational or global? Thomas Risse-Kappen (1995) contends that transnational implies “regular interactions across national boundaries when at least one actor is a non-state agent or does not operate on behalf of a national government or an intergovernmental organization.” Margaret Keck and Kathryn Sikkink (1998a) sharply distinguish between “transnational social movements” and “transnational advocacy networks.” A transnational social movement is usually built on concrete networks of shared locality, experiences, or kinship. Its key resource is its capacity for mass mobilizing. Tarrow (1998) argues that in transnational social movements, “challengers need

to be rooted in domestic social networks and connected to each other more than episodically; common ways of seeing the world; contentious in action as well as words.” In contrast to transnational social movements, transnational advocacy networks (I call them “international advocacy networks”) involve a small number of morally motivated activists, and do not usually engage in mass mobilizations. They are a “set of relevant organizations working internationally with shared values, a common discourse, and dense exchanges of information” (Keck and Sikkink 1998b: 46). International advocacy networks cannot be subsumed into notions of global civil society or transnational social movements. In this regard, Keck and Sikkink (1998a: 237) conclude that “however much we are seeing the increasing interpenetration of domestic and international politics, transposing sets of categories from one to the other seems unlikely to make sense of the simultaneity of both.” I concur.

Transnational social movements and international advocacy networks are not the same as nationally-focused struggles. Cosmopolitan assumptions about power drifting away from countries and nations obscure evidence that even in campaigns and organizations which are thought to have most escaped national enclosures, solidarity ties are usually denser, and the capacity to mass mobilize is greater, at national than at supranational levels. After studying the anti-apartheid movement, Greenpeace and Amnesty international, movements or organizations which are commonly thought to be exemplars of transnationalism, Christian Lahusen (1999: 190) concluded that “social movement action above the level of the nation-state is still organized and coordinated to a greater degree between national entities than across them and is therefore rather international than transnational in character.”

National movements are those which contend largely against national power structures, have all or most of their supporters in one country or nation, and display distinctive cultures of contention. National movement organizations may coordinate campaigns inter-nationally with other nationally-based organizations, but that does not automatically make them transnational. It is only when issues, targets, mobilization and organization are truly transnational, that a movement can be accurately considered fully transnational. In practice, movements are often hybrids of the national, the inter-national and the transnational regarding issues, targets, mobilization and organization.

I believe it is important to distinguish amongst the three levels because of the widespread cosmopolitan assumption that transnational movements have replaced national organizations, and that the simple act of coordinating beyond-the-nation is sufficient to make a campaign or movement transnational. According to these criteria, a transnational social movement requires regular, long-term interaction across nations, the presence of common frames and shared

⁷ I alone am accountable for the views expressed below, however.

norms across national boundaries. Consensus formation across national movements takes a long time and can be said to be transnational only once formulations are put in more universal language. If on the other hand, the framing of issues remains different, mass mobilizations and organizations stay separate and targets distinct, we are dealing with movements that are primarily national.

The powerful anti-war movement, which flexed its muscles on February 15, 2003 five weeks before the invasion of Iraq, was the largest coordinated series of demonstrations in world history. Kaldor et al. (2003: 3) characterized it as a “global popular mobilization.” But, it had national, international and transnational (rather than global) aspects. The transnational part involved an unknown number of the demonstrators who were motivated to march primarily or exclusively from a horror of war and invasion, but who had little or no identification with the national political community in which the demonstration took place. But, there were strong national dimensions to the protests. It was no accident, that the largest demonstrations were held in countries such as Britain, Italy, Spain, and Australia, whose governments supported the invasion, in contrast to lower turnouts in countries such as France and Germany where their governments did not.⁸ In the pro-invasion countries, many citizens clearly marched at least partly against their own governments, trying to change their positions. The inter-national aspect was expressed when nationally-focussed movements coordinated their activities with counterparts in other countries.

Rather than look at the radical potential of re-emerging nationalisms, in part sparked by the aggressive US Empire, many progressive and left intellectuals are still advocates for abstract, moral cosmopolitanism. Cosmopolitanism was never seriously on the political agenda, even in the 1990s and conditions for its realization turned decidedly more negative after the attacks of September 11, 2001 (9/11). Those changes include the faltering of the neoliberal agenda of global integration whose success depends on multilateralism, the strengthening of borders rather than progress towards a borderless world, and rising public expectations that governments can again do more for them than civil society, corporations or markets. I briefly examine objections to sovereignty, nationalisms and self-determination of some in the cosmopolitan camp, before exploring the nature of recent national struggles against the US Empire.

Much recent discourse among progressive intellectuals still revolves around cosmopolitan concepts such as global civil society, which contend that state

power is retracting as sovereignty leaks up to transnational institutions and down to the local.⁹ As Ulrich Beck writes, “[g]lobalization—however the word is understood—implies the weakening of state sovereignty and state structures.” In contrast to modernity’s first stage—where solidarity was limited to the enclosed space of the nation state—identities are reformulated beyond state boundaries, embedded in “intersecting transnational loyalties.” The cosmopolitan project “contradicts and replaces the nation-state project,” implying a shift in conflict from capital-labor towards cosmopolitan movements and counter-movements. Beck (2000: 86, 90, 92, 102) sees possibilities not in national movements, but in new political subjects, which he alludes to as “movements and parties of world citizens.” As states lose sovereignty, democratic resistance is depicted as either local, or transnational, but not national. The Internet is seen by many cosmopolitans as helping to build new, non-territorial, non-national forms of community in the time-compressed space created by globalization (Smith and Smythe 1999: 84). Richard Falk’s concept of “Globalization from below” (1997) is a radical version of global civil society. It is understood to include diverse efforts to moderate the logic of capitalism and implement substantive democracy.

David Held and others have put forward proposals to create legal institutions for the governance of cosmopolitan democracy. In this model, Held (1995: ix, x, 233) argued that the nation-state will “wither away,” in the sense that it would be but one focus of power and authority. Many advocates of cosmopolitanism share Held’s hopes for the withering away of the state, because they view state sovereignty as in conflict, in many instances, with human rights. As Allan Bock put it “all too often the concept of sovereignty in ‘international law’...provides a cover for domestic thuggery.”¹⁰ Since the end of the Cold war, such state-led atrocities gave rise to increasing calls for “humanitarian intervention” to support human rights. Mary Kaldor’s (2001) argument exemplifies this perspective. She sees “humanitarian intervention” as a major expression of an emerging global civil society. She argues that “non-intervention” was the dominant principle in international affairs during the cold war and that this was replaced in the 1990s by “the presumption that there is a right to use armed force in support of humanitarian objectives.” Although there is not “a consensus about military intervention,” it has “become widely accepted” (109–110). Kaldor is hopeful about the emergence of a global humanitarian regime which includes a growing consensus about respect for human rights, a strengthening of international law, a growing readiness of

⁸ BBC News, Feb. 17, 2003. “Millions Join Global Anti-war Protests.” <http://news.bbc.co.uk/1/hi/world/europe/2765215.stm>, accessed June 29, 2005.

⁹ This paragraph is partly based on Johnston and Laxer (2003: 44–5).

¹⁰ Bock, Allan. 2001. “Eye on the Empire.” Apr. 11. <http://www.antiwar.com/bock/b04101.html>, accessed June 24, 2005.

governments to give resources (money and troops) for humanitarian purposes and above all civil society groups who focus on humanitarian intervention (140). Kaldor also asserts, astoundingly, that changing international norms “reflect a growing global consensus about the equality of human beings and the responsibility to prevent suffering wherever it takes place” (110). Would it were so.

Such views are naïve and their proponents risk becoming apologists for the US imperial project. Humanitarian intervention, often involves military intervention and the latter are led only by a country or countries in the North against a country in the South. Some have taken the next step¹¹ and enshrined the principle of civilian inviolability and have construed humanitarian intervention by coalitions of the willing (Cohen 2004: 8). As Jean L. Cohen (2004) cogently argues, “the sovereignty-based model of international law appears to be ceding not to cosmopolitan justice but to a different bid to restructure the world order: the project of empire.” Bush cloaks his “war on terror,” in rhetoric about a renewed commitment to human rights and democracy. Diminishing the “right of self-determination” of other countries fits well with the law of imperial power which “rests on the willingness of the superpower to sustain world order, but...the superpower only plays by the rules of its own making when it suits its interest...imperial power is above the rules of the order, while smaller states are subjected to them” (Risse 2003). Some trace the current principle of sovereignty back to the Treaty of Westphalia of 1648, but that is misleading because Westphalia did not recognize the sovereign equality of non-European countries or popular democracy. International recognition of sovereignty and self-determination are recent gains and have espoused very different norms. They date from the 1960s era of decolonization of the Global South and are embodied in UN General Assembly resolutions 1514 and 1541. “Inherent in this conception of sovereign equality, [is] the newly generalized principle of nonintervention,” writes Cohen (2004: 12).

However, the US doctrine of preemptive strike has thrown us back to old style colonialism. “Humanitarian interventions,” have been led by countries of the North and carried out exclusively in the South, if we include the old Yugoslavia in that category. Kaldor lists the following as sites of such interventions: Northern Iraq, Bosnia-Herzegovina, Somalia, Rwanda, Haiti, Kosovo, East Timor and Sierra Leone. If international norms are applied wherever there are human rights abuses, there would have been humanitarian and military interventions to stop

¹¹ Cohen (2004: 8) refers to authors who cite the Kosovo intervention as a “constitutive moment.”

the illegal invasion of Iraq, the abuse of prisoners in Iraq and Guantanamo Bay, the mining of harbours in Nicaragua in the 1980s, and military actions against Chechnya. Applying “international norms” by the strong versus only the weak is a double standard, widely seen as recolonization in the South. Such hypocrisy abets the principle of empire. At the present juncture, a global humanitarian republic is not on the agenda, but the US National Security Strategy (2002) which asserts the US right to get rid of any regime, anywhere, that might some day become hostile to what the United States considers its vital interests, is on the agenda.¹² Recognizing humanitarian intervention can be good if done under the auspices of the United Nations and in ways that do not undermine the principles of national self-determination. Cohen (2004) outlines constructive ways the two can be supported simultaneously.

Cosmopolitan perspectives tend to involve more normative assertions than empirical answers (Brennan 1997). Catherine Eschle (2002: 65) argues they do not invoke global civil society to make empirical claims, but to “justify a cosmopolitan ethical stance that posits the existence of a single moral community.” Because their orientation is “not to take power,” their stance may be more about complaining about the world than changing it.

Concepts such as “global civil society,” “transnational social movements,” and “globalization from below” have positive associations, but are frequently left ill-defined and underdeveloped. Part of the problem is that “civil society” is a contested concept which developed in the context of domestic states (Taylor 1997). John Locke imagined civil society as a sphere independent of the state and centrally located in the market, a view that justified private property rights (Arthur 1970: 5). Once these rights were won in the West, the concept fell into disuse, to be revived in Eastern Europe in the 1970s by those attempting to create a sphere independent of totalitarian states. When communism fell, the concept morphed again and was wielded in Eastern Europe by advocates of capitalism rather than democracy (Stubbs 1996). For liberals of both eras, the main conflicts are between state and civil society. The state must be limited because civil society embodies superior values of individual freedom. In contrast to liberal-pluralists who tend to see transnational actors as unambiguous democrats and downplay inequalities, Marxists and Gramscians view civil society as the contested space of class relations and production (Macdonald 1994: 276). If corporations are inte-

¹² North, David. 2002. “The War against Iraq and America’s Drive for World Domination.” Oct. 4, <http://www.serendipity.li/wot/north01.htm>, accessed June 24, 2005.

grally part of, and often dominate, civil society, then empowering civil society to limit the power of transnational corporations is nonsensical. Marxists tend to agree with liberals that capitalist power has been aided by neoliberalism and the ubiquitous globalization discourse. I take a Gramscian perspective on these issues.

If many of the advocates of global civil society are neither Marxist nor liberal of either the classical or neo-liberal variety, how can we characterize their perspectives? They range from left populists, to anarchists to political liberals, who believe in human rights and democracy, may or may not be anti-corporate, but who accept classical liberal premises of a fundamental division between state and civil society. In theory at least, they modify the liberal conception by excluding corporations, the market and national level spheres from global civil society (Kaldor et al. 2003: 4). For them strengthening global civil society can deepen democracy only if the former is non-corporate as well as non-state. But in practice, it is difficult to ignore corporate influences on society. To their credit, Kaldor, Anheier, and Glasius (2003: 9) discuss the growing “‘corporatization’ of NGOs as well as the expansion of business into local and global civil society.” This brings their perspective closer in practice to a Gramscian conception.

Civil society is an ambiguous concept. Globalizing the idea creates more confusion. If civil society is mainly about creating a sphere that is independent of the state, what state or power structure is global civil society supposed to be independent from? There is no global state. How can most people be “global citizens” when there are no democratic structures above the level of countries conducive to their participation?

Whatever the motivation of their advocates, globalization and cosmopolitan talk help legitimize America’s imperial ambitions by devaluing international strictures against non-intervention. By undervaluing the right to the sovereignty of countries, many proponents of global civil society obfuscate the importance of progressive, anti-imperial nationalisms and popular national sovereignty.

Imperialists have always justified grabbing other peoples resources by invoking lofty goals such as spreading Christianity, democracy, human rights or peace. They came to deliver those in the Global South from local tyrants. Instead of realizing such goals, imperialists stayed to rule through local despots. In practice, doctrines which breach national sovereignty help justify the US contravening the sovereignty of weak countries. Meanwhile the US retains its sovereignty, and

¹³. Roth, Kenneth. 2000. “The Charade of US Ratification of International Human Rights Treaties.” *Chicago Journal of International Law*. Fall. <http://www.globalpolicy.org/empire/un/2003/0806charade.htm>, accessed June 29, 2005.

refuses to sign many international agreements such as the land mines treaty or the jurisdiction of the World Court, which would reduce US sovereignty. Those the US ratifies, it declares a reservation to negate additional rights protection.¹³ The US often ignores or continually postpones unfavorable rulings by transnational institutions, such as NAFTA or the WTO. This is the perfect formula for imperial rule. Reduce the autonomy of other countries, but make an exception for the leadership of “the world’s only indispensable nation,” as Madeleine Albright put it. To a lesser extent, other powerful countries—China and those in Western Europe—also retain a great deal of sovereignty.

Historically, cosmopolitanism has been an elite project of empires (Calhoun 2002). While promoting diversity, empires refuse to recognize democratic self-determination. As Calhoun puts it, “The tolerance of diversity in great imperial and trading cities has always reflected, among other things, precisely the absence of need or opportunity to organize political self-rule” (2002: 872). The litmus test is whether today’s proponents of cosmopolitanism celebrate diversity at the expense of self-rule and whether they reveal or hide the dominating nature of the US Empire. In a very thorough and perceptive critique, Atilio A. Boron (2005: 10, 20) shows how Hardt and Negri decenter empire away from the United States and in fact, often celebrate the US role in integrating the world. Negri went so far as to characterize the US occupation of Iraq as “nation building,” not “colonization.”

Having addressed cosmopolitan objections, I now turn to an examination of the new imperial talk and its connections with universalism, globalization and cosmopolitanism. Then, I critique the nature of the US Empire and its Achilles heel of depending on rule through other states. I conclude with a discussion of how a reasserted US empire has sparked the revival of sovereignty-seeking nationalisms, and how this is contributing to a shift from the politics of globalization-from-below, towards anti-imperialist politics which contest government policies through marches, multi-level movements and elections.

IMPERIAL TALK

Much as George W. Bush, the practitioner, deserves credit for spreading the recognition that the US is acting like an empire, he was not the pioneer. In his 1997 book, *The Grand Chessboard*, Zbigniew Brzezinski outlined the best strategy for American “hegemony of a new type” in language which harkened back to Imperial Rome: “The three grand imperatives of imperial geo-strategy are to prevent collusion and maintain dependence amongst the vassals, to keep tributaries compliant and protected, and to keep the barbarians from coming together” (Brzezinski 1997:40). Although Brzezinski had held office in Jimmy Carter’s Democratic Party government, Brzezinski’s book purportedly attained biblical

authority in George W. Bush's administration. In 1999, Henry Kissinger declared that globalization is a soft term for the US Empire. "[W]hat is called globalization is really another name for the dominant role of the United States."¹⁴

The US is ascendant, but does it express its power in a unilateral-imperial way or in a multilateral-global capitalist way? Contradictory forces pull the US in both directions. The logic of territory, the fairly autonomous role of the militarized US state, and American, big power nationalism all lead toward US unilateralism and assertions of US sovereignty. In contrast, the logic of capitalism leads in the direction of multilateral agreements with other countries, to break down borders to corporate investments. This contradiction is discussed below in relation to the writings of David Harvey.

Washington insider, Richard Haass, urges Americans to "re-conceive their role from one of a traditional nation-state to an imperial power."¹⁵ Haass draws a distinction between imperial power and imperialism, characterizing the latter as exploitive and involving territorial control. Glossing over the millions of deaths caused by British imperial policy, which was documented so well in Davis' (2001) *Late Victorian Holocausts*, Haass argues that imperial power relies largely on informal means. Force is employed as a last resort, Haass asserted.¹⁶

The US-as-empire formulations of Brzezinski, Kissinger and Haass were written before 9/11. The attacks on New York and Washington were seized upon as the "new Pearl Harbor," by proponents of the Project for a New American Century¹⁷ and their allies, who populate George W. Bush's cabinet. The Democratic Party has an equivalent group of imperialist thinkers in The Progressive Policy Institute, which produced a blueprint for maintaining US global pre-eminence before the 2000 presidential election. It advocates "the bold exercise of American power," but refrains from language that inflames opinion abroad.¹⁸ Shortly after September 11, Condoleezza Rice, then Bush's National

¹⁴ Henry Kissinger, "Globalisation and World Order," Speech delivered at Trinity College, Dublin, Oct. 12, 1999.

¹⁵ Haass, Richard. 2000. "Imperial America." *Foreign Affairs*, Nov. 11, <http://www.brook.edu/dybdocroot/views/articles/haass/2000imperial.htm> (accessed May 26, 2005). Haass has moved between the Brookings Institute, the State Department and the Council on Foreign Relations.

¹⁶ While Britain used informal power more than its stereotypical image, it used force much more than as a last resort.

¹⁷ Thomas Donnelly, "Rebuilding America's Defenses. Strategy, Forces and Resources for a New Century." Washington: Project for a New American Century, Sept. 2000, pp. 1–76.

¹⁸ John Pilger, *New Statesman*, Mar. 4, 2004.

Security Advisor, asked the National Security Council "how do you capitalize on these opportunities [i.e. the attacks]?"¹⁹ For the US government, the conditions were seen as favorable for more aggressive US unilateralism, including invasions and coup attempts. These actions were justified in the US National Security Strategy, already discussed above. This doctrine for perpetual war, was a much more forthright version of already established US practice. One of the Strategy's "non-negotiable demands," is to promote "economic freedom beyond America's shores" and assert "respect for private property." In plain language, the US reserves the right to overthrow governments, for example in Venezuela and Haiti, which fail to implement US-led, neoliberal capitalism, even if such governments receive decisive electoral majorities. In contrast, current anti-imperialist movements emphasize the opposite—the importance of sovereignty and its role in realizing the will of the people.

DENATIONALISING AMERICAN ELITES

Samuel Huntington, a US establishment thinker, argues that in the US, the "central distinction between the public and elites is not isolationism versus internationalism, but nationalism versus cosmopolitanism."²⁰ He argues that involvement in globalizing processes varies according to socio-economic status. Americans as a whole are becoming more committed to their nation. Not so America's business, professional, intellectual and academic elites, who are not likely to be overwhelmed with deep feelings of commitment to their "native land." Despite the reaction to the attacks of September 11, 2001, the denationalizing of US elites will continue, he contends.²¹

Huntington outlines three types of transnational strands amongst American elites: universalist, economic and moralist. Although he does not say so, these are "ideal-types," which draw distinctions sharply for the purposes of clarification. In practice, individuals often combine elements of two or more strands. Ironically, Huntington's first example of a transnational approach, universalism, takes American nationalism and American exceptionalism to the extreme. Sakamoto perceptively writes that US "isolationism" and "universalistic interventionism" are two sides of the same coin.²² The former takes the view, "America by

¹⁹ John Pilger, *New Statesman*, Dec. 16, 2002.

²⁰ Samuel Huntington, "Dead Souls, the Denationalization of the American Elite," *National Interest* Spring 2004, Issue 75.

²¹ Christopher Lash (1995) made a similar argument.

²² Sakamoto, Yoshikazu. 2002. "The Politics of Terrorism and 'Civilization': How to Respond As a Human Being," <http://www.iwanami.co.jp/jpworld/text/civilization01.html>, accessed June 22, 2005.

itself is the world” and the latter, “make the world American.” The United States is seen to be the universal nation because of the triumph and world appeal of American society and culture. I call this the imperialist perspective. Governor Arnold Schwarzenegger voiced this position well at the 2004 Republican Party Convention. “If you believe this country, not the United Nations, is the best hope of democracy in the world...then you are a Republican!”²³ Huntington mentions no class or interest basis for those who hold this elite perspective, which he does for the economic and moralist strands. Let me fill in this oversight. Major American entertainment corporations, the military, strategic resource industries—oil and military-related business, are the most prominent actors underpinning the US universalism/imperialism camp. The military and related industries depend on US government actions and expenditures and may benefit from US unilateralism. When security clashes with liberalized trade, the imperialists tend to assert the primacy of security. “Security trumps trade.” White, Christian fundamentalists in the US interior and the South provide the strongest electoral base for imperialism.

The “economic” is the second transnational approach, held by CEOs of transnationals, Huntington contends. It focuses on economic globalization breaking down national boundaries and eroding the authority of national governments. I call this the globalism perspective. Globalism is an ideology which asserts the historical inevitability of global integration along Washington Consensus or neoliberal lines. Such interests depend on foreign investments, trade and US multilateralism. The “economic approach” has its counterpart amongst sociologists such as Ulrich Beck, who applaud the way, as he contends, globalizing capitalism is wiping out nationality. Beck (2000: 79) wrote approvingly about “the cosmopolitan gaze opening wide, empowered by capitalism undermining national borders.”

The “moralistic” view is Huntington’s third strand of transnationalism amongst American elites. It decries patriotism and nationalism as evil forces and argues that international law and norms are morally superior to those of individual nations. Moralists, according to Huntington are highly critical of the concept of national sovereignty, national identity and national pride and want them to give way to individual sovereignty. They share a universalism with the imperialist camp, but it is less an American-centric universalism.²⁴ Let me add that

²³. BBC News, Sept. 1, 2004,

<http://news.bbc.co.uk/1/hi/world/americas/3617130.stm>, accessed July 1, 2005.

²⁴. Often though, US moralists express a humanitarian concern in the language of “universalism.” When singers from several countries wrote their own songs for Live Aid,

prioritising individual sovereignty above that of popular sovereignty would do away with democracy, because democracy expresses the collective will of political communities, not the individual’s autonomy from democratic collectivities. The moralist view, Huntington claims, is found amongst “intellectuals, academics and journalists.” I call this the cosmopolitan perspective, a strand that is part of the tradition of liberal internationalism and has a lot in common with proponents of global civil society. I have already discussed these views.

Advocates of global civil society overgeneralize about the declining power of nations and the sovereignty of countries, and frequently imply an equality of state power in the international community. But do such rules apply to the most powerful state of all—the United States? If American unilateralism is the most flagrant exception to this rule, what purpose is served by frequent assertions about national identities peeling away everywhere and states losing their autonomy? Perhaps it is that advocates of global civil society cannot credibly hold on to their aspirations without forecasting the inevitable withering of all nations and states. Whatever the purpose, the effect of such distortions is to obscure the reality of US domination. Since 9/11 the US has looked less to multilateral bodies than before, and certainly does not treat them as being above US power.

There are crucial distinctions amongst the imperialist, globalist and cosmopolitan perspectives. The motivations for holding them differ. At the risk of oversimplification, let me suggest that Imperialists may be motivated primarily by ethnocentrism, fear of the “other,” and a desire for domination, Globalists by capitalist greed and Cosmopolitans by their abhorrence of racism / intolerance and recognition of the sanctity of the individual. Cosmopolitans approach the issue from the class sensibility of the frequent traveler who enjoys encountering unfamiliar places and frequent flyer lounges (Calhoun 2002: 888). They decry all forms of nationalism and want to diminish or end national sovereignty. Whatever their motivation, all three strands share in the revolt of elites against majorities in the world. In different ways, purposefully or not, each strand justifies the unilateral power of the US and its new kind of imperialism, and helps explain the broad political and electoral support that President Bush enjoyed in his first term.

Typologies are static conceptual frameworks. Their real test is how powerfully they explain the nature of the US imperial power and the current rise of anti-imperial nationalisms.

expressing genuine concern for famine victims in Ethiopia in 1985, only the US group phrased it as “we are the world,” in terms reminiscent of US baseball calling itself the “world series.”

THE NEW IMPERIALISM

Richard Haass argued that the US had to operate an informal empire, rather than a formal one “if only because American democracy could not underwrite an imperial order that required constant, costly applications of military power.”²⁵ The great appeal of the US Empire is that it does not look like an empire, but maintains indirect rule by influencing other states. This is also its Achilles heel. To gain support at home, US leaders appeal to American nationalism to gain support for imperial ventures and they demonise, in muted racist tones, the “other” as evil. This may work well at home, at least until Americans lose their fear and see the mounting American body counts and military costs. But in contrast to ancient Rome, which bestowed Roman citizenship on conquered peoples and thus prolonged its empire by several hundred years,²⁶ US nationalism does not extend beyond the United States. In fact, aggressive expressions of American nationalism tend to spark counter-nationalisms such as those in Iraq, Venezuela, Canada, Mexico, Nigeria or Saudi Arabia. Aggressive US nationalism also fosters counter-regionalisms, as in the European Union or MercoSur, a trading region of the southern cone of South America.²⁷

I briefly look at the nature of America’s contemporary imperialism by examining the writings of Leo Panitch, Sam Gindin and David Harvey. Each is a leading proponent of an exciting new critical literature on the “new imperialism” that has emerged since September 11. Each writer insists on the importance of political, state, and territorial explanations for understanding the new imperialism.

Canadian Marxists Leo Panitch and Sam Gindin (2004) reject major aspects of earlier Marxist formulations about the nature of imperialism, including those of Lenin and Kautsky, which, they rightly argue, were based on overly economic and stagist assumptions of capitalist progress and crises. Gindin makes several points.²⁸ First, while the American state represents American capital, its own interests demand that it also represent all capital. This leads to tensions when the two are in contradiction. In our terms, this occurs when imperialist interests clash with globalist interests.

Second, while states, especially those in the core, became distinct centers of accumulation, they were also “internationalized” by the American state and

²⁵. Haass, op. cit.

²⁶. Walden Bello, “The Economics of Empire,” *New Labor Forum*, Jan. 4, 2004.

²⁷. Argentina, Brazil, Paraguay and Uruguay established MercoSur in Mar. 1991.

²⁸. Sam Gindin “Sovereignty and Empire,” *Canadian Dimension*, July/Aug. 2003.
http://www.canadiandimension.mb.ca/v37/v37_4sg.htm

American capital, as they entered the other states economically, politically, militarily and culturally.

US capital became internal to their social formations and undermined allegiance to “national capital.” It is the internalization of American corporations abroad which has prevented the sort of inter-imperial rivalry which led to the First World War. Instead, home-grown capital has looked to the American state for protection, especially when it invests in the Global South. The mission of other states came to include responsibility for reproducing at home, the conditions for global capitalism, including treating foreign corporations as if they were domestic ones and by supporting and implementing international corporate rights agreements.

Third, institutional relationships had been densest between the core and their subordinate colonies in the days of formal empires. These weakened and now the densest institutional ties shifted to those within core capitalist countries. This change led to convergence within the capitalist core and the continuation, in general, of the qualitative gap with the Global South.

Fourth, “dominant as the US was, it was not omnipotent. The American state could only rule through other states.” I develop this point further because, as Gindin states, it means “the transformation of global capitalism will ultimately depend on the transformation of social relations nationally.”²⁹ This opens up hopeful strategies for social and political transformation because usually, solidarity ties most densely inhere at national and local scales (Imig and Tarrow 1999: 131, 124; Lahusen 1999: 190). At these scales, solidarity ties are continually formed and reformed in myriad ways. They are usually much stronger ties than those formed episodically at the transnational level around specific campaigns such as those against the WTO or for the Kyoto Accord on green house gases. Most importantly, citizens movements usually have greater leverage at the national and local levels, when a modicum of democracy exists, than at transnational levels.³⁰ Governments are more likely to respond to pressures from their own citizens, especially before elections, than to the views of foreign citizens. The latter, after all, can’t vote them out. The US goal, according to Gindin, is to turn all other countries into effective states for global capitalism and to brand those which fail to conform, rogue states. US officials see economic nationalisms as their main adversaries and try to defeat them through economic and diplomatic pressures.

²⁹. Sam Gindin, op. cit., emphasis added.

³⁰. This was evident in the successful campaigns to defeat the MAI (Multilateral Agreement on Investment) in 1998 (see Johnston/Laxer 2003:56).

When these fail, the US state tries to ruthlessly suppress them. After the Suez crisis of 1956, Panitch and Gindin contend, only the US was allowed to breach the sovereignty of other states on its own.

An additional example is the 2004 coup in Haiti, against President Jean Bertrand Aristide, who had been elected in 2000 with over 90% of the vote.³¹ Characterized as a “voluntary” abdication of power by US authorities,³² the coup was engineered by the United States and backed by France and Canada. According to Peter Hallward, Aristide reluctantly accepted “a series of severe IMF structural adjustment plans, to the dismay of the working poor, but he refused to acquiesce in the indiscriminate privatization of state resources, and he stuck to his guns over wages, education and health.”³³ The New York Times probably reflected official US thinking when they contemptuously characterized Aristide as “a left leaning nationalist.”³⁴ That label was enough to justify his ouster.

Gindin and Panitch do not focus on the politics of opposition to the US Empire, but they briefly sketch a counter strategy of seeking “democratic sovereignty” and “de-linking’ from the present order.”³⁵ Since the American empire can rule only through other states, its greatest danger, Gindin contends, is that “the states within its orbit will be rendered illegitimate by virtue of their articulation to the imperium.” In plain language, this means that the appearance of being a US puppet undermines the legitimacy of a government with its own citizens. There is not “anything like a sense of patriotic attachment to the American state amongst the citizenry of other states.” Aggressive US actions often undermine the legitimacy of other states when the latter support American projects, Gindin argues.

Opposition will centre on national class struggles, working with anti-corporate globalization and peace movements, Gindin writes. In this state-centered strategy, radical transformations of the state are crucial, so that the state develops

^{31.} The Organization of American States, which tends to be US dominated, characterized the election as unfair, but the International Coalition of Independent Observers concluded that “fair and peaceful elections were held.” Aristide claims he was forced out by US troops, a claim denied by US officials http://en.wikipedia.org/wiki/Jean-Bertrand_Aristide (accessed Sept. 7, 2004).

^{32.} Wikipedia, “Jean-Bertrand Aristide,” accessed Sept. 7, 2004. <http://en.wikipedia.org>.

^{33.} Peter Hallward, “Why They had to Crush Aristide,” *The Guardian*, Mar. 2, 2004.

^{34.} James Petras, “Haitian Tragedy and Imperial Farce,” *Canadian Dimension*, May/June 2004, p.40.

^{35.} Quotes in this paragraph: Gindin, op. cit.

“our capacities for the deepest democratic participation.”³⁶ Successful national struggles depend on others taking up similar struggles in “nationally based internationalism” and inwardly directed development. Gindin and Panitch see the recent US turn to explicit empire as undermining its long-standing appeal of not appearing imperialistic.

Gindin and Panitch make a convincing case for the importance of the state in both upholding and undermining the power of the US Empire. The only major flaw in their argument, is that they usually equate states with nations, as in the overused and problematic formula, the “nation-state.” But popular nationalisms, those defined from below, do not always coincide with that of central states. The left nationalisms of Chavez in Venezuela and Aristide in Haiti were popular movements and state led. But the left nationalisms, as defined from below, of several other contemporary cases, such as that of the Zapatistas, English speaking Canada and Quebec, do not coincide with the boundaries of Mexico and Canada respectively.

I now turn to the perspective of the critical social geographer, David Harvey (2003: 26, 60, 79), before examining several current cases of anti-imperialist nationalisms and inter-nationalism from below. Harvey understands the new capitalist imperialism of the United States in terms of two dialectics: first, the extraction of surpluses through capitalist exploitation of labor versus the extraction of surpluses by dispossession (displacement, force, fraud, looting etc) or what Marx called “primitive accumulation.” The second is the dialectical tension between the territorial logic of state power and the capitalist logic of power based on accumulation. In contrast to Marx, who stated that dispossession was a necessary stage before the development of capitalism, in severing peasants connections to the land so that they had no choice but to become free wage laborers, Harvey argues that capitalists continue to capture a great deal of surplus value through dispossession and force.³⁷ This is still very important today, along with the extraction of surplus value through the exploitation of workers, which Marx described so well, but too single-mindedly.

In today’s terms, accumulation by dispossession entails suppression of citizens’ rights to the commons and the commodification of land, labor and

^{36.} Quotes in this paragraph: Panitch/Gindin (2004:23–24).

^{37.} Marx portrayed primitive accumulation as both original capital and the origin of the working class. For his theory of capitalist extraction of surplus value to work, there must be capital. The original capital must have come from non-capitalist sources, “previous accumulation,” in Adam Smith’s term. But, Marx discusses primitive accumulation as necessary to create a working class more than he does the creation of capital. His meaning is closer to dispossession than to origins of the first capital (Marx 1974: 668–671).

knowledge. Dispossession tends to rely more on open uses of force, fraud and oppression and less on consent than the daily, and hence more hidden and routine, extraction of surplus value from workers. Thus, Harvey provides a cogent theoretical reason why strategies for imperial domination continue in our time, despite defying the calculus of pure neoliberal capitalism by creating enormous costs for the state which must be paid for by higher taxes or huge government deficits and by awarding contracts to imperial-based corporations rather than lowest-cost bidders. This point follows the lead of writers such as Samir Amin (1974: 3) and Michael Perelman (2000), and may be Harvey's major contribution to current debates about contemporary capitalism and the new imperialism. But Harvey's discussion of the second dialectic, the tension between the logics of territory and capitalism, is more relevant to our discussion.

Harvey explains that the territorial dynamic is a political project based on the command of territory, and the mobilization of its human and natural resources. In contrast, in the capitalist logic of imperialism, the command and use of capital takes precedence. The two logics frequently clash, and one or other may temporarily gain pre-eminence. Bill Clinton's most powerful cabinet members were in Treasury, and worked closely with Wall Street, Harvey argued. The capitalist logic was dominant. In our terms, the globalism strand generally prevailed. In contrast, the government of Bush the second, has emphasized the territorial imperative—with its power base in the Defense Department, the armed forces, and the oil and military industries. "The American homeland is the planet," declared the 9/11 Commission Report (United States 2004: 362). This captures in a nutshell the imperial logic of territory.

Reserving the spoils of the war against Iraq for US corporations such as Halliburton and pushing aside pre-existing corporate interests in Iraq, those from France, Germany and China, reveals a US regime working for corporations based in the US and its allies in Iraq, at the expense of universal capitalist interests. Such blatant favoritism for corporations based on their national origins, undermines American attempts to disguise its territorial imperial ambitions in the rhetoric of universality and the conceptual fog of an American "century," rather than an American empire (Harvey 2003: 79). Favoritism and unilateralism undermine US leadership at multilateral fora such as the WTO. When security and borders "trumped trade" after September 11, 2001, it meant that the US imperial strand has been trumping the globalist one.

Harvey, the geographer, highlights the importance of the state. Despite occasional rhetorical flights of fancy from US officials, all states, even the US state, is territorially bounded and cannot encompass the world. Along with Panitch and Gindin, Harvey puts the political back into political economy and gets us away from disempowering and reified discussions about globalization as if they were anonymous and agencyless forces which cannot be stopped or changed.

But no sooner does Harvey conceptually give power to the people with one hand, he takes it away with the other. The United States is the real battleground where construction of a New Deal in the world and an alternative logic of territorial power will take place, Harvey contends. "The rest of the world can only watch, wait, and hope" (Harvey 2003: 212). This is where Harvey goes seriously off the rails. Harvey argues that the only people with power are Americans. The other 95% of us humans are mere observers, victims of whatever Americans decide. Harvey's argument is the opposite of the Gindin-Panitch perspective, which implies that the rest of the world is powerful precisely because the US must rule indirectly through other states.

Why does Harvey, the trenchant critic of the new imperialism, end up on the same side as his imperial adversaries despite the best of motives? When he applies the territorial logic of power to ordinary people, his assumptions lead him seriously astray. Harvey (2003: 133) understands very well that imperialism foists "institutional arrangements and conditions upon others, usually in the name of universal well-being." Nevertheless, he joins adversaries of imperialism in condemning popular movements for sovereignty from the US Empire because, it appears, he rejects all nationalisms, even those which are anti-imperialist. Consider the following passage: "Many elements in the middle classes took to the defense of territory, nation and tradition as a way to arm themselves against a predatory neo-liberal capitalism. They sought to mobilize the territorial logic of power to shield themselves from the effects of predatory capital." So far so good, but in the next sentence, Harvey joins his adversaries by essentialising all nationalisms as necessarily racist and reactionary. "The racism and nationalism that had once bound nation-state and empire together re-emerged at the petty bourgeois and working-class level as a weapon to organize against the cosmopolitanism of finance capital," he contended. It appears that Harvey's cosmopolitanism, his "moralistic" transnationalism in Huntington's terms, lands him in the same camp on the issue of sovereignty, democracy and class, as the "universalizing" tendencies of American imperialists and the globalism approach of corporate elites. The hollowness of Harvey's advice for the world to rely on the US left to stop US imperialism was revealed in the 2004 presidential election. Abandoning their spirited struggle from the early 1990s through and past the Battle in Seattle, most of the US left, according to James Petras, deserted principle and backed Kerry, a warmonger who pledged to put 40,000 more troops in Iraq.³⁸

³⁸. James Petras, "US Presidential Elections: A View from the Left," *Information Clearing House*, Oct. 28, 2004. <http://www.informationclearinghouse.info/article7165.htm>

IMPERIALISM SPARKS THE REVIVAL OF ANTI-IMPERIAL NATIONALISMS

George W. Bush has been the best motivator for reviving anti-imperialist nationalisms and promoting negative attitudes towards American foreign policy. Whenever he opens his mouth or invades more countries, he drives support towards national, regional and popular sovereignty abroad. Jorge Castañeda, Mexico's former Foreign Minister, confirmed this when he wrote that "across Latin America, anti-Americanism is on the rise" and that "government parties or leaders with a strong anti-US tilt are gaining ground all over the region."³⁹ The pro-American Castañeda laments the way "America's friends in Latin America are feeling the fire of this anti-American wrath." He places blame squarely on the Bush Administration's folly in Iraq. The more subtle proponents of the US empire are aware that it is not in their interests to spark sovereignty-seeking nationalisms, and their twin, bottom-up democracy abroad.

For a long time, US planners have strategized against the economic nationalism of other countries, because it threatens to strike against the most vulnerable aspect of the American, informal empire, the need to rule through other states. If those states significantly disengage from American-led, corporate capitalism, the US empire is threatened. At a Western hemispheric conference in 1945, US officials decried nationalisms in other countries. In that year, as Chomsky (1999: 21-23) notes, the US was deeply concerned with the philosophy, which was then called "the new nationalism," which was overspreading the Global South. US officials condemned the new nationalism because it operated on the heretical principle that the first beneficiaries of a country's resources are the people of that country rather than US and other foreign investors, and locally-allied elites. The new nationalism also aimed to "bring about a wider distribution of wealth and raise the living standards of the masses." Despite efforts to counter its spread, anti-imperial nationalists led the movements which successfully decolonized most of the Global South from 1947 to the mid 1960s. Most of the decolonization was aimed at freedom from control by European powers. But, anti-imperialist nationalists did not stop there. They mobilized the state and people against the "new colonialism" of America's informal empire and that of other Northern powers. The result was 336 takeovers, or deglobalizations, of transnational corporations around the world in the first half of the 1970s (Stopford et al. 1991: 121).

³⁹. Jorge Castañeda, "George W. Bush and America's Neglected Hemisphere," *Project Syndicate*, June 2004.

The rising tide of economic nationalisms scared elites in the US and elsewhere in the Global North. In response, some founded a number of neoliberal organizations which soon became very influential in the Thatcher-Reagan era. One of the most prominent of these was the Trilateral Commission, set up in 1973 by David Rockefeller, Zbigniew Brzezinski, and others from transnational corporations, banks, government, academia, the media, and conservative labor, to create ruling-class partnerships in North America, Western Europe, and Japan (Sklar 1980: 2). The Trilateral Commission identified an "excess of democracy" and "nationalisms" as the two main roadblocks to realizing ruling class aims. The perspective was very similar two decades later, in 1996, at the height of the US neoliberal globalism agenda. Lawrence Summers, Clinton's Deputy Secretary of the Treasury saw that the biggest danger to what he called "Washington's Bretton Woods globalist consensus," coming from "separatists," his term for nationalists.⁴⁰ Five years before September 11, 2001, Summers argued that promoting integration around the world under US leadership was America's deepest security interest. Those who did not follow the US lead were deemed "separatists," a term which presaged its later cousin, "rogue states."

It is easy to see why economic nationalisms outside the US have been seen by US corporate and government leaders as so dangerous to their interests. They threaten both the imperial and globalist strands of US power. Foreign nationalisms can halt US access to strategic resources such as oil. They can also menace American corporations guaranteed access to cheap foreign resources and low waged labour. Non-American nationalisms also tend to undermine the legitimacy of appeals to the universal rights of investors over and above those based in the national political community. When economic nationalism combines with popular democracy as in Chile under Allende and Venezuela under Chavez, citizens' demands may clash with those of foreign and domestic corporate investors.

Richard Haass asserts that immature democracies "are all too prone to being captured by nationalist forces."⁴¹ This is why Haass argues that promoting democracy, while laudable, should not be a fundamental goal of US foreign policy, "given that other vital interests often must take precedence." Democracies have been established only in Western Europe, North America and Oceania for some time, he notes. Haass' allusion to immature democracies then, can only mean those in the Global South and Eastern Europe, areas in which corporate

⁴⁰. Lawrence Summers, "America's Role in Global Economic Integration," *Treasury News*, 1996, pp.1-8.

⁴¹. Haass, op. cit.

capitalism is, in many places, not very widely supported, and where the US often has little compunction about violating national sovereignty. How unfortunate then, that David Harvey (2003: 211–212) should conclude his otherwise brilliant book with the admonition that “Across-the-board anti-Americanism from the rest of the world will not and cannot help.”

CASES OF LEFT NATIONALIST RESISTANCE

On the contrary, what has been called “anti-Americanism” is an important component, but only one part, of the much broader phenomena of a system of containment of the US Empire and of struggles for sovereignty and democracy. These are happening at both the level of states and at the level of citizens’ movements. The American failure to get UN Security Council approval to invade Iraq resulted not just from the undocumented case for Iraq’s possession of weapons of mass destruction, but also because France, Germany and other states were determined to reassert a balance of power for what Walden Bello called “the defense of national and global security against the American threat.”⁴² As well, the anti-corporate globalization movement, the peace movement, various movements for national and popular sovereignty, as well as the Islamist political project⁴³ threaten American hegemony in two ways. First, proponents from these movements have either taken power in several states or will likely take power and boost opposition to US world domination at the level of states. Secondly, both progressive and reactionary movements, in their different ways, delegitimize the US bid for hegemony.

Our focus is on the role of popular movements for national and regional sovereignty, which, in some places, are also associated with peace movements.⁴⁴ Recent movements for sovereignty do not yet appear to be heading for revolutionary class transformation, although several are advancing the cause of social democracy and deepening democracy. But such movements have helped weaken

⁴⁰ Lawrence Summers, “America’s Role in Global Economic Integration,” *Treasury News*, 1996, pp.1–8.

⁴¹ Haass, op. cit.

⁴² Walden Bello, “The Reemergence of Balance of Power Politics,” *Focus Web*, Oct. 2, 2003. <http://www.focuesweb.org/publications/2003/reemergence-of-power-politics.htm>

⁴³ The old term was “pan-Islamic.” The Islamist political project is to unite all Muslims into a single state. It is conceptually anti-nationalist, but ironically has attracted mainly Arab nationalists (Dyer 2004: 84).

⁴⁴ Yonip. <http://www.yonip.com/main/phpBB2/viewtopic.php?t=416>

recent US imperial ambitions on several fronts. First, the US threat to pre-emptively invade and occupy a handful of “rogue states” had been part of US officials bravado before invading Iraq. The possibility and scope of such invasions became less likely afterwards, though by no means impossible. The US and its allies have far too few troops to effectively control the situation in Iraq. They would get even more bogged down if they widened their “pre-emptive strike” agenda.

Second, rather than increase the supply of oil to keep world prices low and undermine OPEC’s revival, the invasion of Iraq led to major disruptions of supply from that country, due to the persistent destruction of pipelines by insurgents. Lower supplies from Iraq contributed to the jump in world oil prices in 2003–2004.

Third, the invasion of Iraq led to a major fracturing of America’s military alliances with NATO partners Germany, France and Canada, as well as with Mexico and Chile, key Latin American allies on NAFTA and the FTAA (Free Trade Area of the Americas). The latter countries sat on the UN Security Council in 2003 and each rejected the US–British plan to invade Iraq. A survey in the summer of 2004 amongst 35 countries, found that only 19 per cent agreed that President Bush’s foreign policy made them feel better about the US, while 53% agreed it made them feel worse. Respondents feeling most strongly this way were in Germany (83%), France (81%), Mexico (78%), China (72%) and Canada (71%). Venezuelans (34% worse–33% better) and Nigerians (34% worse–36% better) were divided. Iraqis and Chileans were not surveyed.⁴⁵ The survey did not ask about the effects of the aggressive shift in US foreign policy on respondents’ views on global integration under US leadership or desire for greater sovereignty for their own country, but election results in several countries demonstrated such a relationship. Opposition to the build up of a US-led invasion of Iraq, helped swing national elections in 2002 in Germany and South Korea to Presidential candidates who opposed aggressive US policies. Two year later, Spaniards threw out a government which had put troops into occupied Iraq.

Fourth, American unilateralism also undermined support for the US neo-liberal agenda at the World Trade Organization and other international fora. The emergence of the Group of 20 countries, led by Brazil, India, South Africa and China, at the Cancun meetings of the WTO in 2003, was the first time in over 20 years that there had been a strong and united, independent voice from the Global South. It was reminiscent of the relative independence in international affairs of the “non-aligned” movement from the Global South during the

⁴⁵ GlobeScan, “Poll of 35 Countries Finds 30 Prefer Kerry, 3 Bush” <http://www.GlobeScan.com>; accessed Sept. 8, 2004.

days of Cold War rivalry between the Soviet Union and the United States. It is not a coincidence that the group of 20 emerged as a bloc when there was a serious split between the United States and key allies in Western Europe.⁴⁶ Having one very powerful and bullying hegemon does not invite dissent amongst weaker countries, but a serious disagreement amongst great powers does. While their demands do not fundamentally challenge the tenets of neoliberalism, the Group of 20 Southern countries halted the US agenda for the “Washington Consensus” at the WTO, and that of America’s sometime ally, the European Union, on terms which would have benefited the North over those of the South. The US cannot pursue unilateral interests in military strikes and for US trade protection, and at the same time, receive widespread multilateral support on these issues. The palpable increase in anti-Americanism since the US shifted to a more aggressive strategy after September 11, 2001 and positive support for sovereignty at national and regional levels helped move several US allies away from support for US Empire causes.

If the American Empire’s greatest vulnerability rests on opposition in other states, it is worth briefly examining competing currents within the chief exporters of oil to the US. The invasion of Iraq was not only about oil. Certainly, the US was determined to use shock and awe after 9/11 to show the world the consequences of opposing Washington. As well, long-standing, economic nationalist policies in Western Asia had shut out foreign corporations from profitable investments in the region. Iraq could act as a demonstration project for privatization and for foreign, particularly American, capital. In addition, an aggressive, pro-Israel faction within Bush’s cabinet wanted to remove Saddam Hussein, the most outspoken supporter of the Palestinian struggle among Arab regimes. When arguments about weapons of mass destruction and Saddam’s support for Al Qaeda, proved false, the American—British justification for invasion shifted to promoting democracy, an unlikely primary goal, given the history of US actions to install dictators in Iran, Iraq and prop up autocratic Saudi Arabia.

However, oil was undoubtedly a big factor in the invasion. As Linda McQuaig shows, Iraq has huge potential for low cost, and therefore exceedingly profitable, oil in the range of \$15 billion to \$50 billion per year (McQuaig 2004: chap. 2). Iraq’s oil has been explored very little and has great strategic importance. While Saudi Arabia is the world’s largest exporter, its regime is brittle and vulnerable to overthrow. Fifteen of the 19 airplane hijackers on September 11, 2001 were Saudis.

⁴⁶. Walden Bello, “How Iraq has Worsened Washington’s Strategic Dilemma,” *Interpress Service*, Apr. 2004.

If a regime hostile to the US took control over Saudi oil, it would be very useful for the US to have Iraq as a reserve source, controlled largely by US corporations. The US has long asserted its right to access Middle East oil. In 1980, President Jimmy Carter issued a declaration on the Soviet invasion of Afghanistan, later called the “Carter Doctrine.” Going far beyond Afghanistan, Carter declared that “an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of America, and such an assault will be repelled by any means necessary, including military force.”⁴⁷ While the US military was killing many civilians during the invasion of Iraq, and were destined to kill many more afterwards, Donald Rumsfeld, the US Secretary of Defense, invented a novel interpretation of war crimes. Rather than point to civilian casualties from the illegal invasion, Rumsfeld warned Iraqis that setting oil fields on fire would be punished as a “war crime” (McQuaig 2004: 6).

In the summer of 2004, the top six suppliers of oil to the US were, in descending order, Canada, Saudi Arabia, Mexico, Venezuela, Nigeria and Iraq. We briefly examine the role of nationalism in popular and governmental opposition to US imperial influence and domination in these oil-exporting countries.

Oil and nationalism make a potent, emotive mix because oil is often seen as not just another part of the economy, but essential to the “patrimony” of the country or region. This is especially true in areas which have been subject to colonial domination and resource exploitation, with foreign-owned corporations receiving sweet-heart deals and draining the areas’ riches. Oil has often been seen as a salvation which can lead to an independent, prosperous future.

When President Lázaro Cárdenas nationalized the foreign-owned oil companies which dominated the Mexican resource in 1938, it was immensely popular. Mexico was the first developing country to takeover an entire industry controlled by corporations from the developed world. Timing helped the bold Mexican move. The impending war with Germany favored non-intervention by the US and Britain.

Mexico’s example inspired economic nationalism in many places. Riding on a wave of popular nationalism and anti-colonialism, Muhammad Musaddiq, nationalized Iran’s oil industry in 1951. Coming at the height of the Cold War, international conditions were unfavorable and Musaddiq’s government was overthrown by a US and British supported coup (Cottam 1988). But the mix of oil and economic nationalism continued to bubble forth. Although Egypt had little oil, Nasser’s nationalization of the Suez Canal in 1956 and of Mobil and Shell’s oil

⁴⁷. State of the Union Address. Jan. 23, 1980.

interests in Egypt the following year, gave him nationalist credentials throughout the Arab world. The formation of OPEC in 1960 (Terzian 1985: 1–35), the massive nationalizations of the oil industry in Western Asia, Venezuela, and even in Canada in the 1970s and early 1980s, were all in some way influenced by Mexico's example.

Most oil nationalisms of the 1970s were effective, popular mobilizations to elicit sacrifice for the common good. But in all the cases referred to above, oil nationalisms were top-down, state-led affairs, even if they were backed by popular support. Activist states were part of mainstream thinking in that "Keynesian," post-colonial era. The issue now is whether, after 25 years of neoliberal dominance, current nationalisms around oil, or more broadly, nationalisms in oil exporting countries, are state-led, elitist projects, or whether they are initiated by popular democratic mobilization. There is no reason to assume that these are top-down nationalist projects. Nationalisms have a wonderful, chameleon ability to change colors because competing versions tend to serve distinct interests and adopt different nuances according to the class that poses it and the moments in which it is posed.⁴⁸ In the past quarter century, elites in most countries have publicly embraced neoliberalism and globalization, explicitly rejecting nationalism. Thus today's nationalisms tend to come from below.

Current cases of nationalism in oil-exporting countries represent a spectrum on the continuum from core to periphery. They cross several cultural divides, represent varying levels of popular political influence and display varying levels of state autonomy and capacity. Iraq resembles, at least temporarily, the old imperialism of direct occupation. Venezuela is an example of the new imperialism, in which, rather than invade, the US backed an unsuccessful coup in April 2002, orchestrated by Venezuela's elites. Mexico is a tough case for guaranteed American access to oil. Mexican control, embodied in Pemex, the publicly-owned company, is a cherished part of Mexican nationalism. Attempts to privatize it or parts of it, have met with popular mobilizations and failed so far.

Iraq presents the strongest immediate challenge to the US Empire, where all of the latter's stated objectives except one, have failed. The one US success is the overthrow and jailing of Saddam. But, as Immanuel Wallerstein argues, the US has been defeated on all other objectives.⁴⁹ These include the following. The US goal of controlling the world's oil has been set back by continual insurgent attacks which rupture the pipelines. Rather than limit the ability of "Islamic terrorists"

⁴⁸. Pierre Vilar, "On Nations and Nationalism," *Marxist Perspectives* 2(1): 25.

⁴⁹. Immanuel Wallerstein, "What has the U.S. Achieved in Iraq?," *Commentary* 145, Sept. 15, 2004. <http://fbc.binghamton.edu/145en.htm>

to attack the US, the invasion allows them to use Iraq as a base and polls show, has increased popular sympathies with the Islamist political project in Muslim countries.⁵⁰ Saddam had refused to allow Al Qaeda and other Islamic terrorists to operate out of Iraq. The US has failed to create a stable, pro-American government in Iraq, and provide a shining example of democracy to help it spread regionally. Rather than making friends, the occupation has badly cut support for US policies in Western Asia. Finally, rather than boost the credibility of US power to act as a deterrent elsewhere, "it is hard to be awesome when the great US armed forces are held in check by a popular resistance in Iraq," as Wallerstein puts it.

The occupation of Iraq, did something, at least temporarily, which hundreds of years of co-habitation had not. It united Shiites and Sunnis in a common quest to expel the invader, in a war of national liberation, as John Pilger put it.⁵¹ That is a very apt term, which almost disappeared from use during the recent period when globalization myths reigned supreme. W. Andrew Terrill, professor at the (US) Army War College, echoed this view when he stated that "most Iraqis consider us occupiers, not liberators."⁵² Iraq's liberation movement appears to be led by Islamic traditionalists, who are anything but democratic. It is not led by a Gandhi or Mandela, a major reason it is dismissed by Western progressives. But that does not mean that the international community should oppose self-rule by Iraqis.

For decades, Saudi Arabia has been the key supplier of oil in Western Asia and the regime's current instability greatly worries US authorities. Saudi politics are largely invisible to outside observers. Official policies are set by internal politics within the royal House of Saud and in their interaction with insurgent opponents. Its supply of very cheap oil has been so immense, that it can readily increase or decrease exports and help stabilize the world price. Saudi Arabia has long been the United States strongest Arab ally. The understanding between the two parties, has been plentiful exports of low-priced, Saudi oil and an undermining of OPEC, in return for US non-interference in Saudi Arabia's brutal dictatorship. This understanding started to unravel after the attacks on the twin towers

⁵⁰. Pew Research Center, 2004. "A Year After Iraq War. Mistrust of America in Europe Ever Higher, Muslim Anger Persists," <http://www.people-press.org>, accessed June 22, 2005.

⁵¹. John Pilger, "Iraq is a War of National Liberation," *The New Statesman*, Apr. 15, 2004.

⁵². Sidney Blumenthal, "Far Graver than Vietnam," *The Guardian*, Sept. 16, 2004.

in New York, carried out mainly by Saudi insurgents. These insurgents appear to be motivated by the twin forces of the Islamists and Saudi nationalism.

Venezuela has spearheaded oil independence in the Global South. In 1960, Venezuela initiated the formation of OPEC (The Organization of Petroleum Exporting Countries), and President Hugo Chavez campaigned effectively to revive OPEC in 2000. The US failure in Iraq contributed to the US failure at “regime change” in Venezuela. High world oil prices, in part caused by reduced exports of oil from Iraq after the invasion, helped Hugo Chavez, the fiery left-nationalist President, win a presidential referendum in Venezuela in August 2004. Revenues from high prices allowed Chavez to balance internal class forces by maintaining payments to foreign creditors, subsidies and low-interest loans to local capitalists, while redistributing much of the huge oil rents to the poor.⁵³ Many other internal factors were involved in Chavez’ victory, including his successful campaign in 2002–3 to wrest control of the state-owned oil company from the elites, who had insulated its revenues from state coffers. Chavez’s popularity combines an appeal to workers, the working poor and the dark skinned, with appeals to national sovereignty and South American autonomy from US domination, and a moral, middle-class style crusade against corruption.⁵⁴ Venezuela displays a potent combination of state-led, left nationalism with massive mobilization from below in support.

Canada is the only developed country amongst the US’ major suppliers of oil and is currently America’s greatest foreign source for both oil and natural gas. Controlling oil in a developed country calls for more subtle means than coup attempts. US domination over Canadian oil was threatened in the 1970s and early 1980s, when Canada boldly asserted oil independence. Exports of Western Canadian crude were reduced to the United States and diverted to Eastern Canada, which had previously relied on imports. The Canadian price was below the world price, but exports to the US were priced at world levels. Canada set up PetroCanada, a government-owned entity partly modeled after Pemex, which bought several large, foreign-owned corporations. The Canadianization of the foreign owned oil industry, coincided with oil nationalism in many OPEC countries and was immensely popular at first, backed by an astonishing 84% of Canadians in 1981 (Doern and Toner 1985: 107). The Canadian independence

⁵³ Gregory Wilpert, “A Historic Date for Venezuela, Latin America and the Left,” *ZNet*, Sept. 15, 2004.

⁵⁴ James Petras, “President Chavez and the Referendum: Myths and Realities,” *Rebelión*. Aug. 26, 2004 <http://www.rebelion.org/noticia.php?id=4135>.

initiative was reversed in the Canada-US Free Trade Agreement (FTA) of 1989, which mandated that while the agreement was in place, Canada must export its current proportion of oil to the US even in the event of shortages in Canada. The so-called free trade agreement, the pioneer neoliberal corporate rights agreement upon which NAFTA and the WTO were modelled, removed barriers to foreign ownership and control over energy and removed price differentials between oil for Canadian and US markets. Mexico refused such an oil sharing agreement when it signed NAFTA in 1994.

While oil nationalism in Canada is currently quiescent because of popular assumptions about NAFTA inevitably continuing, Canadian nationalism directed at independence vis-à-vis the United States, has continually bubbled up from below. The main issues have been around defense of public, not-for-profit, services such as universal health care and around non-participation in US military adventures abroad. Opponents of for-profit health care use the terms “privatization” and “Americanization of health care” interchangeably. An example occurred during protests in May 2000 at the Alberta Legislature against a bill which allowed private, for-profit hospitals. Several thousand people gathered nightly to make noise, so that legislators could hear the protests. The crowds periodically broke into singing “O Canada.” When the national anthem is sung as a protest song against elite schemes, it is clear that this is nationalism from below.

Popular opinion and street demonstrations in Canada also manifested themselves around not joining the US “coalition of the willing” in invading Iraq. The US could not persuade either of its NAFTA partners to back its plans for Iraq. Popular opposition in Canada and Mexico helped nudge their respective governments into distancing themselves from the US imperial agenda. Subsequently, the decisions of their respective governments to stay out of Iraq were very popular and part of national pride in their respective countries. Such opposition could be characterized as nationalist or as internationalist. In fact, it seems to have been a combination of both.

NATIONALISMS, INTER-NATIONALISM AND DEMOCRACY

Nationalism has such a variety of meanings and a history of association with most kinds of politics that it is facile to be categorically for or against “it.” There is no it. There are only them. Despite its nominal form, “nationalism” is not an “ism” like socialism or liberalism. It has no set of theoretically coherent propositions, nor a universal vision, a major reason intellectuals treat it so condescendingly (Anderson 1991: 14). Nationalisms associated with the political right are often profoundly racist, exclusionary, authoritarian and expansionist, while many

left, inter-nationalist nationalisms seek the deep democratic transformation of global corporate capitalism through close ties to anti-imperial, socialist, feminist, ecological, anti-racist and union movements. Rather than generating their own content, all nationalisms get most of their ideology from the friends they keep (Lloyd 1995).

Exclusivist nationalisms, I argue, are best counteracted, not through disengaged cosmopolitanism and abstractions called global civil society or world society, but through positive, inter-nationalist nationalisms. By positive nationalisms, I do not mean the civic nationalisms of the French and American revolutions. Positive, inter-nationalist nationalisms come closest to inclusiveness, embracing deep diversity including solid recognition of the rights of minority nations within the country, being substantively democratic, refraining from expansionism and supporting inter-nationalism from below, in the people-to-people sense of the socialist internationalist tradition (for a fuller discussion see Laxer 2001: 15). The main struggles in each nation and country involve turning corporate-oriented, pro-empire states into citizen-oriented, anti-imperial states and to support the popular sovereignty of theirs and all other nations. As Sam Gindin argues, “those of us outside the US state cannot influence the American state directly. We can only act to delegitimize our own states when they support the American state. Our opposition to the sovereignty of the American state is therefore expressed by directly challenging the integration of our own state with the American empire.”⁵⁵

If capital is increasingly mobile across borders, labor is not. International migration has never come close to equaling, in relative terms, the “great migration” from Europe from the 1880s to 1914 (World Bank 2002: 10–11). Labor mobility is a basic characteristic of capitalism and much of it has been forced: indentured workers, slaves, prison labor, and political and economic refugees. People more readily emigrate to reunite with family already abroad, but most wage earners, peasants and those involved in unpaid work do not want to permanently leave their nation or country of origin, if, (and this is a big “if”), home is safe, democratic and provides decent work. Home and community have a definite place, cherished in non-market attachments.

Democracies are rooted in such territorial communities, cultures of particularity and commonwealths of immobile wage-earners, peasants and women doing unpaid, socially reproductive work. Bottom-up democracy is contingent on vibrant communities where solidarity links were formed and common memo-

⁵⁵. Gindin, *op. cit.*

ries were forged through citizens’ struggles and gains against specific imperial, national and local power structures. Developing social solidarity ties through real life struggles that are independent of states and the power of transnational corporations are essential to the democratic practices of citizens over rulers. So are anti-racism and international ties of social movements. But democracies need a high degree of cohesion and sense of mutual commitment. As Benjamin Barber (1995: 278) argues: “democracies are built slowly, culture by culture, each with its own strengths and needs, over centuries.” They have succeeded only in vibrant communities where there are common memories of citizens’ struggles and gains against local power structures.

NO DEMOCRACY WITHOUT SOVEREIGNTY

The issues of nationalism and democracy bring us back to the scepticism expressed at the beginning of the paper about the goal of creating a “global civil society” or “world society” in the age of the US Empire. I have made the case for alternatives, those of progressive inter-nationalist nationalisms, as current means to mobilize citizens against the US Empire and to deepen popular sovereignty. I have tried to show that such inter-nationalist nationalisms are re-emerging, within many countries, especially those which are most exposed to US domination.

In Europe and imperial countries, the discourse about nationalisms tends to be very negative for understandable reasons. The EU acts as a shield, blocking direct US domination of member states and diminishing the need to struggle for sovereignty against an outside empire. Then there is the Nazi past and the current threats from racist right movements and parties, which are designated as nationalist. Current nationalisms in imperial powers, such as those in the US and Britain, are rightly associated with domination, reaction and prejudice. It is within these contexts, that all nationalisms and even national sovereignty, are opposed in principle. Anti-EU movements such as those in Norway and Sweden, which work for greater national sovereignty, are often led predominantly by left, internationalist forces. But they avoid the nationalist label.

What is the effect of transposing such negative and overgeneralized understandings to nationalist movements in other parts of the world? It means opposing the ability of often the most effective, and rooted political communities to democratically determine their collective lives. It means undercutting the most effective opposition to unilateral rule by the US Empire. In their drive to overcome racism and prejudice, cosmopolitans overlook or undervalue the democratic implications of gutting popular sovereignty. Such sovereignty movements must link up, promote mutual understanding, radically redistribute the world’s

wealth, address global environmental challenges like climate change, and end racism in all its forms. But, it is naive to think that a united global civil-society of six billion people can act in concert to control the power of corporations or contain imperial America.

Talk about “globalization from below” is misleading. Ordinary people cannot be organized and coordinated globally the way elites who meet at Davos and Bilderberg can. Nor would it be desirable. The future world many of us want is one of great, cultural and national diversities, in which distinct peoples, on a scale much smaller than all humanity, have the sovereignty to decide their own futures. Deep, inclusive democracies and equality are the goals, national and popular sovereignties are necessary means.

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SPECIAL ISSUE:

GLOBALIZATIONS FROM 'ABOVE' AND 'BELOW'
THE FUTURE OF WORLD SOCIETY

EDITED BY :

MARK HERKENRATH, CLAUDIA KÖNIG, HANNO SCHULTZ, & THOMAS VOLKEN



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ABSTRACT:

In recent times the concept of global civil society has made its appearance on national and international intellectual, as well as political agendas, in a major way. It is of some interest that two other concepts, both of which call for transcendence of national boundaries in precisely the same way as global civil society does, have also made their appearance on the scene of intellectual debates at roughly the same time: the concept of cosmopolitanism and that of transnational justice. All three concepts have dramatically expanded the notion of commitment to one's fellow beings beyond the nation state. And all three concepts have extended critiques of policies that violate the dignity of human beings from national governments to the practices of inter-

national institutions such as the World Bank, the International Monetary Fund, and the World Trade Forum. In sum the inter-related concepts of global civil society, cosmopolitanism, and transnational justice have greatly enlarged the traditional domain of political theory. And yet for any political theorist who is acutely conscious of the phenomenon of power, these concepts are not unproblematic. For the practices of global civil society may just reinforce the intellectual and the moral power of the West over the postcolonial world. This is particularly true of say global human rights organizations. This paper will attempt to raise some questions of the concept and the practices of global civil society from the perspective of the countries of the South.

HOW GLOBAL IS GLOBAL CIVIL SOCIETY?

Neera Chandhoke

INTRODUCTION

It is indisputable that world systems theory proved historically significant for several reasons. Firstly, theorists of this school launched a serious critique of modernization theories that had dominated academia and policymaking circles since the turn of the 1960s. In contrast to modernization theory which rested on largely ahistorical grounds, world systems theory not only told us that underdevelopment was historically produced; it also told us that underdevelopment of the postcolonial world was fated to be reproduced in and through a highly iniquitous and exploitative global system. Secondly, world systems theory suggested that individual countries were located in an international division of labor that served to appropriate and transfer labor and resources of the developing world to the developed world. To put it in stark terms: countries of Western Europe and the U.S. were developed because the rest of the world had been underdeveloped. Thirdly, world systems theory gave us a relational concept of the world. But relationships between countries were not based on mutual and deliberate transactions such as diplomatic, economic, and political exchanges; these were forged in and through processes that were outside the control of individual countries. In other words, the world system is larger than the sum of individual countries. Correspondingly, individual countries are defined by their unequal location in the world system.

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For these and other reasons, world systems theory, at least in its original avatar, gave a new lease of life to Marxism, which by that time had been frozen into dogma simply because it had become the statist ideology of the Soviet bloc. Not surprisingly world systems theory, along with its sibling the dependency school, came to be known as neo-Marxism. By zeroing onto the fact that the world system is inherently iniquitous, extremely unequal, and basically unjust, world systems theory lent a renewed edge to critiques of capitalism and a sharper edge to normative concerns such as justice.

As is the wont of historical breakthroughs, over time the insights of world systems theory were absorbed into generalized modes of understanding, theorization, and conceptualization. Scholars might have moved on to other more historically nuanced modes of understanding and theory, but they had learnt an important lesson; what used to be considered forces external to a country's economy and polity such as international trade and the international division of labor, were *constitutive* of domestic economies and polities. By the late 1980s the processes of globalization which swept the world reinforced the insights if not the vocabulary of world systems theory: the internal affairs of countries are governed, even constituted by the global system of states and more importantly by global markets which are dominated by the West.

GLOBAL CIVIL SOCIETY

By the 1990s, theories of the global system of states and markets began to hypothesize a third dimension, that of global civil society. The notion of global civil society sought to capture a distinct phenomenon: the activities of international non-governmental organizations (INGOs) that network across national borders and create a new space of solidarity within the world system. Given that the environment is an indivisible public good, the prevention of environmental decay needed concerted action. The power of international NGOs (INGOs) was first visible at the Earth Summit in Rio in 1992, when about 2,400 representatives of NGOs came to play a central role in deliberations.

If the idea that people across the world were united in and by certain common concerns formed the first plank of INGO agendas, the corresponding idea was that no one country, no one government, and no one group of citizens could tackle these concerns in abstraction or in isolation from others. These problems could be tackled only through common endeavors, common strategies, and a pooling of energies. This was more than evident when global NGOs launched a campaign to pressurize governments to draft a treaty to ban the production, the stockpiling, and the export of landmines. Almost 1,000 transnational NGOs coordinated the campaign through the Internet. The coordination of efforts proved so effective that not only was the treaty to ban landmines

signed in 1997; the International Campaign to Ban Landmines and its representative Jody Williams were awarded the Nobel Peace Prize. The citation at the award-giving ceremony spoke of the unique effort that made it "possible to express and mediate a broad wave of popular commitment in an unprecedented way." A similar coordination of efforts could be seen in the crusade that led to the 1998 Rome Statute on an International Criminal Court.

The second issue that global civil society actors have placed on the international agenda is the inequitable nature of globalization. By mobilizing against multilateral institutions in particular and globalization in general, INGOs served to foreground the imbalances of the world system. The most dramatic manifestation of global civil society was to appear in what came to be known as the "battle for Seattle." At the end of November 1999, massive protests involving some 700 organizations and about 40,000 students, workers, NGOs, religious groups, and representatives of business and finance brought the third ministerial meeting of the World Trade Organization (WTO) at Seattle to a shuddering halt. The WTO was to set in motion a new multilateral round of trade negotiations. But collective anger at the relocation of industries to the South, at the unsafe and abusive work conditions in the factories and sweatshops found there, at environmental degradation, and at widespread exploitation, which exploded in a series of angry demonstrations, brought this to a stop. These demonstrations were hailed by some scholars as "globalization from below" or as the herald of a new internationalism (Kaldor 2000).

There were two aspects of the "battle for Seattle" that proved significant for the consolidation of global civil society. Firstly, for the first time hitherto single-issue groups coalesced into a broad-based movement to challenge the way the world trade and financial system was being ordered by international institutions. Secondly, whereas in the late 1960s protest groups in the U.S. and in Western Europe had targeted the state, at Seattle they targeted global corporations and international economic institutions. The protests themselves bore the mark of collective ire and resentment at the way in which globalization that had been set in motion two decades earlier had intensified inequality and injustice.

And matters did not stop here. Mass protests have become a regular feature of annual meetings of the World Economic Forum, the IMF and the World Bank, and the WTO. For instance in July 2005 angry anti-globalization protestors fought a running battle with the police as the G8 or the leaders of the richest nations gathered in Geneagles for the purpose of tackling poverty in Africa. Several activists attacked shops and businesses that they saw as symbols of unbridled globalization and others accused the leaders of the developed world of exploiting the issue of poverty to improve their own images. Hundreds of protestors planned to lay siege to the venue of the summit even as Bob Geldof

the pop celebrity who spearheaded the campaign vowed to snatch victory for the cause. The meet was presaged by concerts to focus attention on the persistence of poverty in the countries of the South particularly Sub-Saharan Africa. A website, www.g8rally.com, allowed people to participate in an online protest. By the first day of the meet on 7 July 2005, more than 65,000 people had signed the protest circulated on the web site.¹ Novel methods and vocabularies of protest against globalization have captured the attention of the international media and generated considerable excitement at the idea of renewed political activism. And the phrase “global civil society” has become an integral part of political, corporate, and technical vocabularies.

The third issue that has been catapulted onto the global agenda is that of norm setting. True to the spirit of cosmopolitanism and transnational justice, INGOs have established norms on how governments should behave towards their citizens and what is due to human beings by virtue of being human. Notions of national sovereignty have been trumped by justice for all individuals irrespective of what citizenship they hold. For instance after the Indonesian military had massacred more than 150 participants in a funeral procession in Dili, East Timor in 1991, transnational human rights organizations mobilized massively against the political abuses of the Suharto regime. Under pressure from these organizations, Canada, Denmark, and the Netherlands froze economic aid to Indonesia, and the US, Japan, and the World Bank threatened similar measures. In 1996, even as the leaders of civil society in East Timor—Jose Ramos Horta and Bishop Ximenes Belo—were given the Nobel Peace Prize, the *Blitzkrieg* launched by global human rights organizations strengthened the general atmosphere of dissatisfaction, despite the intensified repression launched by the regime. In late 1997 the country was buffeted by an economic crisis and mass protests led to the resignation of Suharto. Transnational human rights organizations had managed to spectacularly dismiss a regime on the ground that it was not respecting the basic rights of its people. Other demonstrations against authoritarian regimes have shown that global civil society organizations have emerged as a powerful and influential force on the world stage in the realm of norm setting.

To phrase it differently, global civil society actors have inaugurated a normative turn in world politics, which has been traditionally marked by realism and by the politics of national interest and national sovereignty. In effect, INGOs have established a set of compelling principles which aim to build an international consensus on how states should or should not treat their own

¹ *Times of India*, July 7, 2005

citizens *across* national borders and territorially bound sovereignties. Arguably, human rights activism has significant implications for concepts of state sovereignty. Traditionally states, holding aloft the banner of sovereignty and state security, have resisted any intervention by outside agencies; indeed the banner of state sovereignty has been used or misused to hide state sponsored violence or lawlessness from the censorious public gaze. Today human rights INGOs, which emphasize solidarity with victims, have brought human rights issues into the global public sphere. Thereby they strongly challenge the notion that the state has sole monopoly over the lives of its people. In sum, international human rights organizations embody the conviction embedded in the Universal Declaration of Human Rights that national borders or sovereignty are simply irrelevant when it comes to human rights. In these and other ways, global human rights organizations have legislated and mandated an ethical and a morally authoritative structure for national and international communities. Correspondingly, the role of human rights INGOs in helping to create a corpus on transnational human rights law and in forging monitoring and enforcing mechanisms has been crucial.

In the main, human rights INGOs have been able to accomplish this because these organizations carry immense legitimacy. They possess moral authority which is absolutely indispensable for ethical political intervention. And they possess moral authority because they claim to represent the *public* or the *general* interest against the power-driven interests of the state and the profit driven interests of the economy. As the upholders of an *ethical* canon that applies across nations and cultures, international actors in civil society are in a position to set those moral norms, which should at least in principle govern national and the international order. This is incontrovertible. Yet there are two troublesome questions that stalk the very idea of global civil society. The first question concerns representativeness and accountability. The second question is equally troublesome: what are the norms that are privileged by global civil society actors? And whose norms are privileged by these agents? It is to an exploration of these two questions that I now turn.

REPRESENTATION AND ACCOUNTABILITY

“Civil society,” writes Cox (1999: 10–11), “is the realm in which those who are disadvantaged by globalization of the world economy can mount their protests and seek alternatives. This can happen through local community groups that reflect diversity of cultures and evolving social practices world wide.... More ambitious still is the vision of a ‘global civil society’ in which these social movements together constitute the basis for an alternative world order.” At first

glance this sounds an attractive proposition: a number of groups that struggle against the injustices of globalization at the level of the local find it possible to combine in a world wide campaign in order to set the parameters of a new global order. Yet the idea that all groups across the world who are struggling against the inequities of globalization, either have access to global civil society or equal voice in this space, is both unrealistic and misleading. For like national civil societies, global civil society is also dominated by a handful of agents, and like national civil societies not all actors find either access to or voice in this sphere. One hardly expects that a group of tribals who are fighting for land rights in the geographically remote mountainous terrains of Central India can access global civil society, or indeed national civil society, with as much facility as say a group of savvy urban based professionals committed to human rights. Not every group possesses the necessary vocabulary, the powerful rhetoric, the rich and evocative imaginaries, and the fine honed conceptual tools that are capable of drawing resonances in the public sphere of civil societies. Nor can every social movement or political group, for rather mundane reasons of logistics and funds, be present in global civil society or even in their own civil society to put forward its own perspective on the vital problems that affect human kind deeply. Like national civil societies global civil society can prove to be exclusive and exclusionary, empowering for some and disempowering for many, accessible to some and inaccessible to many.² In short, the prospect of direct democracy in which all groups participate to hammer out a new political order is at best a distant dream for national civil society. And the hope that global civil society will provide the space for direct democracy in which every group can represent its own interests is frankly a chimera.

Therefore we have to, like all committed democrats, settle for the second best option—that of representation of people's interests in the space of global civil society. But then the hope that every issue affecting human kind, or at least every important issue that bodes ill or well for the future of human kind, can be represented in the space we call global civil society may be misplaced. The space of global civil society would overflow if this was ever to be attempted. Therefore we have to lower our ambitions a little more and suggest that issues that affect people in common such as the environment, or issues that affect a majority of the people such as poverty, should be represented by those actors who are in a position to access global civil society. But this formulation, which inserts several layers between the represented and those who do the representing, raises the troublesome question—*who does the representing?*

² On the exclusionary aspect of civil society see Chandhoke (2003).

This troublesome question is not a new one for democrats. Nor is the equally troublesome question of how adequately actors represent the interests of others, a new one for democratic theory. These questions constitute the puzzle of democracy which was originally premised on popular sovereignty and popular will but which had to settle for representation. However, the moment we replace the notion of direct democracy by that of representative democracy, problems arise to bedevil the entire domain of democratic thought. For one, it is by now well accepted that practices of representation in general and representatives in particular possess a great deal of autonomy from those who are represented, or rather from the interests of those who are represented.³ We may not find a direct one-to-one relationship between the interests and problems of those who are being represented, and the practices of representation at all. This is because the representative has both power and the discretion to sort out competing interests, articulate these interests, and in and through the process of articulation prioritize only *some* of these interests and problems. In effect representation serves to prioritize and give preference to some forms of interests and problems over others, which are by that reason marginalized. That the needs of many of those who should be represented are left out in the cold can be said to constitute the deficit of representative democracy.

Given the complexities of representation, it is not surprising that those who do the representing are seen as participating in the construction of political interests, needs, and problems rather than registering the views or the opinions of others. Laclau (1996: 85) for instance suggests that “no pure relation of representation is obtainable because it is of the essence of the process of representation that the representative has to contribute to the identity of what is represented.” That is representatives do not only register those interests and the problems they or the political group they belong to consider worthy of representation, they are engaged in the shaping of these interests and problems. The expressive in short *constructs* the experiential.

The issue of representation is particularly relevant for our discussion because a majority of the INGOs that are visible and influential in global civil society, and that represent the interests and the needs of the South, are based in the West. I do not mean to engage in cultural determinism or suggest that the politics of actors is completely shaped by their locations. But democrats *are* entitled to ask the most well-meaning of these groups: *who* was consulted in the

³ Representatives do not represent people; they represent interests, needs, and problems.

forging of agendas? *When?* And *how* were the people consulted, through what procedures and through what modalities? Were they consulted at all? To put the point starkly: are citizens of countries of the South and their needs *represented* in global civil society, or are citizens as well as their needs *constructed* by practices of representation?

And when we realize that INGOs hardly ever come face to face with the people whose interests and problems they represent, or that they are not accountable to the people they represent, matters become even more troublesome. For this really means that while INGOs are in the business of representing, they are not in the business of being accountable to the people. And considering that most people who are being represented are excluded from access to global civil society organizations, and that a great many of the organizations who are active in global civil society are beyond the reach of genuine democratic activity, the issue of accountability gains some salience here. "From the viewpoint of many groups in non-Western society...", suggests Shaw (1999: 223), "being involved in global civil society is in fact a way of connecting to Western civil society and hence of securing some leverage with the Western state which is at the core of global power....The question that arises is whose voices are heard and how? If Western civil society is the core of global civil society, just as the Western state is the core of the global state, how do non-Western voices become heard?" And further, "How far can non-Western voices make themselves heard directly? In what ways are they filtered by Western civil society, and how is their representation affected by the specific characteristics of Western civil institutions."

Arguably, democratic politics is at a discount when INGOs constitute human beings as subjects of political thinking thought elsewhere. And when we consider the somewhat formidable range of activities that have been taken up by INGOs our doubts intensify. For they dictate what kind of development should be given to particularly the people of the South, what kind of education they should receive, what kind of democracy should be institutionalized, what rights they should demand and possess, and what they should do to be empowered. All this without even a nod to representation and accountability? The issue is a contentious one and needs fuller treatment; here I merely wish to problematize the suggestion that global civil society provides a forum for the airing of all problems, articulation of all interests, and resolution of these problems/interests.

NORM SETTING

Issues of representation and accountability have still not been tackled by global civil society actors despite the fact that several theorists (e.g., Chandler 2003) have raised these questions repeatedly. Therefore, even if we accept the

legitimacy of human rights INGOs to speak for the disempowered of the world; even if we accept their legitimacy when it comes to laying down norms for the global community, we have a right to know what vantage point they speak from. What is their perspective on vital issues such as human rights? Who sets these norms, what norms are set, where do these norms come from? I am not recycling the age-old issue of universalism versus cultural relativism here, though this *has* formed the main plank of some major critiques against INGOs.⁴ What I am interested in is the following: what norms are privileged over others and why?

Risse (2000: 186) writes that "today Amnesty International, Human Rights Watch and the Lawyers Committee for Human Rights define what constitutes a human rights violation." And that these definitions are both definitive and authoritative is indisputable. Certainly, when global human rights organizations speak, the rest of us, particularly those of us who live in the South, listen. When these organizations suggest (through non-targeting) that human rights are alive and kicking in our part of the world, we are reassured. And when human rights INGOs certify that violations of rights have taken place in a particular country at a particular time, the government of that country has reason to quake. And it should quake. This is not the issue at hand. The issue at hand is simply this: which human rights do global human rights NGOs consider worthy of defense, and which human rights do they consider it is possible to defend? Or do they defend only those rights which these organizations find it possible to defend? This question is important for given the great power of global human rights

⁴ Nothing illustrates this more than the debate on Asian values. If societies subscribe to the idea that the relationship between human beings is grounded in obligation rather than that of rights, then individual-centred notions of human rights may conceivably be seen as the imposition of highly Eurocentric notions of persons and what persons are entitled to. Given these deep-rooted disagreements on the virtue or on the relevance of rights, it is not surprising that critics aver that human rights concerns clothe a deeply political agenda that imposes the values of liberal morality, which is peculiar to the West, on the grounds that this is a universal morality. The problem is as critics point out, that rights in order to be genuinely universal should be embedded in a universal ethical community, but since we cannot find, howsoever much we try, a universal ethical community, the idea of universal human rights is ethnocentric, a sleight of hand to translate the particular into the universal. The fact that the most influential of human rights INGOs are based in Western Europe and North America, that these organizations command both resources and media attention, and the fact that the least represented regions among international human rights organizations are Africa, the Middle East, and Eastern Europe does not help matters.

NGOs over the setting of the human rights agenda and therefore over our collective lives, we have the right to know why they prioritize certain rights, and why they relegate other rights to a secondary status.

We do not need to engage in any kind of elaborate conceptual inquiry to answer the question. It is well known that the agendas of most human rights organizations were forged during the cold war. Whereas the West privileged civil and political rights; the countries belonging to the Soviet bloc privileged social and economic rights. Consequently, a sharp boundary came to be drawn between these two sets of rights, despite the fact that human rights theories have insisted for long that rights are indivisible. But due to political reasons, different rights were slotted into different conceptual compartments and grounded in different worldviews.

The Helsinki Accord of 1985 exemplified the tensions of the cold war. The agreement was designed to guarantee security and cooperation in Europe, but the provisions of human rights in the Accord provided a fertile ground from which Western based NGOs could launch scathing critiques of authoritarian regimes in the East. It is also of some interest to note that the Accord led to the emergence of a new generation of human rights INGOs: for instance the Helsinki Watch which later became the Human Rights Watch. On the other hand, Eastern countries continuously accused human rights organizations of pursuing a partisan political agenda and of propagating the values of Western capitalism.

The end of the cold war proclaimed for the time being a closure on the idea of social and economic rights and validated political and civil rights. But the report of the U.N. Committee on Economic, Social, and Cultural Rights, to the Vienna World Conference of 1993 radically shook matters up. The report stated that:

The shocking reality...is that states and the international community as a whole continue to tolerate all too often breaches of economic, social, and cultural rights, which, if they occurred in relation to civil and political rights, would provoke expressions of horror and outrage and would lead to concerted calls for immediate remedial action. In effect, despite the rhetoric, violations of civil and political rights continue to be treated as though they were far more serious, and more patently intolerable than massive and direct denials of economic, social, and cultural rights.⁵

⁵ UN Doc E/C.12/1992/2, p. 83.

The Vienna Conference marked a significant turning point in global thinking on rights, not only because it emphasized the indivisibility and the interdependence of human rights; but also because it put economic, social and cultural rights onto the agenda. The *recovery* of social and economic rights has had some impact on international human rights organizations. For much of the 1980s and 1990s the somewhat disproportionate focus on civil and political rights ignored serious threats to security and human suffering arising from neglect of social and economic rights. By the late 1990s most human rights organizations expanded their mandates to cover social and economic rights and began to speak of the indivisibility of rights. A number of Northern NGOs stated that they had changed their mission, their statements, the terms of their vocabularies, and their organizational structures with the end of the cold war.

Take for instance the influential U.S.-based human rights organization Human Rights Watch (HRW). Though HRW had accepted the fact that rights are indivisible since its inception; it had exhibited considerable wariness when it came to social and economic rights. For the organization though survival, subsistence, and poverty can be considered to be subsets of civil and political rights, they were best thought of as assertions of a good (Human Rights Watch 1992). In 1996 HRW abdicated its opposition to social and economic rights and adopted a specific policy concerning these rights. The organization decided that henceforth it would investigate, document, and promote compliance with the International Convention on Economic, Social, and Cultural Rights. Today HRW regards economic, social, and cultural rights as an integral part of the body of international human rights law, with the same character and standing as civil and political rights. Research and advocacy on economic, social, and cultural rights would, stated the organization, be conducted on same lines that are used with respect to civil and political rights and subjected to the same criteria, namely the ability to identify a rights violation, a violator, and a remedy to address the violation.

Therefore the work of HRW in the area of social and economic rights, the policy document stated, would be limited to the following situations:

- where the protection of an ICESCR right “is necessary to remedy a substantial violation of an ICPPR right”;
- where “the violation of an ICESCR right is the direct and immediate product of a substantial violation of an ICPPR right”;
- where the violation was “a direct product of state action, whether by commission or omission”;
- where “the principle applied in articulating an ICESCR right is one of general applicability”;

- and where “there is a clear, reasonable, and practical remedy that HRW can advocate to address the ICESCR violation.”⁶

In other words, HRW will intervene in cases of violation of social and economic rights *only if certain conditions are met*. If HRW can show that the government (or another relevant actor) is contributing to the shortfall in economic and social rights *through arbitrary or discriminatory conduct*, the organization is in a relatively powerful position to intervene. That is if the human rights organization can identify a violation (the rights shortfall), the violator (the government or the other actor through its arbitrary conduct), as well as suggest the remedy (reversing that conduct), it is in a position to intervene.

Note that social and economic rights for HRW are defined, conceptualized, and upheld on the terrain of civil rights, they *supervene* in other words on civil rights. Therefore, they lack an independent standing of their own. Unless a civil right has been violated, the inability of substantial sections of the poor to access, say, subsidized food or a subsistence income is not considered to be a violation of an economic or social right. HRW will not consider itself under any moral obligation to intervene on behalf of the victims.⁷

The problem is that though the identification of the violation, the violator, and the remedy is clear in cases of civil rights, it is not so clear in cases of violation of economic and social rights. Take for instance the obligation of x government to provide subsidized food grains to the poor. If x government provides subsidized food grains only to some groups of the poor, perhaps because these groups belong to the same community as the leaders of the regime, and if the government deliberately denies food at subsidized rates to another group of the poor just because it happens to belong to the minority community, it is clear that the civil rights of the latter group have been violated. These rights have been violated because the government has discriminated against this particular group. Or that the *social* right of the aforesaid group to subsidized food has been violated because its *civil* right not to be discriminated against has been violated. HRW will intervene in this case because the case falls within the purview of its methodology. The issue is clear till this point. But can this methodology be employed in other cases of denial of social and economic rights?

⁶ Human Rights Watch's Proposed Interim Policy on Economic, Social, and Cultural Rights Internal Document, September 30, 1996 (cited in Mutua 2001: 155–156).

⁷ It is of course evident that only the poor need to be provided with subsidized food, for the better off sections of society are able to participate in market transactions for food.

Consider the case of my own country, India. After the food grain shortages of the 1960s the Government of India instituted a Targeted Public Distribution System, which provides below-poverty-line families with food grains at subsidized rates through a network of Fair Price Shops. The PDS is the main safety net which protects the poor against the rising prices of food grains. According to the Ministry of Food and Civil Supplies, against a total ceiling of 6.52 crore BPL families in the country as per poverty estimates of the Planning Commission for 1993–94, State governments have issued more than eight crore ration cards to BPL families. The food subsidy has jumped from Rs 2,450 crore in 1990–91 to Rs 25,160 crore in 2003–04.⁸ The problem is that even then the poor cannot afford to buy food at subsidized rates. Even as food grain production in India went up to 195 million tones in 2000–01 to decline slightly to 174.19 million tones in 2003–04, the growth rate in the availability of food grains per capita increasingly dwindled. Matters are more serious because since the turn of the twenty-first century starvation deaths have occurred in the country. The absurdity of the Indian political system is that in the same period the country's stocks of food grains amounting to 58 million tones in 2001, 48.2 million tones in 2002–03, and 24.4 million tones in 2004–05 are far in excess of the normal buffer norms of 17 million tones of food security.

The Indian government has built up formidable food stocks and yet the poor suffer from pervasive, stubborn, and invisible hunger, which stalks every village and every urban shantytown. About a half of India's children are malnourished, a quarter of them are severely malnourished, and fifty percent of Indian women suffer from anemia caused by lack of nourishment. The government does not know what to do with its food surplus; it would rather let rodents nibble at the stock of food grains, than distribute it to the hungry. Food grains rot in granaries, but women and women-headed households, the elderly, the differentially abled, and the destitutes suffer hunger and malnutrition, and finally death from the same causes. Ironically, even as the Government of India spends vast sums of money in constructing storage bins for surplus food stocks, people starve in the midst of plenty.

Note the problem that tracks this example. The Government of India has practiced *no* discrimination, it possesses surplus food grains and it has tried to provide for the poorer sections of society through the provision of subsidized food and through the institutionalization of a public distribution system. That the public distribution system works badly or not at all need not concern us here; what we are concerned with is the fact that the Government has

⁸ *The Hindu*, September 18, 2004, p. 1.

made arrangements to provide reasonably priced food to the people. And yet hunger, starvation and malnutrition stalk the lives of hundreds of people. But this cannot be directly traced to the fact that the government has practiced discrimination, because the food is there, for all, for the asking. The problem essentially is that poor people simply do not have the purchasing power to buy even subsidized food.

If the Government of India had practiced discrimination in the provision of subsidized food, HRW would find it fit to intervene. But in this case, much as we may try, we can discern no discrimination or violation of the civil right not to be discriminated against. So HRW will not intervene. But people continue to be hungry and are thereby denied the basic right to life because starvation means death for many. But why are people not able to access food? Because they are poor? At this point of the argument we discern another kind of discrimination; perhaps a deeper and a structural discrimination, that is at work here. This discrimination has to do with income imbalances inasmuch as some people can afford to buy expensive food stuffs from overflowing department stores in the metro cities, and some cannot even access subsidized coarse grains.

This inability to buy food is not a mere twist of fate, nor can we hold individuals responsible for their poverty. For the reason why people do not have access to basic goods like coarse food grains has to do with factors *outside their control* such as unemployment, and more importantly with structural factors such as skewed distribution of resources.⁹ The right of poor people to food has been in effect neutralized not through deliberate intentional acts of the government, but through governmental indifference and inaction, through its refusal to correct income imbalances so that people can secure an income in order to access services and goods that the government has placed at their disposal. In sum, discrimination results not from the *intentional violation* of a right, but from a *failure* to fulfill an economic and social right, the right to ensure an income that would in turn allow access to food.

The question that we can now ask organizations like HRW is: why is the violation of a human right considered worthy of intervention while the non-fulfillment of a right is not considered a violation. If we conceptualize human rights as necessary preconditions of life itself, then both the civil right not to be

⁹ I assume that society is only responsible for people who suffer deprivation for reasons that are outside their control—an unjust distribution of resources for instance. For these reasons are not individual-regarding they are society-regarding. Society is on the other hand not responsible for human beings who have frittered away their resources.

tortured or killed, and social and economic rights which enable people to access an income so that they do not die for want of food are equally important. Both these sets of rights place equally compelling obligations on the government. It is true that without civil rights, the right of human beings to life is neutralized. But without social and economic rights the right of human beings to life is equally neutralized.

The two sets of rights are admittedly interdependent, but they are also relatively autonomous of each other. Recollect that erstwhile socialist societies gave to their citizen's social and economic rights but not civil rights of freedom. And liberal capitalist societies give their citizens civil rights even as they roll back social and economic rights. In both societies human beings suffer because they are/were granted incomplete rights. But both sets of rights are equally important for human beings, and the denial of even one of them harms the ability of human beings to survive let alone make their lives of some worth.

Therefore, neither can social and economic rights be supervened onto civil and political rights, nor are they always reducible to civil and political rights; they stand on their own conceptual ground as *enabling* rights. That is if rights are rights to the conditions that allow human beings to not only to live but to live worthwhile lives, social and economic rights are as essential for human beings as civil rights. This argument carries the implication that human rights organizations like HRW, which are committed to basic rights, would need to expand their mandate and consider the non-fulfillment of a right as tantamount to a violation of a civil right. But this it can only do when social and economic rights are considered to stand on their own conceptual basis as *necessary pre-conditions* for individuals to live lives. If officials of the state are required to *forbear* from any action that may cause harm to individuals, torture for instance; they are also required to see that no one dies because of hunger. If the state fails to honor its first commitment, that if it carries out any act that harms the life or liberty of its citizens, the rights of these citizens we can say have been violated. In this case rights have been violated *intentionally* through an act of *commission*. The second obligation of the state is positive; it has to protect citizens against any contingency such as denial of food which may cause harm. That is the right to life can also be violated if the state *fails to ensure an adequate livelihood to its citizens*. If the state does not intervene, it fails to *fulfill its obligations*, which flow from the citizen's right to life. Failure to fulfill an obligation in effect can be seen as a *violation* of a right, for any given obligation flows from an assertion of a specific right. The only difference is that in this case the government has violated a human right not through an act of commission but that of *omission*. The consequences of both deliberate violation and non-fulfillment of a right is however the same—loss of human life. *Non-fulfillment of the obligation to protect indi-*

viduals against actions that may cause them harm is arguably tantamount to a violation of a right not to be harmed

WRAPPING UP THE ARGUMENT

I have sought to make two kinds of arguments in this essay. Firstly global civil society is dominated by INGOs which represent the needs, the interests, and the immediate problems of people over the world. The problem is that the issue of representation itself is deeply troublesome. For the practices of representation may well constitute needs, interests, and the problems of people rather than represent them. Considering that most influential INGOs are based in the West, it is time to ask how adequately or how competently the problems of the people are being represented and in which way. It is essential to ask this question because global civil society is dominated by actors that exercise an inordinate degree of influence over the space. Even if we defend and acclaim the activities of these agents as indeed I do, even as we support the endeavours of global civil society actors to secure more voice in decision making bodies as I do, we need to ask questions relating to representation and accountability in the interests of making global civil society more global, more representative, and more accountable. Then alone will the adjective of 'global' be justified.

Secondly, considering that several INGOs are in the business of setting norms, one would like to know why certain norms are privileged over others, those others which may be more meaningful for the societies and the inhabitants of the South. And the fact of the matter is that a majority of people in this part of the world suffer from unimaginable hardship because they are mired in poverty and wracked by deprivation. Defense of civil rights is important for safeguarding life itself, but defense of social and economic rights is equally important for safeguarding the sanctity of life. Admittedly, the agendas of human rights INGOs have been widened in recent times, but social and economic rights have to be seen not as supervening onto civil rights but as standing on their own conceptual grounds, as necessary preconditions of individuals to live lives that are genuinely human.

World systems theory had told us that the countries of the South are fated to be underdeveloped because they are placed in an unequal division of labor which favors the more developed nations. And that this favoring is not happenstance; it is the result of historical processes which developed one part of the world at the expense of the other part of the world. Theorists of global civil society have added a third sphere to the two spheres theorized by world systems theorists—states and markets. I only hope that global civil society does not replicate the hegemony of the West in yet another sphere of the world system. For this we need to focus on the shortfalls of global civil society even as we acclaim

the achievements of actors in this sphere. This essay does not mean to belittle these achievements; all that I wish to do is to strengthen the capacity of global civil society actors to be genuinely responsive to the needs of the people of the South and genuinely responsible to the people whose needs and interests they represent in global civil society.

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